

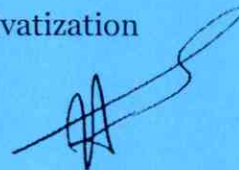
SENATE SECRETARIAT

REPORT OF THE STANDING COMMITTEE ON FINANCE, REVENUE, ECONOMIC AFFAIRS, STATISTICS AND PRIVATIZATION ON THE SUBJECT MATTER OF STARRED QUESTION NO.12, RELATING TO TAXES LEVIED IN THE ELECTRICITY BILLS, ASKED BY SENATOR COL. (R) SYED TAHIR HUSSAIN MASHHADI ON 19TH JULY, 2016

I, Senator Saleem Mandviwalla, Chairman, Standing Committee on Finance, Revenue, Economic Affairs, Statistics and Privatization, have the honour to present, on behalf of the Committee, this report on the subject matter of Starred Question No.12, relating to taxes levied in the electricity bills, asked by Senator Col. (R) Syed Tahir Hussain Mashhadi on 19th July, 2016, and referred to the Committee for consideration and report.

2. The composition of the Standing Committee is given as under: -

(1)	Senator Saleem Mandviwalla	Chairman
(2)	Senator Ilyas Ahmed Bilour	Member
(3)	Senator Muhammad Mohsin Khan Leghari	Member
(4)	Senator Muhammad Talha Mahmood	Member
(5)	Senator Nasreen Jalil	Member
(6)	Senator Kamil Ali Agha	Member
(7)	Senator Islamuddin Shaikh	Member
(8)	Senator Ms. Ayesha Raza Farooq	Member
(9)	Senator Sardar Fateh Muhammad Muhammad Hassani	Member
(10)	Senator Mushahid Ullah Khan	Member
(11)	Senator Saud Majeed	Member
(12)	Senator Mohsin Aziz	Member
(13)	Senator Mohammad Ishaq Dar, Minister for Finance, Revenue, Economic Affairs, Statistics and Privatization	Ex-Officio-member

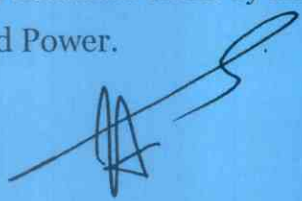


3. The Committee considered the said matter in its meeting held on 17th August, 2016, at Parliament House, Islamabad. The following attended the meeting:-

(1)	Senator Saleem Mandviwalla	Chairman
(2)	Senator Ilyas Ahmed Bilour	Member
(3)	Senator Muhammad Mohsin Khan Leghari	Member
(4)	Senator Nasreen Jalil	Member
(5)	Senator Kamil Ali Agha	Member
(6)	Senator Mushahid Ullah Khan	Member
(7)	Senator Sardar Fateh Muhammad Muhammad Hassani	Member
(8)	Senator Islamuddin Shaikh	Member
(9)	Senator Mohsin Aziz	Member
(10)	Senator Col. (R) Syed Tahir Hussain Mashhadi	Mover

4. Senator Col. (R) Syed Tahir Hussain Mashhadi, mover informed the Committee that there were various additional/indirect taxes imposed on the electricity bills of the domestic consumers such as GST, Sales Tax, extra tax, further tax, and other additional surcharges. He inquired about the reasons of these indirect taxes imposed on the said consumers. The Chairman FBR responded that the sales tax and GST was the same and not the separate taxes which was imposed on the actual consumption of electricity. He said that sales tax was being charged at the rate of 17% on all taxable supplies including electricity and it was applicable since 2013. Regarding extra tax, he said that it was 5% on electricity supplied to industrial and commercial consumers (not registered in active taxpayer list of FBR), whose electricity bill exceeds Rs.15000/- in a month. He further informed the Committee that further tax of 2% was being charged on all supplies to unregistered persons, however, it was not applicable to the electricity supplied to the domestic and agricultural consumers as per exclusion provided under the rules.

5. Senator Col. (R) Syed Tahir Hussain Mashhadi, mover while expressing his reservations said that the DISCOs were recovering 17% sales tax imposed on them though electricity bills from the general public and suggested that the households/domestic users should be exempted from all the additional/indirect taxes. The Chairman FBR said that except sales tax no additional tax was levied on the household/domestic users by the FBR, however, the surcharges were levied by the M/o Water and Power.



6. After detailed deliberations, the Committee disposed of the matter **and strongly recommended that the M/o Finance, in collaboration with the FBR, should ensure to revisit the policy of levying additional/indirect taxes in the electricity bills of the household/domestic consumers and all additional taxes/indirect taxes including sales tax levied on the electricity bills for households/domestic consumers should be waved off / rationalized.** The Committee also gave approval for presentation of this report to the House.



(MUHAMMAD TAHIR KHAN)
Secretary (Committee)



(SENATOR SALEEM MANDVIWALLA)
Chairman (Committee)

Islamabad, the
17th August, 2016.