

## Finance Bill FY17 & market aspirations

**REP-033**

**FCCI\***....Reduction in corporate tax is most persisting demand from corporate firms. It is believed that corporate tax in Pakistan is highest in the region. The representatives of prominent industries have suggested that corporate tax must be reduced to 25%.

\*Federation of Pakistan Chamber of Commerce

We suggest that corporate tax must be reduced for SME and newly established industries for up to 5 years and tax gap between listed and non-listed firms must be reduced.

\*\*Pakistan Stock Exchange

Sellers and retailers have high inventory turnover and requires transactions more frequently than manufacturing sector. Government decision of imposing withholding tax of 0.3% to 0.6% on withdrawal of more than Rs.50k has caused severe effect on sellers and retailers. Therefore in the interest of small and marginalized business government should reduce this withholding tax to 0.2%. This will help bank branches to regain deposit base. At present, deposit holders have withdrawn a lot of their deposits. This has also invariably affected capital markets during last year wherein market suffered.

In the financial bill FY15, income tax on dividend was increased to 15%-17.5%. It is now a popular demand from corporate sector that tax on dividend must be slashed.

**PSX\*\***....Investors demanding that CGT must be revised and current rates could be reduced. Keeping this in mind, PSX suggested that for FY17 capital gain tax on securities should be reduced i.e. for less than 6 months 10%, for 6-12 months 8%, more than 8 months no tax.

**Analyst**

**Nasir Ali**

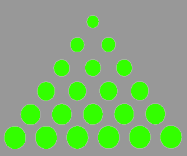
**0092 21 32461427**

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We suggest that capital gain tax should be reduced to facilitate new account openings. Many investors are shying away from market due to higher incidence of CGT. The number of account opening still far lower than regional countries.

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**BONUS SHARES TAX**.....5% tax on bonus shares was imposed in the financial bill FY15, which is needless; therefore PSX suggested that it must be slashed. After this tax, number of bonus issues have also fallen.



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