

Exporters criticise govt for 'sales tax trap'

RECORDER REPORT

KARACHI: Value-added textile exporters struggle to disentangle the governments' "sales tax trap" that eats up their liquidity and make their products costlier on the world markets.

Exporters blame the incumbent PML-N government for continuing the bad sales tax policy that the PPP had slapped on them with two percent during its rule 2008 to 2013. They termed the irrational tax as 'stumbling block' in the country's exports growth.

"At the end of tenure of the PPP's government, it imposed 2 percent sales tax on exports vide SRO 154(I)/2013 dated 28th February, 2013, which was then strongly opposed by the PML-N," Chairman, Pakistan Apparel Forum, Muhammad Javed Bilwani said on Tuesday, adding that the PML-N government continued the same tax it had opposed in the past.

He said that the soaring cost of doing business had caused the nation a significant fall in exports standing at 13.42 percent during July-October 2015-16. But, he said, the country's global competing nations like Bangladesh had grown its exports by almost five percent and Vietnam by 9.20 percent during the same period. China and Sri Lanka, he said, however faced a 'negligible' exports decline by 2.50 percent and 4.50 percent respectively.

He said the government's economic policies were on a 'wrong' track. "These figures once again clearly prove that the government is consulting only with those whose agenda is to decrease exports on account of their personal gains and the government is on the wrong track. In the last fiscal year 2014-15, overall exports also declined by some 5 per-

cent," he added.

The major reason of continuing decline in the country's exports is high cost of inputs including tariff of gas, electricity, water, raw material etc., he said, adding that the neighboring and competing nation had far lower rates for all basic utilities. He said that the government, despite all hurdles, had blocked the exporters' huge liquidity under sales tax refund, DLT and customs rebate claims.

Terming the continuing sales tax on exports as 'injustice', Bilwani slammed the PML-N government for not withdrawing the tax after coming into power following 2013 polls. He said that the tax had been highly politicized and the governments just used it to accumulate revenues for its every day expenses at the cost of national economy.

"It is never understood that when the sales tax rate was 2 percent the government was unable to refund sales tax claims then, how can it pay back the claims after increasing it by 50 percent?," he asked, saying that "all of this seriously impacts only value-added textile export sector and not the spinning sector". He said that the tax rise by 50 percent would scale down the value-added textile exports, adding that the apparel sector generated 28 million jobs with a significant number of poor women.

He appealed to the government to scale down cost of all essential utilities to the level of neighboring and competing countries; give top priority to export oriented industries in supply of all utilities around the year, declare export sectors zero-rated, introduce no-payment, no-refund scheme, and release all refunds immediately pending as sales tax, DLT and customs rebates claims.



'Exports cannot increase without support for value-added textile sector'

News Desk

KARACHI: Muhammad Jawed Bilwani, Chairman, Pakistan Apparel Forum and Chief Coordinator, Value Added Textile Forum, quoting official figures of Pakistan Bureau of Statistics (PBS) in his statement on Tuesday that overall exports declined by -13.42 percent during July-October, 2015.

Comparing it with major competitors, he added that during the current fiscal, overall exports of Bangladesh increased by 4.95 percent, Vietnam increased by 9.20 percent, and overall exports of China and Sri Lanka decreased negligibly -2.50 percent and -4.50 percent respectively.

"These figures once again clearly prove that the government is consulting only with those whose agenda is to decrease exports on account of their personal gains and the government is on the wrong track," he said. In the last fiscal year 2014-15, overall exports also declined by approximately 5 percent.

He asserted that the major reason of persistent decline in exports is high cost of inputs - tariff of gas, electricity, water, raw material etc in comparison to our neighbouring and other competing coun-

tries. Other reasons include blockade of huge amounts of liquidity of the exporters against Sales Tax Refund Claims; DLTCL Claims, and Customs Rebate claims.

He said that at the end of the Pakistan Peoples Party (PPP) tenure, it imposed two percent sales tax on Exports vide SRO 154(I)/2013 dated February 28, 2013 which was then strongly opposed by the Pakistan Muslim League-Nawaz (PML-N).

It is sheer injustice that when PML-N took over the government, instead of withdrawing the two percent sales tax on exports, this incumbent government went ahead and increased the sales tax on exports by 50 percent in the last Budget 2015-16. Ironically, now the PPP is opposing this harsh measure by the government.

"When the sales tax rate was two percent the government was unable to refund the sales tax claims, how will they pay back the claims after increasing it by 50 percent?" he asked. All of this seriously impacts only the value added textile export sector and not the spinning sector.

Further, the amount of claims was

low during the PPP's government, whereas now it has inflated to a huge figure because of the increase in sales tax and also due to the blockade by the Federal Board of Revenue (FBR) to show higher tax collection.

He warned the government in the meeting on Budget Proposals with Federal Finance Minister Ishaq Dar and FBR chairman that vital exports will plunge approximately 20 percent further if the sales tax on the exports was not withdrawn. Now it was proved that the exports have declined by -13.42 percent in just four months of this fiscal year.

