

RECORDER REPORT

FBR, govt urged to release ST refunds

KARACHI: Chairman, Pakistan Tanners Association (PTA), Sheikh Afzal Hussain has urged the Federal Board of Revenue (FBR and Federal government to release all refunds of Sales Tax to the exporters without single day delay thru expeditious process with convenient mode so that our member exporters may timely meet their export orders without cash flow problem.

He said that the leather industry of Pakistan, which is the 2nd biggest export oriented industry for the value addition is in severe financial crisis for the “Refund of Sales Tax”, which has been accumulated from its imposition made from July’2019 after budget announcement in billions of Pak rupees stuck with the government of Pakistan’s kitty, which is payable to the exporters of Pakistan.

He said that the Programme for the refund of Sales Tax with the name “Faster” announced by the FBR is completely ineffective/non-operational having cumbersome procedure with the submission of numerous Annexures, which is at par with the impossible for submission by our member exporters, resultantly no one has succeeded in submitting their refunds thru Faster programme of the FBR. Besides, the FBR has issued promissory notes against the Sales Tax Refund, which are not being encashed /discounted by banks concerned with Kibor rates and consequently the provisionary notes issued by FBR are finally termed to be a ‘Piece of Paper”.

Sheikh Afzal Hussain shared that a consolidated proposals have already been sent to the FBR for the refund Sales Tax. But unfortunately, no reply has yet been received from the FBR despite constant persuasion made by PTA:-

There is no discounting system of these bonds and banks are not willing to entertain these bonds for encashment and discounting.

These bonds have been issued with 10% profit yearly whereas the current Kibor rates have increased, so we suggest that bonds be linked for profit with Kibor rate.

It is also suggested/requested that these bonds may be made available to settle the liabilities on import by settling CD, ST and IT liabilities.

Expressed his deep concern with disappointment that under the prevailing circumstances where all the funds of exporters are stuck with FBR/Government of Pakistan are in deep financial crisis with cash flow are becoming unable to run/execute their business activities smoothly with convenience financially are considering to close their operations, while 40% leather industry have already closed their operations and the remaining are functioning @ 50% capacity out of total production capacity, which is witnessed from the financial year closing export figure as already declined (- 11%) which could be dropped down further up to the closing of first quarter by Dec 2019 as apprehended by the Chairman, PTA, Sheikh Afzal Hussain.