

Fixed tax scheme for traders likely next week

ISLAMABAD: Exporters have expressed satisfaction at the implementation of Finance Supplementary (Second Amendment) Act, 2019, with 78 claimants having opted for sales tax refund bonds of Rs 15 billion to be issued in April 2019, besides issuance of refund payment orders (RPOs).

Talking to Business Recorder, representatives of different manufacturing and exporters associations said that the implementation of the tax reform package will facilitate investment, boost industrial growth as well as the country's stagnant exports.

Under the Finance Supplementary (Second Amendment) Act, 2019, the government will launch a fixed tax scheme for traders next week to encourage their registration with the tax department on payment of a nominal rate of tax.

Reduction of customs duty on the import of industrial input/raw material (including zero percent duty on the import of latex, adhesive tape, evaporators and machinery for preparing, tanning or working hides, skins or leather and machinery for making/repairing footwear) would be applicable from March 31, 2019 under the tax reform package, exporters noted while regulatory duty has been rationalized on imports of over 43 items as a means to discourage import of industrial inputs/smuggling-prone items.

Chairman Pakistan Afghanistan Joint Chamber of Commerce and Industry (PAJCCI) Zubair Motiwala said that most of the decisions of the government so far are encouraging, and would help boost exports and investment.

He said that through the second supplementary finance bill 2019 the government has established Federal Board of Revenue (FBR) Refund Settlement Company (Pvt) Limited for issuance of sales tax refunds through bonds.

He further said that the government has rationalized gas prices for export oriented zero-rated sectors to Rs 600 per MMBTU against Rs 780 per MMBTU for general industry, which would help reduce input costs.

All Pakistan Textile Mills Association (APTMA) leader Gohar Ijaz said that failure to clear refunds for the past five years was tantamount to exporters' money being stuck and the government, for the first time, has shown a will to clear refunds and improve exporters' liquidity.

Ijaz stated that some of the legal and procedural measures of Finance Supplementary (Second Amendment) Act, 2019 are under process of implementation, but other relief measures like issuance of bonds has been carried out by the FBR. Exporters can make new investments in diversifying their products which will boost country's exports.

The government has allowed new tax incentives on import of plant and machinery by green field industrial undertakings and units in special economic zones.

The government has also reduced/abolished customs duty Ijaz said which would reduce the cost of doing business as well as encourage further investment in the country.

Pakistan Hosiery Manufacturers & Exporters Association (PHMA) Central Chairman Muhammad Jawed Bilwani appreciated government effort to honour its promise to facilitate five zero rated export sectors.

He said that it is a “welcome decision” to clear refunds backlog of over Rs 200 billion by issuance of bonds at an annual profit of 10 percent with a maturity period of three years.

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