

Rs 36 billion refund claims: ECC may mull amendments to DLTl scheme today

A meeting of the Economic Coordination Committee (ECC) of the Cabinet may consider amendments to the Drawback of Local Taxes and Levies (DLTL) scheme for exporters today (Tuesday) to expedite release of verified refund claims of around Rs 36 billion on account of DLTl drawbacks by the State Bank of Pakistan (SBP). The ECC meeting to be presided over by Finance Minister Asad Umar, sources said, will consider a proposal of Ministry of Commerce on DLTl Statutory Regulatory Order (SRO) 415(1)2015 and Regulatory Amendments to the export policy order 2016 and import policy Order 2016.

Sources said that Pakistan's low export growth is primarily due to structural distortions, anti-export bias in the policy paradigm and eroding competitiveness. The government has recently taken initiatives for improving competitiveness of the export sector by allowing reduced energy prices to the five export-oriented sectors. One of the major impediments faced by the export-oriented industry is the liquidity crunch due to held-up tax refunds and non-release of budget for the DLTl under the Prime Minister's Export Package.

For restoring the competitiveness of the export sector, Commerce Division proposed short-term export enhancement measures: (i) to improve liquidity of the exporting enterprises, the backlog of refunds of sales tax and duty drawback may be cleared as contained in the Government's 100 days agenda; (ii) the refunds for drawbacks of DLTl, allowed under the Prime Minister's export package, may be released by Finance Division within one week. The verified claims worth around Rs 36 billion are pending with State Bank of Pakistan and ;(iii) sales tax refund claims and customs duty drawback may be paid by State Bank of Pakistan through the authorised dealers immediately at the time of realisation of export proceeds.

The ECC will also consider a proposal of Power Division for submission of Sponsor Request from Chinese side for 300 MW Coal Power Plant at Gwadar. An official said that a 300MW coal-fired power plant is being set up by the Chinese company at Gwadar.

He further stated that letter of intent for the project was issued in May 2017 while Pakistan Power Infrastructure Board (PPIB) approved extension in the validity of the LOI up to November 25 2018.

The site was finalised by the Chinese company which visited the site and NEPRA has determined the tariff for power generated from 300 MW coal power plant.

Other agenda items of the ECC include power division proposal for gas supply to power plants and waiving off guarantee fee for foreign currency loan of US \$125 million taken by Water and Power Division Authority (Wapda) from Standard Chartered Bank Limited Consortium in 2007.

More agenda items may also be included with the permission of chair for consideration of the ECC during the meeting.

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