

Our Correspondent

Exporters concerned over delay in payment of outstanding refunds

FAISALABAD: The Pakistan Textile Exporters Association (PTEA) has expressed grave concern over undue delay in payment of exporters' outstanding refunds as extreme cash flow crunch has seized the industrialisation and halted the export growth.

Talking to reporters, Pakistan Textile Exporters Association chairman Sohail Pasha said timely payment of sales tax refunds is still a major issue. Despite all commitments, FBR had failed to pay the sales tax refunds of zero rated sectors within 72 hours through FASTER system.

He said processing of exporters' refund claims have been stopped for the last 25 days; whereas payments against already generated RPOs have also been halted from one month. Moreover, major amounts of refund claims are being declared deferred or missing on account of system flaws and procedural irritants; whereas re-processing of such claims has not been allowed despite repeated commitments. He said sales tax refund amounts has crossed volume of billions since the launch of FBR's new system as more than 50 percent sales tax refund claims of textile exporters' submitted from July-2019 onward are still stuck and exporters are facing severe financial hardship.

PTEA's Patron-in-Chief Khurram Mukhtar was of the view that extreme cash flow crunch has squeezed the financial streams as major portion of exporters' working capital has already been stuck in refund regime from years creating severe financial stress.

He said in sales tax refund regime, around Rs 10 billion of textile exporters are pending on account of u/s 66 since 2014; whereas Rs 30 billion are pending being deferred since 2012. Similarly, around Rs 20 billion are pending on account of Custom Duty Drawback (Rebate) since 13 months; whereas Rs 10 billion pending against Income Tax refund since 2015-16, Rs 15 billion pending against Income Tax Credit (u/s 65 B&E) since 2010 and Rs 5 billion are outstanding on account of provincial sales tax since 2013.

Moreover, Rs 25 billion are also outstanding from years against incentive schemes of Technology Up gradation, mark-up support and DDT under textile policies. With huge shortfall in funds, exporters are unable to accelerate industrial growth and make significant increase in exports.

He demanded immediate payment of all outstanding refunds to robust the industrialization, increase exports and generate new job opportunities. PTEA vice-chairman Haris Yousaf called for addressing the challenges in export growth as global trade opportunities are emerging and leading sourcing companies are diverting towards Pakistan. It is the right time to facilitate the export sectors as we direly need to stabilize the economy because only export sector has the ability to put country's economy on track and steer Pakistan towards economic prosperity. He stressed for immediate liquidation of all outstanding refunds and textile policy incentives and start processing of refund claims to achieve significant export growth and generate high scale employment opportunities.