

Suspension of 2.5% withholding tax

Carmakers cut prices, but dealers see foul play

By Mushfiq Ahmad

KARACHI: Three leading car manufacturers have reduced the prices of their products following the decision of the Federal Board of Revenue to suspend the collection of 2.5 percent withholding tax on sale of new cars for two months, commencing from February 21 till April 20.

Car dealers have, however, rejected the government's decision. Chairman, All Pakistan Motor Dealers Association, H M Shehzad said it was illogical to suspend the tax for only two months because the government was receiving sizeable revenue under this head. "It seems the decision has been taken to appease a few elements," he said.

It is beyond comprehension why did the government suspend the levy because it was getting around Rs 10 million a day from this tax, he said. "If there were any logic behind this decision, the levy should have been withdrawn permanently; why it has been only suspended," he asked.

This tax was not detrimental to the interest of the buyers, because tax-paying buyers were allowed to claim refund, he said. And those who were outside the tax net had to contribute to the exchequer in this way, he added.

Moreover, he said, the prices of

locally manufactured vehicles had been increased twice since the imposition of 2.5 percent withholding tax in September 2007. But now they have not been reduced to the pre-September 2007 level, he added. "It shows that both decisions — that of imposing the tax and that of suspending it — have benefited the car manufacturers by giving them room to increase the prices," he remarked.

Indus Motors Company have reduced



price of Corolla XLI from Rs 930,000 to Rs 910,000; Corolla GLI from RS 1.020 million to Rs 999,000; Corolla Altis MT from 1.3 million to Rs 1.272 million; Corolla Altis AT from Rs 1.39 million to Rs 1.359 million; Corolla 2D from Rs 1.095 million to Rs 1.072 million; Corolla 2DSE from Rs 1.18 million to Rs 1.155 million; and Corolla 2DSN from Rs 1.348 mil-

lion to Rs 1.319 million.

The company has cut the price of Cuore CX from Rs 461,000 to Rs 454,000; Cuore AT from Rs 492,000 to Rs 484,000; and Cuore CX CNG from Rs 502,000 to Rs 494,000.

Honda has also reduced the price of Civic MT from Rs 1.388 million to Rs 1.355 million; Civic Prosmatec from Rs 1.428 million to Rs 1.394 million; Civic VTI Oriel from Rs 1.523 million to Rs 1.487 million; VTI Oriel Prosmatec from Rs 1.563 million to Rs 1.526; Citi DXI M/T from Rs 887,000 to Rs 857,000; and Citi Automatic Transmission from Rs 933,000 to Rs 911,000.

Pak Suzuki has cut the price of Mehran from Rs 335,000 to Rs 326,000; Mehran (AC CNG) from Rs 414,000 to Rs 403,000; Alto VXR from Rs 485,000 to Rs 473,000; Alto (AC CNG) VXR from Rs 521,000 to Rs 508,000; Cultus VXR from Rs 600,000 to Rs 585,000; Cultus VXR (CNG) from Rs 642,000 to Rs 626,000; Suzuki Bolan from Rs 390,000 to Rs 380,000; Bolan (CNG) from Rs 428,000 to Rs 418,000; Liana from Rs 795,000 to Rs 775,000; Liana (CNG) from Rs 845,000 to Rs 825,000.