

# New taxation measures

WE have studied the fresh attempt to impose sales tax on the exporting industry. We understand that all manufacturers who are registered with the government as exporters will be exempted from the payment of sales tax on their purchase of raw materials such as yarn.

As long as they export the end product on local sales, they have to pay the sales tax.

If this understanding is correct then we will assist the government in implementing the tax measures and assure them that they are workable. In this way the government will carry out its pledge to the IMF to extend sales tax on all items without putting the exporting sector under an unbearable extra burden of 17 per cent on its inputs.

Had this burden been imposed at this delicate juncture when the industry is already crippled with the highest ever prices of cotton and yarn, it would have collapsed.

The authorities do not understand the complexities involved in the collection of this tax and the loopholes that would be used by unscrupulous

elements.

We are ready to assist in formulating policies by which the tax is collected efficiently and the system is kept as clean and transparent as possible.

**TAHIR JAHANGIR**

Chairman

Towel Manufacturers Association  
of Pakistan