

Zero-rating facility suspended

KARACHI: The Federal Board of Revenue (FBR) has suspended sales tax zero rating facility for at least four textile units because of the misuse, officials said on Thursday.

The zero-rating facility was allowed to the textile units on the consumption of electricity and gas for production of textile goods meant for exports.

The FBR suspended zero-rating sales tax facility of the textile units registered with Corporate Regional Tax Office (CRTO), Karachi. They are Arif Enterprises, Arabian Textile Mills, Union Fabrics (Pvt) Limited and Jamal Fabrics.

Sources in CRTO said the office recommended the FBR to suspend the zero rating facility after detection of misuse by the units.

The sources said it was found that the units were using zero-rating electricity and gas for the purpose of other business activities instead of production of textile goods.

The sources said the government granted the zero-rating facility to export sector to help it reduce cost of production and improve export competitiveness in the international markets.

The sources said manufacturing record of the textile units did not match with the consumption of gas and electricity as shown on their monthly bills.

Our Correspondent