

### **Exporters urge senate body to help restore sales tax zero-rating facility**

ISLAMABAD: Exporters associations have unanimously recommended the Senate Standing Committee on Finance to restore sales tax zero-rating facility as the Federal Board of Revenue (FBR) has failed to issue refunds within 72 hours as promised by Prime Minister Imran Khan. The meeting of the Standing Committee on Finance, Revenue and Economic Affairs of the National Assembly was held on Thursday at the Parliament House under the chairmanship of MNA Faiz Ullah. Pakistan Hosiery Manufacturers and Exporters Association (PHMA) Central Chairman Muhammad Jawed Bilwani informed the committee that total outstanding refunds of exporters stood at Rs200 billion including Rs103 billion of apparel sector.

The analysis of only 73 apparel/textile units, who claimed refunds under FASTER system, revealed that against sales tax paid on purchases of Rs9 billion, the amount of refunds received in the bank accounts stood at Rs2 billion i.e. 75 percent of the amount is not paid by the FBR, Bilwani said.

Exporters also informed the committee that the recommendations of the Federal Tax Ombudsman on the FASTER system have not been implemented by the FBR.

Small and medium exporters are vanishing from the market and the whole business community seems to be under intense pressure due to non-payment of refunds, exporters were unanimous. The committee discussed the agenda regarding issues being based by the textile exporters/importers, textile industries and traders relating to refunds/rebates and the CNIC.

Dr Aisha Ghaus Pasha apprehended that committee has reservations over payment of sales tax refunds to only big exporters as per complaints received. MNA Dr Ramesh Kumar Vankwani and convener of the sub-committee of the Standing Committee on Finance disclosed, "We have received complaints that only big exporters have been issued refunds. Six parties have received the amount of refunds due to intervention of a big consultant. The committee has sought the data of bug refund claimants from the FBR." Seema Shakeel, FBR member Inland Revenue Operations briefed the committee about the measure taken by the FBR to resolve the problems of refunds highlighted by the exporters.

She informed that, a committee comprises exporters and senior officers from the FBR was appointed, to resolve the technical problems of Form "H" and they had completed their assignment. However, the exporters were of the stance that they would not be able to continue their business, due to refunds being stuck with the FBR for the last six months.

The exporters also highlighted the weaknesses of the FASTER's refunds system and requested the FBR to address the same at the earliest for smooth functioning of export industries in Pakistan.

She informed that maximum cases of refunds had been accommodated, however, only those cases were pending where requirements were not met properly. She also presented the month-wise data regarding release of refunds up to December, 2019.

She also responded the queries raised by the exporters with regards to the meeting held on 11th February, 2020 in the office of the RTO, Karachi.

She informed that most grievances pointed out in the said meeting had been resolved by the FBR. MNA Ali Pervaiz demanded that the refund payment system must be made effective and transparent by eliminating discrimination in the processing system. He also proposed restoration of the zero rating facility for five export-oriented sectors, saying that this facility would help boost the country's exports.

MNA Qaisar Ahmed Shaikh said the conditions of the CNIC and imposition of 17 percent sales tax on zero rating sectors were not practical as there were numerous complications in the procedures. After a threadbare discussion, the committee reiterated that refunds issues should be resolved on priority basis.

The committee was also of the view that the export industry was the backbone of the economy. The committee also discussed the matter regarding encashment of security of Reliance Petroleum Industries (Pvt) Limited by the Customs authorities.