

SOS APPEAL SOS



EXCELLENCY IMRAN KHAN
HONOURABLE PRIME MINISTER
OF PAKISTAN



**DR. ABDUL HAFEEZ
SHAIKH**
ADVISOR TO PM
ON FINANCE



**ABDUL RAZZAK
DAWOOD**
ADVISOR TO PM ON
COMMERCE & TEXTILE



**HAMMAD
AZHAR**
STATE MINISTER
ON REVENUE



**SYED SHABBAR
ZAIDI**
CHAIRMAN,
FBR

Discontinuation of zero rated status will result in ruin and disaster of export oriented industries, mass unemployment and huge foreign exchange losses. It will also lead to corruption in connivance with dubious FBR officials under the mode of flying invoices, over invoicing, frauds in refunds etc.

Further, due to significant volumes of liquidity being stuck in the form of sales tax refunds, export sector will be severely affected and huge decline in exports, cannot be ruled out.

Five Zero Rated Sectors are already documented and contribute 70% of total nation's exports & generate 50% of total nation's employment.

Collecting sales tax and then refunding – creates hassles for exporters and also creates opportunities for corruption!

No collection and no refund of sales tax from five zero rated export sectors is a tried and tested formula for increasing revenue & exports! We must not forget that during last two decades GOP had tried to undo zero rating twice but miserably failed, hence, zero rating was reintroduced. The zero rated scheme, in consultation with stakeholders, can further be improved for much better outcome.

Govt. attempt to collect interest free money in shape of sales tax will put the country's export at stake.

Today in this period of worst economic crisis, can we afford to take a risk do away with zero rated status for the five export oriented industries.

WE FERVENTLY APPEAL TO CONTINUE THE ZERO RATED SCHEME TO MAINTAIN THE GROWTH MOMENTUM IN EXPORTS

FIVE ZERO RATED EXPORT SECTORS (Value Added Textile – Sports Goods – Surgical – Leather – Carpet)

1. Council of All Pakistan Textile Associations
2. Pakistan Apparel Forum
3. Pakistan Leather Garments Manufacturers & Exporters Association
4. Pakistan Sports Goods Manufacturers & Exporters Association
5. Pakistan Carpet Manufacturers & Exporters Association
6. The Surgical Instrument Manufacturers Association of Pakistan
7. All Pakistan Bedsheets & Upholstery Manufacturers Association
8. Pakistan Weaving Mills Association
9. Pakistan Tanners Association
10. All Pakistan Cotton Power Looms Association
11. Council of Loom Owners Association
12. Pakistan Hosiery Manufacturers & Exporters Association
13. Pakistan Readymade Garment Manufacturers & Exporter Association
14. Towel Manufacturers Association of Pakistan
15. Pakistan Knitwear and Sweater Exporters Association
16. All Pakistan Textile Processing Mills Association
17. Pakistan Cotton Fashion Apparels Manufacturers & Exporters Association
18. Pakistan Textile Exporters Association
19. Pakistan Bedwear Exporters Association
20. Pakistan Cloth Merchant Association
21. Pakistan Denim Manufacturers & Exporters Association
22. All Pakistan Textile Sizing Industry Association

Five zero-rated sectors threaten to go on strike

By Our Staff Reporter

KARACHI: The leaders of five value-added sectors have threatened to go on strike if the government withdraws zero-rated regime on their exports in the 2019-20 budget to be unveiled on Tuesday.

Addressing a press conference at Karachi Press Club on Monday, they said the withdrawal of this facility would serve no purpose and result in a liquidity crunch for the export-oriented sectors.

They alleged that all of this was being done to create liquidity for the government at the cost of country's exports, which engages over a workforce of over one million people.

The representatives of these five sectors — textile, sports, surgical goods, leather and carpet — were critical of the government for taking such a decision at a time when exports are about to take off as a result of devaluation.

According to them, the initial impact of the recent rupee devaluation saw exports rise by 29 per cent in terms of rupee and 0.2pc in dollar.

They claimed that during negotiations with the government, it was initially stated that 16-17pc sales tax would be imposed on exports to be refunded later. However, the last offer put that figure only at 7.5pc.

