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Parliament Panel Questions Tax Breaks on Sugar Imports Amid Budget Talks

July 17, 2025

– Categories: General News



A National Assembly committee meeting held on Wednesday reignited debate over Pakistan's sugar import policy, tax exemptions, and broader economic priorities. Lawmakers scrutinized the government's role in slashing duties and questioned the financial implications of ongoing talks with the International Monetary Fund (IMF).

Chaired by Syed Naveed Qamar, the Standing Committee on Finance reviewed critical legislation and pressed officials for clarity on recent economic decisions. Most notably, the discussion centered on the reduction of an 18% sales tax and a 20% customs duty on

sugar imports. Federal Board of Revenue (FBR) Chairman Rashid Langrial confirmed that these reductions were enacted following a directive from the federal cabinet, allegedly to stabilize domestic sugar prices.

However, the committee's chair pushed back, asserting that the government should not be involved in the sugar trade, particularly when no shortage exists. His concerns reflect broader skepticism about state interference in sectors where market conditions do not warrant it.

The FBR (Federal Board of Revenue) maintained that it simply carried out executive orders. But this did little to satisfy committee members, including Javed Hanif, who asked about the IMF's position on such tax relief. Federal Finance Secretary Imdad Ullah Bosal confirmed negotiations were ongoing with the international lender and hinted that Pakistan would have to meet its stringent policy conditions, a point that has historically translated into tough fiscal measures for ordinary citizens.

The committee also touched on recent consultations between the government and business leaders, particularly in response to protests over new budgetary measures. Minister of State for Finance Bilal Azhar Kayani acknowledged the meetings and said a special committee has been formed to address contentious issues within a month.

Legislation remained a key part of the session. One item was the Parliamentary Budget Office Bill, aimed at institutionalizing fiscal oversight. Another hot topic was proposed changes to the country's Corporate Social Responsibility (CSR) laws. The SECP (Securities and Exchange Commission of Pakistan) opposed the revisions, warning they would raise costs for companies already under heavy tax burdens.

The committee heard from SECP Chairman and Finance Secretary Bosal, who both stressed that applying CSR mandates broadly, especially to sectors beyond oil and gas, would drive up operational expenses. Despite the opposition, Chair Qamar argued that leaving CSR spending entirely to corporate discretion would be a mistake, even as businesses contend with existing taxes such as the 18% sales tax and super tax.

Committee Member Nafisa Shah noted that many firms already contribute more than the required 1% of profits to CSR efforts, yet the Ministry of Finance appeared resistant to expanding their obligations. Kayani recommended further consultation between the SECP, the ministry, and industry leaders before any amendments are finalized.

Business advocate Mirza Ikhtiar Baig emphasized that all major chambers of commerce and international firms had been consulted. Still, the divide between bureaucratic caution and legislative ambition remains wide, especially under a government struggling to balance external financial pressures and domestic economic realities.

As budget season continues, this committee session underscored mounting tensions over tax reliefs, foreign lender demands, and the need for economic reform that prioritizes both stability and fairness.