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## **Zero-rated facility demanded as pending refunds pile up to Rs87bln**

KARACHI: Millers on Thursday asked the government to bring back zero-rated tax facility on key textile sector as it has failed to fulfill a promise on release of sales tax refunds of exporters within 72 hours under a new system implemented four months ago.

All Pakistan Textile Mills Association (Aptma) Chairman Amanullah Kassim Machiyara said the government promised to release refunds to the exporters within 72 hours after 17 percent sales tax on raw materials import was restored following withdrawal of zero-rated facility.

“This has been four months now and refunds, which have accumulated to Rs87 billion, have not been issued, causing severe liquidity crunch for the industry,” Machiyara said, addressing a news conference. “The system has failed and therefore zero-rating regime needs to be restored and SRO 1125(I)/2011 must be reinforced.”

The government withdrew zero-rated facility for five export-oriented sectors in the budget for the current fiscal year.

Aptma is the premier national trade association of the textile spinning, weaving, and composite mills representing the organised sector in the country. It is the largest association of the country, representing 396 textile mills out of which 315 are spinning, 44 weaving and 37 composite units.

Aptma chairman said the government promised to en-cash Rs30 billion worth of bonds issued against sales tax refunds to the exporters till November 20, 2019.

“But, this doesn’t solve our problem as these are the old refunds,” he said. “Unless the new refunds are cleared, the industry would not be able to operate.”

Aptma office bearers also demanded of the government to immediately remove the import duties on cotton. The local crop has been largely damaged, leaving a demand-supply gap of 6 million bales, they said.

Aptma Vice Chairman Yasin Siddik said local cotton is inferior in quality and quantity. “We are expecting total cotton output to be around 9 million bales (this season), while the demand is of 15 million bales. The gap has to be met through import.”

Siddik said exporters have already booked import orders. Duties on imported cotton would increase the cost of production.

“The government must act promptly because import of 6 million bales in the next six months is a logistics nightmare,” he added.

Chairman Machiyara further added that the primary reason for lower cotton production was the presence of counterfeit seeds and pesticides in the market, which adversely impacted the cotton belt. “We have been highlighting the issue for a long time, but the government didn’t take any notice and counterfeit/fake seeds and pesticides are openly being supplied to farmers.”

Aptma officials warned that if the situation is not tackled on war-footing basis, agricultural production would keep on declining.