Responding to a question, Zubáir Motiwala — leader of the forum of five-zero rated sectors — said currently only 20pc of textiles constitute local sales, 1pc carpets, 5-7pc surgical goods whereas leather goods are all exports.



KARACHI: Five zero-rated export sector associations' chief coordinator Javed Bilwani addresses a press conference at the Karachi Press Club on Monday.—Recorder photo

'IMF should revisit its conditions'

RECORDER REPORT

KARACHI: Five zero-rated exports sectors on Monday sought media support to help convince the federal government to withdraw the sales tax proposed in the forthcoming fiscal budget 2019-20.

They suggested that the IMF should also revisit its conditions since the move would unleash economic disaster.

The representatives of the all the zero-rated exports sectors expressed their views at a press conference at Karachi Press Club.

They said they would chalk out future line of action soon after the next fiscal budget 2019-20. Zubair Motiwala, chairman Council of All Pakistan Textile Association spearheaded the joint press conference. He sought media support to help cancel out the proposed sales tax valuing 7.5 percent on the exports of zero-rate sectors.

On behalf of leather, sports, surgical goods, carpet and value-added textile sectors, he said that the government's move would not only scale back their manufacturing but also threaten the existing employment. He asked the government to register wholesalers and retailers selling leather, surgical, sports goods and textile and carpet products on the local markets first so that the exporters could get relief from the undesired taxing.

The industry also facing with shortage of gas, electricity and water, besides law and order issues, he said, adding that "under such circumstances it will be further hard for the local exporters to increase exports". He warned that taxing plan would wash out SMEs while a fall in exporters for up to 30 percent would immediately strike

the economy. He said that the same tax should only be restricted to wholesale and retail sectors and export sectors should be spared. ~

"Some 80 percent textile is exported while 20 percent is sold in the local market, 100 percent of leather products and 90 percent of surgical are exported," Motiwala said, adding that the blanket sales tax imposition would bring about a disaster for the country's big exporting sectors. He also rejected the government's condition for claiming rebate on sharing the goods declaration (GD) instruments to the tax officials. He said that it is a lengthy process that is completed in six months.

He said that the country's exports may grow 20 percent in fiscal year 2019-20 if the sale tax was not imposed on the five zero-rated sectors. He said that without bringing the wholesale and retail sectors into the tax net the issue would continue to haunt the national economy.

"The primary issue lies with the government: the cash flow that is now being met through such taxations," he said, adding that such a plan has its negative implications as well. The dollar appreciation helped the country increase its exports base by 29 percent in term of rupee value.

Fawad Ijaz Khan, patron-in-chief Pakistan Leather Garments Manufacturers & Exporters Association said that the basic issue is liquidity crunch with the trust deficit between the government and the exports sectors. He expressed concerns that no bank is ready to finance the leather industry. He said that the sales tax exemption to leather sector is being ended with a proposed amendment to the schedule 6.

Javed Bilwani, chairman Pakistan Hosiery Manufacturing

and Export Association (PHMA) said that the five zero-rated exports sectors would give their reaction soon after the budget. He said that the sales tax at a rate of 7.5 percent would result in backlogging of 50 percent of the exporters' liquidity with reducing the profit margin.

Those participated were: Chairmen and representatives of Council of All Pakistan Textile Associations, Pakistan Apparel Forum, Pakistan Hosiery Manufacturers & Exporters Association, Pakistan Readymade Garment Manufacturers & Exporter Association, Towel Manufacturers Association of Pakistan, Pakistan Knitwear and Sweater Exporters Association, All Pakistan Textile Processing Mills Association, Pakistan Cotton Fashion Apparels Manufacturers & Exporters Association, Pakistan Textile Exporters Association, Pakistan Bedwear Exporters Association, Pakistan Cloth Merchant Association, Pakistan Denim Manufacturers & Exporters Association, All Pakistan Textile Sizing Industry Association, All Pakistan Bedsheets & Upholstery Manufacturers Association, Pakistan Weaving Mills Association, All Pakistan Cotton Power Looms Association, Council of Loom Owners Association, Pakistan Leather Garments Manufacturers & Exporters Association, Pakistan Carpet Manufacturers & Exporters Association, Pakistan Tanners Association, Pakistan Sports Goods Manufacturers & Exporters Association and Surgical Instrument Manufacturers Association of Pakistan. They also registered protest against the proposed sales tax outside the Karachi Press Club.

