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# WeBOC glitch hurts exports

By Our Staff Reporter

KARACHI, Aug 21: The exports of five zero-rated industries have been paralysed by a glitch in the auto clearance system Web Based Auto Clearance (WeBOC) of the Customs.

The system had not been accepting or loading export Goods Declarations (GDs) for over two months and as a result the entire supply chain of zero-rated export trade has been paralysed, exporters said on Wednesday.

Despite repeated efforts by exporters' representative bodies and reminders to high-ups of customs and officials of Pakistan Revenue Automation Ltd (PRAL), which developed the WeBOC software, no response was received till the filing of this report.

The non-acceptance of GDs by WeBOC system at export stage is causing multiple problems for exporters who also could not file their sales tax returns for the last two months, they added.

Exporters lamented that

the last date for filing of sales tax returns for the month of June 2013 was extended to July 29, 2013 but to date the error has not been removed by the PRAL.

As a result of this, they said a large number of exporters have been declared as non-filers of sales tax returns and their names have been included amongst "Non Active" in the Federal Board of Revenue's web portal without any fault on their part.

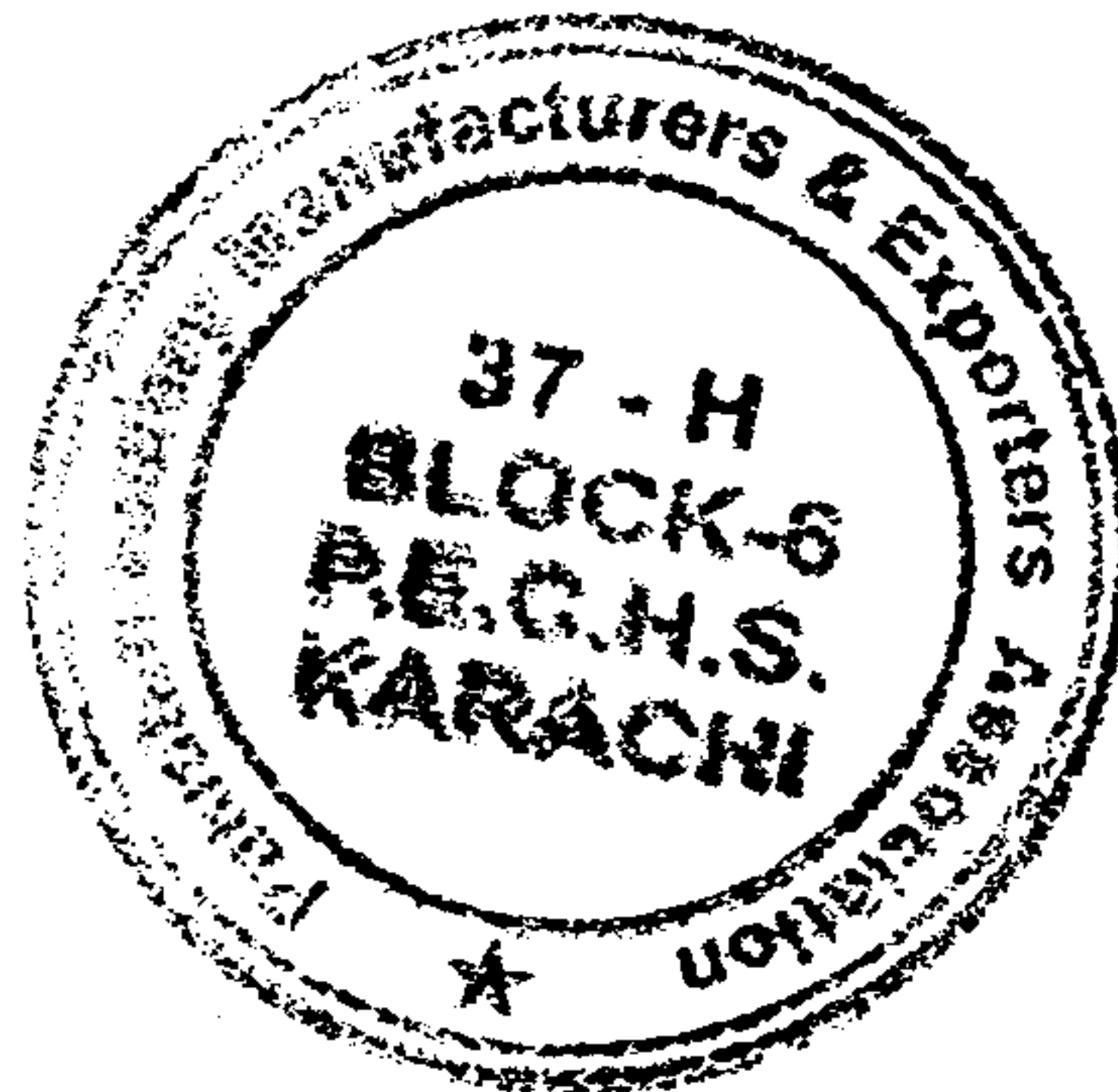
After appearing as "Non Active" on the FBR's web portal the credibility of a large number of exporters has been damaged and above all are now facing multiple problems including losing their entitlement to purchase raw material at reduced sales tax rate of 2 per cent instead of normal rate of 17pc.

