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Our Correspondent

In Pakistan, chemical & dye importers brace for losses

KARACHI: The commercial chemical and dye importers have lambasted government's decision of classifying their raw material in finished goods category, which would significantly hike their import cost.

In a meeting with officials from Pakistan Chemicals and Dyes Merchants Association (PCDMA), Federation of Pakistan Chambers of Commerce and Industry (FPCCI) President Anjum Nisar expressed regret over the inclusion of chemical and dye raw material in Part 3 of 12th schedule of the Income Tax rules 2002 in budget 2020-21.

Highlighting that Part 3 of the 12th schedule of the Income Tax rules 2002 pertains to finished goods, he added that the said merchandise was earlier classified in Part 2.

It is pertinent to mention that commodities falling in Part 2 are charged income tax at 2% while a tax of 5.5% is charged on goods included in Part 3 of the 12th schedule of the Income Tax rules 2002.

Nisar urged the Federal Board of Revenue (FBR) Chairman Javed Ghani to reverse the move and restore 2% income tax on commercial importers so that industries could receive cheap raw material.

He voiced fear that failure to do so would hike the production cost of industries significantly.

Pointing out numerous anomalies in the budget 2020-21, he requested the FBR members and chairman to arrange an online consultative meeting with relevant stakeholders.

The FPCCI president also urged the government to solve the issue of valuation ruling of imported goods as well which has not been revised for the past many years.

He recommended the customs officials to revise the valuation ruling once in 90 days while taking international prices in to account to protect commercial importers from losses.

PCDMA Chairman Amin Yousuf Balgamwala pointed out that inclusion of chemical and dye raw material in the finished goods category would cause massive financial losses to the sector.

"This move will make industrial input more expensive which will increase the production costs and exporters would lose the ability to compete in global markets," he said.

Customs department had promised to revise the valuation ruling every three months, however, it has failed to do so for past many years, he said.

He added that prices of imported items, in the valuation guideline of the customs department, were not in line with prices charged in the international market, which causes massive financial losses to the importers.