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PM urged to veto zero-rating removal

By our correspondent

KARACHI: Exporters on Monday appealed to the Prime Minister Imran Khan to intervene for the continuation of zero-rated sales tax scheme otherwise several industries would close down, leading to mass unemployment.

Officials of the five zero-rated export sectors launched this appeal during a press conference at Karachi Press Club (KPC), which was followed by a peaceful protest by owners and workers of the five sectors i.e., value-added textile, sports goods, surgical, leather, and carpet manufacturing sectors.

Jawed Bilwani from Pakistan Apparel Forum and Zubair Motiwala, former president Karachi Chamber of Commerce and Industry (KCCI) led the press conference, while representatives of all the associations of sectors participated in it.

A statement quoted them as saying that discontinuation of zero-rated status would result in ruin and disaster of export-oriented industries, flight of capital, mass unemployment, and huge foreign exchange losses.

The concerned high-ups in Islamabad were not realising the gravity of situation and sensitivity of the matter and are stubborn to implement the diktats of International Monetary Fund (IMF), the officials said.

They said their genuine arguments and justification raised in various meetings and interactions with government to continue zero-rating of sales tax fell on deaf ears.

Pakistani exporters warn of 20-30% hit if zero rating sales tax regime abolished



- Pakistan has agreed under the \$6 bn IMF loan program to abolish subsidies and incentives including zero rating status
- The five zero rated sectors claim to comprise 70% of the country's exports and generate 50% of total employment

KARACHI: Five of Pakistan's zero rating export sectors, including value added textile, sports goods, surgical equipment, leather, and carpet manufacturing, fear the government may bring them under the sales tax regime in the upcoming fiscal budget 2019-20 to be announced on Tuesday, June 11.

Warning against abolishing the Zero Rating of sales tax scheme, the sectors estimate the country's exports would go down by more than 20 percent by imposition of sales tax, which in turn will "ruin the export oriented industries, cause flight of capital, mass unemployment and foreign exchange losses."

Addressing a press conference and a protest demonstration at Karachi press club on Monday against the expected withdrawal of Zero Rating of sales tax scheme, the representatives of these five sectors called the move a “conspiracy against the increasing exports of the country” and sought Prime Minister Imran Khan’s intervention.

“The concerned high officials are not realizing the gravity of the situation and sensitivities of the matter. They are stubborn enough to implement the dictates of IMF (international Monetary Fund),” said Zubair Motiwala, Chairman of the Council of All Pakistan Textile Association.

“It is not the right time to take such risks. If you will eliminate the status, the country’s exports would suffer by 20 to 30 percent in the coming years,” he said.

Pakistan’s five sector that enjoy zero rating sales tax scheme claim to contribute around 70 percent of total exports of the country and generate 50 percent of the total employment.

Last month, Pakistan struck a \$6 billion loan deal with the IMF after months of negotiations. The global lending body conditioned the bailout program with reduction in fiscal deficit to 0.6 percent of the Gross Domestic Product (GDP), withdrawal of subsidies, and incentives including eliminating the zero rating status to the export oriented industries.

“We have categorically refused to accept the government’s new tax regime to discontinue zero rating. No successive governments have kept their promises and cleared the backlog of exporters refund claims worth billion of rupees in shape of Sales Tax, Withholding Tax etc. We will not deviate from our principle demand to continue zero rating,” Motiwala said.

The exporters argued that zero rated status has increased the country’s exports by 29 percent in terms of rupee which shows the exports are on the growth trajectory.

Pakistan has also devaluated its national currency by over 40 percent since December 2017 mainly to encourage exports by making the local industry competitive.

“The full impact of the rupee devaluation will be seen in the coming months as the orders booked in advanced are maturing and new contracts are being made in next few months,” said Syed Shujat Ali, Chairman-South Zone for Pakistan

Leather Garments Manufacturers and Exporters Association, said.