The situation has become so critical for exporters that their entire supply chain has been badly disturbed and could not keep their production and export activity moving.

M. Jawed Bilwani chairman Pakistan Hosiery Manufacturers Association (PHMA) said that exporters were suffering on many accounts because even their sales tax refund claims are being rejected by the FBR's auto system of RMS due to "non active" status in the Web Portal.

Similarly, he said the customs authorities have stopped their import consignments of raw materials for application of higher rate of sales tax which otherwise have to be cleared at reduced rates. All the zero-rated exporters are also being asked by utility companies to pay 5 per cent extra sales tax due to non active status.

Mehtabuddin Chawala chairman Pakistan Towel Manufacturers Association (TMA) said that the FBR should have first test run the auto uploading of export and import data in the WeBOC system and only then asked the taxpayers to go through it.



Customs stop textile consignments

## Technical error barred members from submitting ST returns: PHMA

**RECORDER REPORT**

**KARACHI:** Customs has stopped textile consignments as exporters have failed to file tax return due to technical problems in export related software, according to an official complaint of Pakistan Hosiery Manufacturers and Exporters Association (PHMA).

PHMA central chairman Javed Bilwani has sent a letter to the FBR about the problems being faced by exporters due to error in software to submit their sales tax return for June 2013.

He said exporters were unable to submit their tax returns until Wednesday "because of loading of export GDs – Weboc and manual", adding that the Pral confirms that "many taxpayers are also facing this problems".

Despite countrywide complaints by the PHMA members, the "systematic" problems at the software still persist and hurting the exporters' financial interest and global credibility, he said.

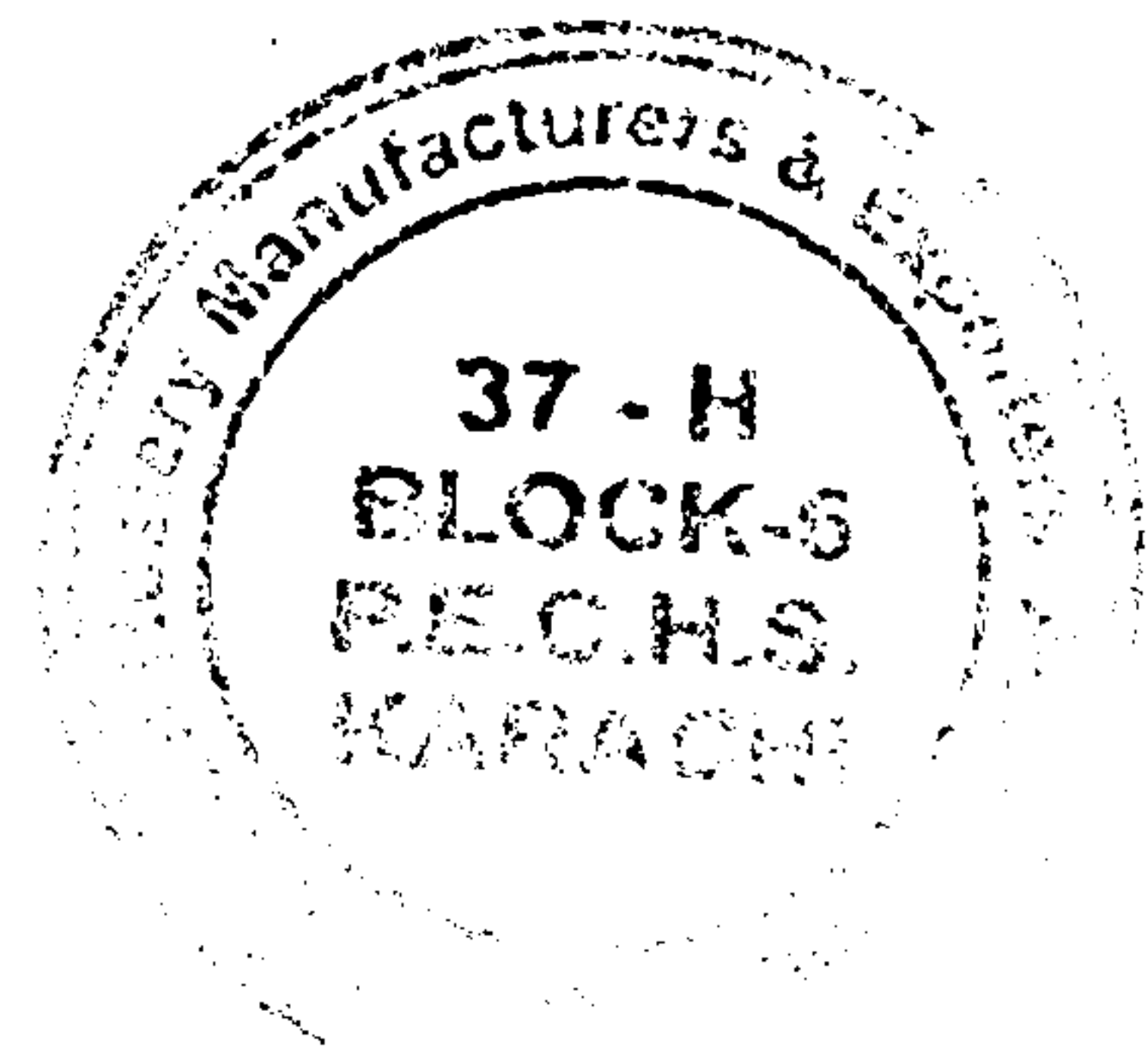
He said the technical error barred the PHMA members from submitting their sales tax returns on the due date, consequently they were declared "non-active" on the FBR portal, despite they had tried to meet the deadline. "The whole credibility of our members' firms has been

