

## **Towel exporters demand payment of sales tax refunds**

KARACHI: **Syed Usman Ali, the Senior Vice Chairman of the Towel Manufacturers Association of Pakistan**, has voiced significant apprehension regarding the substantial amount of money that is currently stuck up within the Federal Board of Revenue (FBR) of the exporters. This situation is giving rise to substantial challenges and difficulties for exporters, and it has raised deep concerns within the industry. It is essential for the export-oriented sectors to get back their own sales tax money timely as prescribed in the sales tax rules i.e. refund of pending sales tax **amounts within 72 hours as per Rule 39F of Sales Tax Rules 2006.**

He further added that the exporters are also facing huge problems in getting their **duty drawback claims timely**. Exporters are in deep trouble because they are unable to use their own money & forced to take loans at hefty interest rates, which is one of the main factors to increase the cost of doing business. Unfortunately, the exporters' refund of the **duty drawback has been pending since August 2023 which is also having negative impact on our exports.**

The Textile Exporters are highly perturbed over excessive and unreasonable delays in GST refunds which have been causing liquidity problems for the Exporters of this country. Since July 2019, GST was imposed despite stiff resistance from Five Zero-Rated Export sectors. Unfortunately, the FBR is taking a threshold of 12% while the percentage of Sales Tax enhanced from 17% to 18%. We are unable to understand why FBR fixed the threshold at 12%. The FBR should revisit the threshold percentage because it is different from sector to sector. It is a very surprising situation for the exporters that they are paying 18% GST while they are entitled to refund of only 12%.

This is creating mental fatigue for the exporters because already billions of rupees are stuck up with the FBR of the five Zero Rated Sectors. This critical situation is one of the main reasons for the decline in our exports.

He further said that from time to time the different Export Oriented Associations have demanded to the Government that the government must support the Textile industry according to genuine considerations to their appeal for the restoration of the Zero-Rating status **"No Payment No Refund system"**.

The Exporters of this country are never interested in paying Sales Tax to the government of Pakistan and then begging for refunds which have the exporter's own money. For the refund of GST amount, they are wasting their own resources i.e. established sales tax refund department, lot of paperwork, huge investment on the equipment etc., as well as stuck up their own money for several months which creates a financial crunch and paying high interest rate to the banks for borrowing money to fulfil their export orders timely.

**Syed Usman Ali** further said that after the abolition of SRO 1125(I)/ 2011, the export sectors always insisted on **“no payment no refund system of Sales Tax”** which was very supportive of the growth of export of this country as well as exporters were very comfortable and focused on completing their export orders well before time. The Export Sectors are demanded from the Government to restore the SRO 1125(I) /2011 in its true spirit. It will be a huge relief for the exporters as well and the tax authority can focus on new taxpayers for the collection of Taxes for the national exchequer.

In view of the above, the Export Sectors strongly demand the Government review its decision and restore zero rating status for export sectors - No Payment No Refund System – for the growth of the Textile sector. Unfortunately, our Textile exports are already in declining trend and it also negatively impacts economic activities and the national reservoir. Our economic managers should come forward and take positive measures to arrest the declining trend of exports otherwise, the Government will be held completely responsible for the closure of industries, massive unemployment and reduction of the collection of tax for the national exchequer which will not be in the interest of our beloved country, Pakistan.—PR

ٹیکسٹائل کے برآمد کنندگان کا 72 گھنٹوں میں ریفرنڈز کے اجرا کا مطالبہ

سیلز ٹیکس ریفرنڈز اور ڈیوٹی ڈرایبک نہ ملنے سے برآمد کنندہ صنعتوں کو مشکلات

بھاری شرح سود سے پیداواری لاگت بڑھ رہی ہے، سیکریٹری ٹائل مینوفیکچررز ایسوسی ایشن

کراچی (رپورٹ: احتشام مفتی) ٹیکسٹائل سیکٹر کے برآمد کنندگان نے سیلز ٹیکس رولز 2006 کی شق 39 ایف کے تحت 72 گھنٹوں میں ریفرنڈز کے اجرا کا مطالبہ کرتے ہوئے کہا ہے کہ سیلز ٹیکس ریفرنڈز اور ڈیوٹی ڈرایبک نہ ملنے سے برآمد کنندہ صنعتوں کو مشکلات اور چیلنجز سے دوچار کر دیا ہے، ٹائل مینوفیکچررز ایسوسی ایشن کے سیکریٹری مزل حسین نے ایکسپریس کو بتایا کہ برآمد کنندگان کو سیلز ٹیکس ریفرنڈز کے ساتھ ڈیوٹی ڈرایبک کلیمز کی بروقت حصول میں بھی مشکلات کا سامنا ہے، انھوں نے بتایا کہ مالیاتی مسائل کی وجہ سے برآمدی صنعتیں بھاری شرح سود پر قرضے حاصل کرنے پر مجبور ہو گئی ہیں، جو برآمدی مصنوعات کی پیداواری لاگت میں اضافے کا باعث بن گئی ہے، انھوں نے بتایا کہ اگست 2023 سے برآمد کنندگان ڈیوٹی ڈرایبک ریفرنڈز سے محروم ہیں، انھوں نے کہا کہ جولائی 2019 سے پانچ زیر ریٹریڈ برآمدی شعبوں کی سخت مزاحمت کے باوجود جی ایس ٹی نافذ کیا گیا، بد قسمتی سے ایف بی آر 12 فیصد کی حد لے رہا ہے جبکہ سیلز ٹیکس کا فیصد 17 فیصد سے بڑھا کر 18 فیصد کر دیا گیا ہے، ہم یہ سمجھنے سے قاصر ہیں کہ ایف بی آر نے 12 فیصد کی حد کیوں مقرر کی، ایف بی آر کو اس حد پر نظر ثانی کی ضرورت ہے، برآمد کنندگان کے لیے یہ انتہائی حیران کن صورتحال ہے کہ وہ 18 فیصد جی ایس ٹی ادا کر رہے ہیں لیکن انہیں صرف 12 فیصد کی واپسی کا حقدار قرار دیا گیا ہے۔