

‘IMF should revisit its conditions’

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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