

RECORDER REPORT

**PYMA voices concern over imposition of 4pc WHT**

KARACHI: Chairman, Pakistan Yarn Merchants Association (PYMA)(Sindh & Balochistan Zone), Muhammad Saqib Goodluck has expressed concern over imposition of 4 percent withholding tax(WHT) instead of 1 percent urged to withdraw the increase.

He said that during different meetings with the Federal Board of Revenue (FBR), imposition of one percent withholding tax was agreed over textile value chain (doubling, twisting, knitting, and weaving) but clarification from the FBR says imposition of 4 percent withholding tax instead of 1 percent on whole textile chain, is not acceptable at any cost.

M Saqib Goodluck in his letter to chairman FBR, Shabbar Zaidi has clearly refused to accept imposition of 4 percent W/H Tax instead of 1 percent and declared this step of the FBR as highly disastrous.

On purchase of cotton from ginner, deduction of 4 percent from invoice will increase pressure on ginner to reduce cost of cotton.

In fact, they must be responsible for ginning charges which is 35 percent of ginned cotton.

Similarly, from manufacturing of yarn up to manufacturing of cloth, imposition of every tax will develop highly negative impacts on cost & local raw material.

He further said that local manufacturers spinning units & commercial importers of yarn work at low margins but large volume, when it reaches up to retail stage with reference to polyester chain, it comprises four to five stages.

If upon fourth or fifth stage, 4 percent tax deducted, then cost of raw material will increase and ultimately WH tax will increase from the total margin and cases of income tax refund will increase, which takes a long time to receive.

It will be more difficult than GST because deduction of WH Tax on input carries no subsidy. A large number of production units are engaged in exports as well as sales in local market.

The FBR while examining audited balance sheets of public listed companies & other companies that withholding tax received over lesser margin is how much excessive. Therefore, for the survival of whole textile value chain one percent WH tax must be implemented.