Representative of carpet manufacturing sector also feared that zero rating discontinuation will wipe out the carpet industry in the country. “We are already working under extremely tough conditions. Elimination of the status would be a disaster for the carpet industry,” said M. Naeem Sajid, Chairman of Pakistan Carpet Manufacturers & Exporters Association.

The industrialists lamented the lack of basic facilities including power, water and access to ports. “The government is not giving us gas, water and a clear passage to enter the seaport but they question why the exports are not increasing,” Muhammad Jawed Bilwani, Chief coordinator of Five Zero Rated sectors, said.

“A day of gas load shedding in industries means that 14 percent of your production has been compromised,” he said.

The sectors’ representatives said that the government wants to impose 7.5 percent sales tax on the zero rated sectors. “Collecting sales tax and then refunding it is a futile exercise, which creates hassles for exporters and also opens flood gates of corruption. No collection and no to refund the sales tax from five zero rated export sectors is a tried and tested formula for increasing revenue and exports,” Motiwala said.

Call Not To End Zero-Rated Regime For 5 Export Sectors



By Hamid Butt On Jun 11, 2019

KARACH: The leaders of the five zero rated export sectors (value added textile, sports, surgical and leather goods and carpets) on Monday appealed to Prime Minister Imran Khan to intervene for continuity of zero-rating of sales tax scheme in the national interest to promote exports of the country.



“Discontinuation of zero rated status will damage the export oriented industries, will cause flight of capital, unemployment and huge foreign exchange losses,” the Chairmen of the five sectors said during a joint press conference held at Karachi Press Conference.

Prominent among them were Chairman, Council of All Pakistan Textile Associations, Muhammad Zubair Motiwala; Central Chairman of Pakistan Apparel Forum, Muhammad Jawed Bilwani, Patron-in-Chief, Pakistan Leather Garments Manufacturers and Exporters Association (PLGMEA) Fawad Hassan, Chairman PLGMEA-South Zone, Syed Shujat Ali, Chairman, Carpets Manufacturers and Exporters, Naeem Sajid, Chairman, Pakistan Readymade Garments Manufacturers and Exporters Association, Sheikh Rafiq and Chairman, SITE Association of Industry, M.Saleem Parekh.

The business leaders, expressing their concern, categorically rejected the proposed new tax regime to discontinue zero rating whereby exporters liquidity will stuck up like in the past.

No successive governments had kept their promises and cleared the backlog of exporters refund claims of billions of rupees in terms of sales tax, withholding tax etc. That, they would withdraw from their principal demand for continuity of zero rating status to the five export-oriented sectors. More than 80 percent products of these sectors were being exported, they claimed.

Discontinuation will also lead to corruption and fake/flying invoices, over invoicing, frauds in refunds etc. Further, they maintained, due to significant volumes of liquidity being stuck in the form of sales tax refunds, export growth will be severely affected. The leaders of these five zero-rated sectors said they will announce their future strategy on this issue after announcement of the annual budget 2019-20 by the Federal Government.

زیرو ریٹیڈ اسکیم کا خاتمہ ایکسپورٹ انڈسٹریز کی بربادی کا باعث بنے گا

5 زیرو ریٹیڈ ایکسپورٹ سیکٹر ایسوسی ایشنز کے سربراہوں کا پریس کانفرنس میں اظہار تشویش

میں شدید تشویش اور تحفظات کا اظہار کرتے ہوئے کہا کہ زیرو ریٹیڈ اسکیم ختم کرنا ایکسپورٹ انڈسٹریز کے لئے مسائل اور بربادی کا باعث بنے گا، سرمایہ بیرون ملک منتقل ہوگا، بڑے پیمانے پر بے روزگاری ہوگی اور کثیر زر مبادلہ کا نقصان ہوگا۔ کراچی پریس کلب میں منعقدہ پریس کانفرنس اور پُر امن احتجاج کے موقع پر انہوں نے اظہار خیال کرتے ہوئے کہا کہ حکومت معاملے اور صورتحال کی نزاکت کو سمجھنا نہیں چاہتی اور یکطرفہ طور پر آئی ایم ایف کی شرائط ایکسپورٹرز پر زبردستی لاگو کرنے پر بضد ہے۔ انہوں نے ایکسپورٹرز کے لئے فائل ٹیکس رجیم کے خاتمہ کی تجویز پر بھی شدید تحفظات کا اظہار کرتے ہوئے اسے جاری رکھنے کا مطالبہ کیا۔

