

Govt urged to waive tax on partially-oriented yarn

KARACHI: The chairman of FPCCI standing committee on imports, Khawar Noorani has asked the government to waive the 37 percent tax on the Partially Oriented Yarn (POY 5402.4600), which is basic raw material of the textile industry and small and medium units, so that the investors can be encouraged to set up Draw Textured Yarn (DTY) manufacturing plants and local production will be able to meet the demand for raw materials of domestic industries.

He expressed deep concern over the equal tax rate on imported POY and DTY, saying that 11pc customs duty, 2pc additional customs duty, 2pc income tax, 2.5pc regulatory duty, 17pc sales tax and 3pc additional sales tax on POY imports, which is 37pc of the total tax, while the tax rate on DTY is also same which is totally unfair even though the duty on POY is less all over the world.

“Only two plants in the country directly produce 20pc DTY from PTA and MEG, while DTY can also be produce from POY (Pre Oriented Yarn), that’s why industries have to 80 pc depend on imported DTY”, he said, adding that these two local producers get advance payments from factories and not in a position to provide DTY yarn due to capacity issue, also in the world prices are going downward, also they are not making complete range of polyester raw materials.

Khawar Noorani demanded monopoly control authority to take action against those who are forcing the entire textile industry and SME sector to buy expensive raw material. As a result, their production costs are increasing significantly with each passing day and they are losing the ability to compete in international markets.

Noorani suggested to the government to promote the trend of setting up DTY manufacturing plants in the country, for which it is necessary to abolish the 37pc tax levied on the import of POY in order to establish new plants and cheap raw material can be provided for meeting the production needs of the textile industry & SMEs. This will not only create vast employment opportunities but also enable the country to export Draw Textured Yarn.