

# Restoration of zero-rating regime must for export-oriented sectors

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## RECORDER REPORT

LAHORE: Restoration of zero-rating regime for the export-oriented sectors is a must to overcome snags in refunds, inordinate delays in their payments and the liquidity crunch, said the export-oriented industrial circles.

They said all the estimates of growth in revenue generation through imposition of General Sales Tax (GST) on the export-oriented sectors are proved wrong on the one hand and detrimental to the growth of exports on the other.

According to them, Prime Minister Imran Khan and Minister for Commerce Abdul Razzak Dawood to play their due role in this regard and the government should charge a fixed sales tax from small traders and simplify it for medium-sized traders while continuing with the Point of Sale (POS) system for large traders so far as the issue of taxing the domestic sales of exportable goods is concerned

Also, some tax experts working with the export-oriented sectors have sought a user-friendly Annexure-H for speedy payment of refund claims of the industry.

They said filling up of the Annexure-H is quite cumbersome and causing undue delay in the clearance of refunds within the prescribed period of 72 hours. The requirement for the mentioning of code headings should be restricted to two digits instead of four digits. Also, they added that the import data of the export-oriented units should be auto loaded in the Annexure-B to match with the value of the raw material supplies in the annexure.

Furthermore, they noted that there is no provision for the adjustment of 3 percent additional sales tax in case of unregistered buyers and needed to be corrected immediately. The measurement standards for the items mentioned under each HS code should be defined to avoid the system glitches.

They said the period for the filing of Annexure-H should be extended to 180 days from the existing 120 days and a clear and specific response should be ensured from the department on the designated helpline numbers. Also, they sought a change in the Rule 39F to ensure the provisional sanctioning of 50 percent of a refund claim filed by a manufacturer/exporter.

They said a dedicated team of tax officers should also be deputed at the Regional Tax Office (RTO) Lahore to deal with issues relating to refunds. The exporters should also have access to the FASTER system.

They said the export-oriented industries are incurring heavy cost in terms of the deployment of human resources to deal with intricacies relating to the Annexure-H. The government should understand that exporters cannot be passed it on to their buyers.