

Five major export sectors: FCCI terms ST regime contrary to PTI's manifesto

President Faisalabad Chamber of Commerce & Industry (FCCI), Syed Zia Alumdar Hussain has said that sale tax (ST) regime for five major export sectors is unviable and already failed scheme which is not only against the vision of Prime Minister Imran Khan to enhance national exports but also contradictory to the Pakistan Tehreek Insaf Textile Policy.

He was addressing a joint press conference organised by Pakistan Hosiery Manufacturers and Exporters Association (PHMEA) North Zone which was also attended by the representatives of the various trade bodies belonging to the value added textile sector. He told that one-point agenda of this press conference is the continuation of zero-rated tax regime for five major export sectors of Pakistan.

Quoting the recent visit of President Dr Arif Alvi, he told that new economic situation after the intervention of International Monetary Fund (IMF), the existing policies may be changed and the facilities extended to export sector may also be withdrawn. He told that gas and electricity tariff is directly linked with dollar which has already been increased with the appreciation of dollar. He told that developed countries have a well designed and effective sales tax refund system.

"Even in these countries, sales tax is charged only on finished goods while raw material is exempted from it," he told and added that if a foreigner make purchases and pay sale tax, it is immediately refunded back to him even at the airport before leaving that country. "However Pakistan lack this facility," he said and added that sales tax regime for export sector was earlier implemented twice but failed bitterly and now we are unable to understand that why government intends to repeat this failed exercise for the third time.

Quoting Ishaq Dar in this matter, he told that refund of sales tax is not a tax exemption. "It is the cash flow of the exporters which is first collected and then refunded back to them on the realisation of their foreign proceeds. He told that Federal Board of Revenue (FBR) is already short of staff and this unproductive exercise of first collecting and then refunding the same amount will open floodgates of corruption.

He said that during last week of 2013, sales tax was clamped and exporters have to make efforts for 5 years to get rid of it. Despite of the reversal of this decision, the sales tax on coal and package material continued to haunt the exporters and it was rescinded on May 24, 2018. "We would not allow re-clamping of this unproductive and unhealthy exercise, he stated.

He added that government must realise the gravity of this matter and we want to make it clear through this press conference that we will prefer to shut down our industries but would not pay sales tax which is tantamount to erode our financial foundation.

He said that coupled with this press conference exporters had planned a sit-in in Millat Chowk but it was deferred on the request of Divisional Commissioner. He said that Advisor Finance Hafeez Sheikh has invited us and if our demands were not accommodated, we would be forced to start agitation immediately after Ramazan ul Mubarak.

He told that many political parties are already preparing to start agitation after Eid. Though, the industrialists and exporters have no link with these politically motivated protestations, but it will further compound and complicate the problem for the government.

Continuing, Syed Zia Alundar Hussain said that this sales tax facility is in no case a tax exemption. He said that as army is defending geographical boundaries of Pakistan, similarly the industrialists and exporters are also fighting for the economic stability of motherland. He quoted the free trade agreement with china and told that value added sector has expressed their apprehensions regarding export of excessive yarn.

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