

Exporters receive Rs6.9bln in tax refunds last year

KARACHI: Exporters bagged nearly seven billion rupees on account of sales and customs rebates after the settlement of the cases related to stuck refunds last year, a senior tax official said on Thursday.

Shahid Ahmed, advisor to the Federal Tax Ombudsman (FTO) on customs and sales tax said the FTO received 2,400 complaints related to customs and sales tax in 2018 as against 2,000 in 2017.

“A quarter of total cases or 470 were settled, resulting into transfer of Rs6.96 billion in sales and customs rebates to exporters,” Ahmed said addressing a meeting at the Pakistan Hosiery Manufacturers and Exporters Association (PHMA).

The FTO advisor said more than 70 percent of complaints were resolved in favour of the exporters. A complaint resolution time has been slashed to 45 days from 60 days, he said. Ahmed asked the exporters to apprise the FTP of old stuck refunds cases to get them resolved.

“Majority of the taxpayers are either reluctant to or don’t approach the FTO to bring grievances into its notice that increases their problems,” he said. “FTO was primarily set up to provide taxpayers including exporters with relief in case of injustice or incompetence on the part of tax officials.”

Advisor to FTO assured the exporters of support in addressing the genuine grievances of the industry. “The regulatory procedures need to be simplified through the use of technology, while there is a dire need to implement data inter-change between Inland Revenue and customs to facilitate trade.”

The FTO official further said revenues of Pakistan Customs fell after the government linked import of used-cars with payment of duty/tax in foreign currency, which resulted in delayed issue of customs rebate claims. “A larger chunk of customs’ revenue came from import of used cars, while imposition of regulatory duties pushed commercial importers out of the system.”

Jawed Bilwani, president of PHMA said deferred claims of sales tax refunds of exporters have been stuck for over 15 years. He urged the FTO to look into the matter. “Around 33 percent of the refund claims of exporters are deferred by the tax authorities.”

Bilwani said presently customs authorities give approval to duty and tax remission scheme for exporters (DTRE), manufacturing bond and Export Processing Zone applications of the exporters, “which take a considerable amount of time and formalities”.

“These approvals should be given by the ministry of textiles, which already has all the details of exporters,” he added. “If value-added export sector is facilitated, exports could be doubled in five years.”

More than Rs400 billion of refund claims, including sales tax, DTRE, export rebate are stuck, causing severe liquidity crunch for the export-oriented industry.

Finance Minister Asad Umar, in mini-budget in January, announced that refund bonds (promissory notes) would be issued to settle Rs80 billion worth of claims, but the notes have not been issued as yet.