کراچی (اسٹاف رپورٹر) زیرو ریٹیڈ ایکسپورٹ سیکٹر ایسوسی ایشنز نے کہا ہے کہ اگر ایکسپورٹ سیکٹرز کے لئے زیرو ریٹنگ کا خاتمہ کیا گیا تو اس سے اسمال اینڈ میڈیم انٹرپرائزز سیکٹر بند ہو جائے گا، بے روزگاری میں اضافہ ہوگا، ایکسپورٹس میں کمی ہوگی، سرمایہ بیرون ملک منتقل ہوگا اور وسیع پیمانے پر انارکی پھیلے گی اور امن و امان کی صورتحال بھی متاثر ہوگی۔ زیرو ریٹیڈ ایکسپورٹ ایسوسی ایشنز نے ملک کے وسیع تر مفاد اور ایکسپورٹس میں اضافے کی خاطر ایکسپورٹ سیکٹر کے لئے زیرو ریٹیڈ اسکیم کو جاری رکھنے کے لئے وزیر اعظم پاکستان عمران خان کو فوری مداخلت کی اپیل کی ہے۔ پانچ زیرو ریٹیڈ ایکسپورٹ سیکٹر ایسوسی ایشنز کے سربراہوں نے مشترکہ پریس کانفرنس

زیرو ریٹڈ اسکیم جاری رکھی جائے، ایکسپورٹس ایسوسی ایشنز

زیرو ریٹڈ اسکیم ختم کرنا برآمدی صنعتوں کیلئے مسائل اور بربادی کا باعث بنے گا، پریس کانفرنس

وزیراعظم سے فوری مداخلت کی اپیل، کراچی پریس کلب پر صنعتی کارکنان کا پرامن احتجاج

کراچی (بزنس رپورٹر) 5 زیرو ریٹڈ ایکسپورٹس ایسوسی ایشنز نے ملک کے وسیع تر مفاد اور ایکسپورٹس میں اضافے کی خاطر ایکسپورٹ سیکٹر کے لیے زیرو ریٹڈ اسکیم کو جاری رکھنے کیلئے وزیراعظم پاکستان عمران خان سے فوری مداخلت کی اپیل کی ہے۔ 5 زیرو ریٹڈ ایکسپورٹ سیکٹر ایسوسی ایشنز کے چیئرمین نے گذشتہ روز کراچی پریس کلب میں مشترکہ پریس کانفرنس میں شدید تشویش اور تحفظات کا (باقی صفحہ 3۔ نمبر 7)

7) زیرو ریٹڈ اسکیم

اظہار کرتے ہوئے کہا کہ زیرو ریٹڈ اسکیم ختم کرنا ایکسپورٹ انڈسٹری کے لیے مسائل اور بربادی کا باعث بنے گا، سرمایہ بیرون ملک منتقل ہوگا، بڑے پیمانے پر بے روزگاری ہوگی اور کثیر زر مبادلہ کا نقصان ہوگا۔ کراچی پریس کلب میں منعقدہ پریس کانفرنس اور پرامن احتجاج کے موقع پر انھوں نے اظہار خیال کرتے ہوئے کہا کہ حکومت معاملے اور صورتحال کی نزاکت کو سمجھنا نہیں چاہتی اور یکطرفہ طور پر آئی ایم ایف کی شرائط ایکسپورٹرز پر زبردستی لاگو کرنے پر بضد ہے۔ انھوں نے انھوں کا اظہار کرتے ہوئے بتایا کہ حکومت کے ساتھ گذشتہ کئی روز سے ہونے والے مذاکرات بے نتیجہ اور لا حاصل رہے۔ متعلقہ حکومتی حلقہ اپنی ضد پر قائم ہے اور زیرو ریٹڈ سیکٹر کے مطالبے کو ماننے پر توجہ نہیں ہے۔ کونسل آف آل پاکستان ٹیکسٹائل ایسوسی ایشنز، پاکستان ایمرل فورم، پاکستان ہوزری مینوفیکچررز اینڈ ایکسپورٹرز ایسوسی ایشن، پاکستان ٹیکسٹائل ایکسپورٹرز ایسوسی ایشن، پاکستان ریڈی میڈ گارمنٹس مینوفیکچررز اینڈ ایکسپورٹرز ایسوسی ایشن، پاکستان کاشن فیشن ایمرل مینوفیکچررز اینڈ ایکسپورٹرز ایسوسی ایشن، پاکستان بیڈویئر ایکسپورٹرز ایسوسی ایشن، پاکستان نٹ ویئر

