

# Zero-rated status sought

By Mubarak Zeb Khan

ISLAMABAD: Rejecting the proposed five per cent sales tax on value-added textile products, the National Assembly Standing Committee on Tuesday demanded revival of zero-rated status for five leading export sectors of the country.

A detailed presentation was given to the committee at its meeting held at the Ministry of Textile on high cost of doing business in Pakistan because of imposition of 2pc sales tax on value-added textile sector, and over Rs100 billion sales tax refunds stuck up with government.

The demand came from the committee at a time when Finance Minister Ishaq Dar is finalising budget proposals with his team.

Pakistan Apparel Forum Chairman Jawed Bilwani, in a presentation to the committee, stated that the government, instead of supporting textile industry by removing irritants, is inclined to increase the tax burden on the industry.

The FBR has proposed to increase sales tax from 2 to 5pc on the value-added textile export sector, as well as the imposition of Rs100 GIDC.

The committee recommended the government to revive the SRO1125 of 2011 to make the export zero-rated.

It also demanded release of pend-

ing sales tax refunds, customs rebate etc.

Bilwani also sought withdrawal of GIDC that will jack up cost of production and render textile products uncompetitive in global market.

The presentation claimed that Bangladesh is fetching \$6 billion in value addition per million cotton bales, while Pakistan is managing \$1.17bn with difficulty.

Pakistan was not giving any subsidy on cotton so that growers have to compete with the prices of subsidised cotton.

Minister for Food Security Sikander Hayat Khan Bosan agreed that the intervention price of cotton should be Rs3,200 per 40kgs for 2015-16.

The committee, headed by Khwaja Ghulam Rasool Koreja, also recommended that the Trading Corporation of Pakistan shall be asked to procure at least two million cotton bales for this year. The Trading Corporation of Pakistan shall hire ginning units for cotton seasons to protect small farmers.

The committee also recommended that according to Indian model of cotton procurement, the government of Pakistan shall also procure seed cotton instead of lint cotton on an experimental basis.

The committee also recommended that the number of cotton procurement centres be increased.

