

MINUTES OF THE OICCI MANAGING COMMITTEE MEETING HELD ON MONDAY, MARCH 21, 2023 / APRIL 4, 2023, AT 10:30 AM IN THE OICCI OFFICE, KARACHI.

1. The newly elected President Amir Paracha welcomed all participants to the first MC meeting after the election of the new Managing Committee for the 2023 term, and thereafter all members briefly introduced themselves.
2. The Managing Committee reviewed the MC composition and decided on co-opting new MC members for the term 2023.
 - Saquib Ahmad, Country Managing Director SAP, Middle East and North Africa LLC
 - Andrew Bailey, Managing Director BASF Pakistan Private Limited
 - Maheen Rahman, CEO Infra Zamin Pakistan Limited
3. On strengthening the research wing of OICCI, Mr. Jawad Khan, Senior Partner McKinsey Pakistan was invited who presented the vision and strategy of the project with the aim of setting OICCI as a platform of change in Pakistan. The aspiration of the OICCI-McKinsey partnership will be to transform Pakistan via the following three pillars:
 1. Facilitate global best practices to drive productivity and innovation.
 2. Foster equitable business environment for private sector institutions
 3. Enhance and facilitate FDI flows into Pakistan.

MC members appreciated the arrangement and after clarifications and discussion approved to proceed with the engagement.

4. The revised list of 2023 Sub-Committees and the MC members to Chair these sub-committees were mutually agreed as given below:
 1. Communication and Profile Building: Amir Paracha / Ahmed Zahid Zaheer
 2. Taxation and Financial Services: Ali Asghar Jamali
 3. Energy: Waqar Siddiqui / Najeem Ahmad
 4. Regulatory: Syed Anis Ahmed
 5. Trade and Industry: Umar Ahsan Khan
 6. Environment, Social and Governance: Rehan Muhammad Shaikh / Ahmed Zahid Zaheer / Andrew Bailey
 7. Pharma Bureau: Erum Shakir Rahim
 8. Diversity and Inclusion: Ahmed Zahid Zaheer / Maheen Rahman (subsequently inducted in MC)
 9. Information Technology: Saquib Ahmad
 10. Security: Kamran Ataullah Khan
 11. Government Relations: President, Vice President, and Secretary General
5. The MC approved the admission of **Hayat Kimya Pakistan (Pvt) Limited** as new member of OICCI, making total to 211.
6. SCB in-house experts Adil Dalal, Head of Financial Markets at SCB and Farooq Pasha, Economist MENAP at SCB, provided MC a comprehensive update on current economic environment and challenges. The discussion included multiple scenarios related to Pakistan's debt services, exchange rate, IMF program, economy, etc.

MC appreciated the efforts of Vice President, Rehan Shaikh for arranging the session and proposed to have similar session for CFOs, if required.

7. SG briefly explained the forecasted economic environment 2023-24 of Pakistan and the key focus areas for the 2023 term along regular and proposed new activities plan. The MC approved the plan after thorough discussion.
8. SG informed that in the last meeting with SBP Governor on December 28, 2022, it was suggested to conduct a follow-up survey in March 2023 in anticipation that the FX remittance situation will improve. He mentioned that OICCI initiated a comprehensive remittance survey in March 2023 in which 69 members participated, around the same number of participants as were in the last 2022 survey. The results of the survey was presented to MC and will also be shared with members, the media, and the Governor State Bank.
9. SG shared the highlights of the taxation proposals 2023-24 with MC, which included apart from income tax, sales tax, customs related proposals also included proposals for broadening of tax base, facilitation of taxpayers /EODB and industry specific proposals.

As the tax environment and tax rates are key considerations for any prospective investors, including foreign investors, therefore, EODB and simplification of tax paying processes plays a key role in promotion of FDI. OICCI taxation proposals are developed considering the following principles:

- ▶ Tax policies should be predictable, transparent, and consistent.
- ▶ Policies should be implemented for long term (e.g., 10 years).
- ▶ Simplifying the procedures and forms for filing the sales tax and income tax return.
- ▶ Tax compliant sector provides FBR with information of registered/unregistered businesses, which need to be use for broadening tax net.
- ▶ Incentivize long-term investment in manufacturing, employment generation and export potential industries including services (e.g., IT and services) Vs trading etc.
- ▶ All sectors should contribute into the national exchequer in proportion to their contribution to GDP including agriculture, real estate, and wholesale/retail trade.
- ▶ Import data including Afghan Transit Data should be made public.

The key taxation proposals recommended to retain the Corporate Tax rate of 29 percent, remove the Super Tax from all sectors, simplify the complicated Withholding tax regime, eliminate/reduce minimum tax specifically for listed companies and focus on the measures needed to remove anomalies, promote localization, supporting exports and creating a level playing field for healthy competition. The chamber believes that sufficient data is now available in the system, to broaden the tax base rather than deepen it. We realize this will require considerable support from all the key stakeholders, and the chamber will be willing to play its part on behalf of its members.

10. Next MC meeting for Vision and Strategy is scheduled on May 2, 2023.