

Withdrawal of zero-rating to hurt textile industry

LAHORE: Sharing apprehensions on the proposal seeking withdrawal of zero-rating regime, Aptma on Wednesday said the move would adversely impact export production and deter local and foreign investments.

“The industry is seriously concerned with this proposal as the end exporter would be worst hit due to stuck up of refunds,” All Pakistan textile Mills Association (Aptma) Chairman Syed Ali Ahsan said.

The regime of zero-rating was introduced in 2009 after due diligence by the Federal Board of Revenue following meetings with the stakeholders and verifications by a leading auditor.

The decision has been taken due to collection of less sales tax and disturbance in refunds under the earlier regimes when wrong registration of taxpayer and flying invoices was a common practice. It also plagued the system with corrupt practices and ultimately a colossal loss to the exchequer.

The Aptma chief said the proposed scheme to raise revenue from the textile value chain by introducing 17 per cent sales tax and subsequent refund of the same under an already tested, tried and eventually failed system would choke down the entire value chain of the industry and exports due to liquidity constraints.

The Newspaper's Staff Reporter