destroyed and they are facing numerous problems," he said.

"They are not entitled to purchase their textile raw material on 2 percent from their suppliers and they are now required to pay 17 percent sales tax. Due to this controversy they have also stopped supplies of raw material to us. Their sales tax refunds have started being rejecting from RMS due to non-active status. Customs have stopped their consignment for application of higher rate of sales tax. Utility companies will start charging 5 percent extra sales tax due to non-status," he said.

He requested the FBR to remove the problems in uploading of import/export data in the Custom software as the same error had occurred in filing the STR for July 2013. He said the members could not file their return on the due date on last Tuesday for the same problem.

"The recent amendment through General Order # 16/2013 dated 11th April 2013 by which all taxpayers are declared non active upon non filing of sales tax return within 12 working days is indeed harsh and a draconian step and must be amended and restored to the position prior to issuance of this order," Bilwani said.



Systematic error in web-based system

# Exporters unable to file sales tax returns

By Javed Mirza

KARACHI: Exporters failed to file sales tax return for June due to the error in loading exports goods declaration, WEBOC and manual.

Arshad Hussain, software engineer, PRAL, said that many taxpayers have been facing the problem.

Javed Bilwani of Pakistan Hosiery Manufacturers Association (PHMA) said that they are in frequent contact with Ruqayya Khan, director operations Lahore, Asghar Chaudhary, director PRAL Automation Lahore and Rehmat Khan, director CRO Islamabad through e-mail helpline since July 15 to remove the error so that they could upload goods declaration and submit the sales tax return for June. However, they failed in their attempts due to some systemic problems.

The PHMA in a letter to the Member Inland Revenue Policy said that the last date to file sales tax return for June was extended up to July 29 but still the error has not been removed.

As the exporters could not file the sales tax returns, they were declared 'Non Active' in the Federal Board of Revenue's (FBR) web portal without any fault on their part.

As the status of companies is appearing as non-active, they are not entitled to purchase their textile raw material on two percent from their suppliers and they are now required to pay 17 percent sales tax.

Their sales tax refunds have been rejected from RMS due to non-active status and the Customs have stopped their import consignments for application of higher rate of sales tax.

The PHMA said that auto uploading of export and import data was initiated first time from June and at that time it should have been the sole responsibility of the regulator to first test and try such provisions rather than experimenting with the taxpayers on their cost and consequences.

"According to our information, a large number of taxpayers even in the Large Taxpayers Unit have failed to file their sales tax returns for June due to this systemic problem. The board should have first of all facilitated the taxpayers by extending date to file the sales tax returns for all such taxpayers where no sales tax payment is required so that nobody should suffer."

"The recent amendment through the General Order No 16/2013 dated April 11, 2013 by which all taxpayers are declared non-active upon non-filing of the sales tax return within 12 working days is indeed harsh and a draconian step and must be amended and restored to the position prior to the issuance of this order." The PHMA asked the Member IR Policy to take necessary measures to remove the problems in uploading of import / export data.

It also asked that the status of exporters should be restored to 'Active' from 'non-active' as it was not their fault.

