

PSMA/X-4391/M  
10<sup>th</sup> Oct 2018

MINUTES  
OF

THE MEETING OF THE PAKISTAN STEEL MELTERS ASSOCIATION WAS HELD  
IN HEAD OFFICE OF THE ASSOCIATION ON 10<sup>th</sup> October 2018 AT 2 PM.

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1. **Attendance.** Annexure -‘A’

2. **Agenda.**

- Welcome to new Chairman and office bearers.
- FATA/PATA Sales Tax Issue.
- Sugar Mills Accounting.
- Mushroom Growth - Small Furnaces With Special Reference To Area Lahore.

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CH LIAQAT BHADAR  
CHAIRMAN  
PRESIDED OVER THE  
PROCEEDINGS

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3. **Recitation** The proceedings commenced with the recitation of the Holy Quran,  
by Maj ® Mansoor Mahmood, Secretary General.

4. Ch Liaqat Bhadar, new elected Chairman was given a warm welcome by the house.  
The house was very optimistic that the new Chairman would be able to uplift PSMA.  
Difficulties would be taken care off. The subjects that came under discussion were as  
under:-

5. **FATA/PATA Sales Tax Issue** SRO – 1212 (I) 2018, Annexure – ‘B’ lays down  
exemption of whole of sales tax up to 30<sup>th</sup> June 2023. A standard steel melting furnace of  
10 x Ton capacity pays Rupees 2 to 2.5 crores besides tax for electricity bill on monthly  
basis. Steel melting units in settled areas have to pay this tax.

It is submitted that a comprehensive survey by the government be done in FATA/PATA to immediately curb further Mushroom Growth. These figures may be shared with this Association. Any Fresh/New Establishment of steel melting furnaces be subject to **Permission** from this Association and **Environment Protection Agency. It is recommended that no new connection be given to any steel industry.**

Present Existing Electricity Load of steel melters in FATA/PATA may also be shared with PSMA.

Many steel melting furnaces are now being set up in the above mentioned **non taxable areas on streams and canals utilizing Hydel Power.** The exchequer remains high and dry.

Cheap billets smuggled from the said non tax areas are dumped in taxable areas like Islamabad, Gujranwala, and Lahore. Tax paying units have to bear the brunt of losses.

Billets or Ms products manufactured in FATA/PATA, if **transported to Hattar, or Punjab** be levied **the prevalent sales taxes.**

This association offers to establish Check Posts in collaboration with Custom Authorities on borders of Hattar and Punjab. All expenditures of the check posts will be borne by this association.

Goods transported to Hattar or Punjab without levy of prevalent tax ie if smuggled be confiscated and auctioned.

6. **Sugar Mills Accounting** Today, the exchequer is in dire need of finances. What is due to it must be paid. It has come to the light that a number of sugar mills have installed steel melting furnaces in their premises. From the very instance they have an edge over the existing steel units because of cheap electricity and huge sales tax evasion.

A few suggestions to ensure payment of due taxes by these furnaces are submitted as under:-

**Panel Capacity Tax – Transformer.** It needs to be levied from the date of production.

**Sales Tax.** It also needs to be levied from the date of commencement of the production. Steel Melting Furnaces established in sugar mills premises be duly registered with the concerned RTO in sales tax and income tax.

**Incorporation. This association needs to be incorporated with the regional tax authorities for comprehensive checks and taxation of the mentioned steel melting furnaces in sugar mills.**

**7. Mushroom Growth - Small Furnaces With Special Reference To Area Lahore**

This association is acting as a helping hand to Regional FBR in Lahore, where small furnaces are running on B-2 electricity connection. A mushroom growth of these furnaces is experienced here. With the increase in sales tax to Rs 13/= per electricity unit consumed small steel melting furnaces are on the increase and are having a field day. More than 98% of these furnaces are unregistered in FBR.

Recently this association had helped arrange raids which were very successful. Presently the association is ready to provide the following :-

Indicate defaulting small furnaces on ground.

Pay for all the expenses in extraction and shifting of equipment of defaulting furnaces to a safe place.

Rent of the place will also be paid by the association.

Any other help so desired by the regional FBR can also be rendered by this association.

A committee comprising of Regional FBR members and a few members of PSMA can be formulated for early and better results.

**8.** It was decided to write a letter to the Minister of Finance and seek time from him.

**9. Closure** There being no other point the meeting ended with a vote of thanks to the chair.

**Maj ® Mansoor Mahmood**  
Secretary General  
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