

**SENATE OF PAKISTAN
HOUSE OF THE FEDERATION**

REPORT NO.20 OF 2017



House of the Federation

**REPORT OF THE STANDING COMMITTEE ON FINANCE,
REVENUE, ECONOMIC AFFAIRS AND NARCOTICS CONTROL**

ON

**THE SUBJECT MATTER OF AN ADJOURNMENT MOTION MOVED
BY SENATOR MIAN MUHAMMAD ATEEQ SHAIKH IN THE HOUSE
ON 25TH AUGUST, 2017, REGARDING THE IMPACT OF THIRD TIER
EXCISE DUTY (FED) ON TOBACCO PRODUCTS**

PRESENTED BY

SENATOR SALEEM MANDVIWALLA

SENATE SECRETARIAT

**REPORT OF THE STANDING COMMITTEE ON FINANCE, REVENUE,
ECONOMIC AFFAIRS AND NARCOTICS CONTROL ON THE SUBJECT
MATTER OF AN ADJOURNMENT MOTION MOVED BY SENATOR MIAN
MUHAMMAD ATEEQ SHAIKH IN THE HOUSE
ON 25TH AUGUST, 2017**

I, Senator Saleem Mandviwalla, Chairman, Standing Committee on Finance, Revenue, Economic Affairs and Narcotics Control, have the honour to present, on behalf of the Committee, this report on the subject matter of an Adjournment Motion moved by Senator Mian Muhammad Ateeq Shaikh on 25th August, 2017, regarding the impact of third tier excise duty (FED) on tobacco products which is a violation of WHO's Framework Convention of Tobacco Control (FCTC) on one hand and would result into increase in Tobacco consumption on the other hand, 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 Ms. Ayesha Raza Farooq	Member
(5)	Senator Muhammad Talha Mahmood	Member
(6)	Senator Ms. Nasreen Jalil	Member
(7)	Senator Kamil Ali Agha	Member
(8)	Senator Mushahid Uallah Khan	Member
(9)	Senator Saud Majeed	Member
(10)	Senator Sardar Fateh Muhammad Muhammad Hassani	Member
(11)	Senator Osman Saifullah Khan	Member
(12)	Senator Mohsin Aziz	Member
(13)	Minister for Finance, Revenue, and Economic Affairs	Ex-Officio Member

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3. The Committee considered the said matter in its meetings held on 13th and 26th September, 2017, at Parliament House, Islamabad. The last meeting of the Committee was attended by the following:-

1. Senator Saleem Mandviwalla	Chairman
2. Senator Ms. Ayesha Raza Farooq	Member
3. Senator Kamil Ali Agha	Member
4. Senator Sardar Fateh Muhammad Muhammad Hassani	Member
5. Senator Osman Saifullah Khan	Member
6. Senator Mohsin Aziz	Member

4. The Committee was informed by the Member (IR Policy), FBR that there were two tiers of cigarettes for the purpose of payment of Federal Excise Duty (FED) and now a third tier was introduced through Finance Bill, 2017, to tackle the menace of illicit and non-duty paid cigarettes, as the share of illicit trade reached at 30% of total cigarette market. He further informed that the third tier Federal Excise Duty (FED) on tobacco products caused increase in legal trade while the illicit trade and non-duty paid tobacco products were reduced amicably.

5. The Committee was of the view that third tier would be effective to control the menace of illicit and non-duty paid cigarettes. After due deliberation, the Committee disposed of the matter and showed its satisfaction on the briefing given by the Chairman FBR and also gave approval for presentation of this report to the House.



(MUHAMMAD TAHIR KHAN)
Secretary (Committee)



(SENATOR SALEEM MANDVIWALLA)
Chairman (Committee)

Islamabad, the
26th September, 2017.