He asserted that the government wants to increase the cost of doing business of the export oriented industry which will eventually reduce vital exports drastically, saving electricity and gas for domestic consumers. "This is indeed a ridiculous policy and requires serious review by the government," he said in the statement.

The government should understand that until and unless the value added textile sector is not supported and their grievances in terms of cost of doing business / manufacturing not evaluated in comparison with regional competing

countries, our exports will never increase. He said that we have time and again even proposed the government to hire foreign consultants for assessing the difference in the cost of manufacturing in Pakistan vis-a-vis Bangladesh, India, Sri Lanka, Cambodia, Vietnam, and China. This would actually give a true and clear picture of why exports have nosedived.

He appealed to the prime minister and federal finance minister to invite the value added textile sector of Pakistan for deliberations to ascertain the causes of this depressing situation.

He reiterated that to render this sector's competitive in the global market, it was imperative that (1) cost of all essential utilities be brought down at the level of our neighbouring and other competing countries; (2) Top priority be given to the export oriented industries in the supply of all utilities 24/7 365 days to run the industries without the least interruption; (3) Zero Rating of Export Oriented Textile Sector - No Payment No Refund Scheme as when Sales Tax has to be refunded then why collect Sales Tax; (4) immediate Refunds of long outstanding amounts of Sales Tax, DLTCL and Customs Rebates Claims.



ویلیو ایڈڈ ٹیکسٹائل سیکٹر کا حکومتی پالیسی پر پھر عدم اعتماد

برآمدی شعبے کو فوری ریلیف کا مطالبہ، تعاون نہ کیا تو ایکسپورٹ کسی صورت نہیں بڑھے گی

ریفینڈر ادا، بجلی گیس سستی، نوٹیفیڈ نوریفینڈ نظام بحال، سیاست بندی جائے، جاوید بلوانی

کراچی (پریس رپورٹر) حکومتی سطح پر ویلیو ایڈڈ ٹیکسٹائل سیکٹر کو تعاون فراہم نہ کیا گیا تو بجلی، برآمدات میں تشویشناک حد تک کمی برقرار رہے گی اور برآمدات میں کسی صورت اضافہ نہیں ہو سکے گا۔ پاکستان اپرل فورم کے چیئرمین جاوید بلوانی کا کہنا ہے کہ بیوروکریٹوں نے برآمدات سے متعلق اعداد و شمار لکھ کر یہ ہیں، رواں سال جولائی سے اکتوبر تک برآمدات میں 13.42 فیصد کمی ہوئی جبکہ مد مقابل ممالک کی برآمدات میں اضافہ ہوا، اعداد و شمار سے صاف ظاہر ہے کہ حکومت چند لوگوں کے انفرادی مفاد کو مد نظر رکھتے ہوئے غلط فیصلے کر رہی ہے، روپے کی قدر میں کمی کے باوجود برآمدات تیزی سے گرنے کی وجہ مہنگی بجلی، گیس، پانی اور خام مال کے علاوہ سیکٹر ٹیکسٹائل اور کسٹمری بیسٹ کی ادائیگیاں نہ ہونا ہے۔ انہوں نے کہا کہ پی پی پی حکومت میں برآمدات پر 2 فیصد سیکرٹیکس کی مسلم لیگ ن نے مخالفت کی تاہم اب نواز شریف حکومت نے ٹیکس ختم کرنے کے بجائے اس میں 50

فیصد اضافہ کر دیا اور اب وہی پیپلز پارٹی جس نے ٹیکس لگایا تھا اسے واپس لینے کا مطالبہ کر رہی ہے۔ انہوں نے کہا کہ ٹیکسز کے معاملے پر سیاست ہی کا رویہ جاری سرگرمیوں کو شدید نقصان پہنچا رہی ہے، حکومت پہلے ہی ریفینڈ نہیں دے پارہی، اب یہ بات سمجھ سے بالاتر ہے کہ اس اضافے کے ساتھ حکومت ریفینڈ کیسے دے گی۔ انہوں نے کہا کہ بجٹ سے پہلے وزیر خزانہ اور چیئرمین ایف بی آر سے ملاقات میں واضح کیا تھا کہ اگر سیکرٹیکس واپس نہ لیا گیا تو برآمدات میں 20 فیصد تک کمی ہو گی۔ جاوید بلوانی نے وزیراعظم اور وفاقی وزیر خزانہ سے اپیل کی کہ وہ ویلیو ایڈڈ ٹیکسٹائل سیکٹر کے نمائندوں سے ملاقات کریں اور مشکل حالات سے نکلنے کے لیے شعبے کو فوری ریلیف دینے کے لیے الگ سے تہرہ مقرر کیے جائیں، ٹیکسٹائل سیکٹر کو خصوصی درجہ، ترجیحا بلا قتل گیس بجلی اور پانی فراہم، نوٹیفیڈ نوریفینڈ سسٹم بحال، روکے گئے ری فنڈ و ری بیسٹ کی فوری ادائیگیاں کی جائیں۔