اینڈ سویٹر ایکسپورٹرز ایسوسی ایشن، ٹاول مینوفیکچررز ایسوسی ایشن آف پاکستان، پاکستان کاتھ مرچنٹس ایسوسی ایشن، پاکستان ڈینیم مینوفیکچررز اینڈ ایکسپورٹرز ایسوسی ایشن، آل پاکستان ٹیکسٹائل پروسیسنگ ملز ایسوسی ایشن، پاکستان ٹیکسٹائل سائزنگ انڈسٹری ایسوسی ایشن، آل پاکستان بیڈ شیٹس اینڈ اپ ہولسٹری مینوفیکچررز ایسوسی ایشن، پاکستان ویو بیگ ملز ایسوسی ایشن، آل پاکستان کاشن پاور لومز ایسوسی ایشن کے درگزر نے ایک بڑی تعداد میں پریس کانفرنس میں شرکت کی اور پرامن احتجاج کیا اور وزیراعظم پاکستان عمران خان کو ملک کے مفاد میں اور ایکسپورٹ بڑھانے کی خاطر 5 زیرو ریٹڈ سیکٹرز کے لیے اسکیم جاری رکھنے کی اپیل کی ہے۔ انھوں نے کہا کہ زیرو ریٹڈ سیکٹر پہلے ہی مکمل طور پر ڈاکو بیٹھ چکے ہیں اور ملک کی مجموعی ایکسپورٹ میں اس کا 70 فیصد حصہ اور ملکی سطح پر مجموعی طور پر روزگار فراہم کرنے میں 50 فیصد حصہ ہے۔ انھوں نے کہا کہ حکومت دعویٰ کر رہی ہے کہ وہ ایکسپورٹرز کے سیکلر ٹیکس کے ریفرنڈم 2 ماہ کے اندر ادا کر دے گی جو حکومت کی کم علمی اور عدم واقفیت پر مبنی ہے، یارن سے گارمنٹس کی تیاری میں تقریباً 6 ماہ کا عرصہ لگتا ہے جبکہ حکومت کا 2 ماہ میں ریفرنڈم کی ادائیگی کے دعوے کے وقت کا اطلاق ان 6 ماہ کے بعد ہوگا۔ فیڈریشن آف پاکستان چیئیر آف کامرس اینڈ انڈسٹری، کراچی چیئیر آف کامرس اینڈ انڈسٹری، لاہور چیئیر آف کامرس اینڈ انڈسٹری، فیصل آباد چیئیر آف کامرس اینڈ انڈسٹری اور سیالکوٹ چیئیر آف کامرس اینڈ انڈسٹری نے بھی معیشت میں بہتری اور ایکسپورٹ بڑھانے کی خاطر ویلیو ایڈیڈ ایکسپورٹ سیکٹر ایسوسی ایشنز کے موقف اور 5 زیرو ریٹڈ سیکٹر اسکیم کو جاری رکھنے کے مطالبے کی حمایت کی ہے۔

روزنامہ ”نئی بات“ کراچی (2) 11 جون 2019ء

کراچی پریس کلب کے سامنے مختلف ملزماکان اور ورکرز ایکسپورٹ سیکٹر پر 60 پرسنٹ ٹیکس کے خلاف احتجاجی مظاہرہ کر رہے ہیں

