

### **Sales tax exemption demanded**

KARACHI: The Union of Small and Medium Enterprises (UNISAME) has urged Adviser on Finance Dr Abdul Hafeez Shaikh to grant sales tax exemption at the import stage to small and medium enterprises (SMEs), which export more than 80 percent of their production.

The government through the Finance Bill FY19 has proposed to rescind SRO 1125; thus, eliminating the “no payment refund” regime for export-oriented industries. According to the proposal, the export-oriented companies would have to pay 17 percent sales tax on import of raw materials, and this deduction would be refunded subsequently through the central bank.

UNISAME President Zulfikar Thaver said that the statements of the government officers that goods were being sold in the local market under the garb of exports without payment of sales tax could be partially correct, “but then all exports are documented and cargo cannot enter the ports without general declaration form”.

There was no element of any doubt in determining export of any enterprise, as it was all recorded, Thaver said, adding that the government must develop a system to track local sales and collect sales tax and not burden the SME exporters with blockage of funds under refundable sales tax.

The government claims that sales tax is not paid on about 30 percent of goods sold in local market. “If the ability of the government is there to determine the evasion percentage then surely the government can act to collect the ST on the local sales as well”.

Our Correspondent