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## TMA urges exemption from VAT

By Our Staff Reporter

KARACHI, Feb 15: Exporters have demanded exemption from Value Added Tax (VAT), being implemented from next fiscal. Five export-oriented industries were exempted from sales tax to free the system from the hassle of refunds, which led to corruption.

In a statement Towel Manufacturers Association (TMA) chairman Waqar Alam reiterated exporters' demand for exemption under VAT.

He said that after experiencing difficulties the government had zero rated five export-oriented industries from the GST. However, if the same was not allowed under VAT, it will prove a disaster for the exporting industry.

It is pertinent to note that a huge amount of duty drawback and sales tax refund of exporters are held up at the customs stage for the last several months and the exporters fear if the zero-rating was not allowed under VAT it will further squeeze their working capital.

Waqar Alam said that refund system invited corruption and caused unnecessary harassment to the export trade, which is already confronted with a large number of problems owing to global recession and high cost of production.

He urged the FBR to continue with the present system of zero-rating of export trade as being done under the GST scheme so that exporters could concentrate on their products and markets.

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## TMA terms VAT another form of GST

RECORDER REPORT

KARACHI: Towel Manufacturers' Association (TMA) has described VAT as "another form of GST which is currently enforced in the country."

Waqar Alam, Chairman, TMA, in a statement said that the exporters after experiencing difficulties and long deliberations were allowed zero rating to five sectors of industry. If similar zero rating is not given to TMA, it would spell disaster for the exporting industry.

He said that a huge amount of duty drawbacks and sales tax refund of exporters are held up at customs stage for the last several months.

"We are afraid if zero rating to exporters is not allowed on VAT, it would unnecessarily hold up their working capital which is very scarce these days."

He expressed fear that this would encourage massive corruption at various levels, which is not desirable in any civilised society and requested the government that same procedure as prevalent in GST scheme may be continued if VAT is imposed and zero rating to the exporting sector is allowed.