

Failure to bring in forex proceeds within stipulated time TMA rejects RRMC's tax imposition proposal

KARACHI: Syed Usman Ali, Senior Vice Chairman of the Towel Manufacturers Association of Pakistan has expressed deep distress about the budget proposal of the Reforms & Revenue Mobilization Commission (RRMC) for 2023-24 revealed that an income tax has been proposed on exporters not bringing foreign currency within a specified time period, and resultantly earning a gain on foreign exchange.

He said that on behalf of this Export Oriented Association, we absolutely rejected the said proposal and this type of proposal is an anti-export drive that does not know the day-in, day-out efforts of exporters for the enhancement of exports of this country. The anti-export measures ruin the remarkable efforts of exporters to enhance exports as well as their valued efforts to earn valuable foreign exchange for this beloved country. Everyone should realize that the exporters are the backbone of the economy and are playing their significant role in the improvement of the economy. The Government should address all grievances of exporters in the upcoming budget of 2023-24 and ease the export business.

Syed Usman Ali further said that for the information of Ashfaq Tola that the SBP has already taken an anti-export measure and marked a lien on the realization of foreign remittance beyond the specified period which is badly hurting the country's exports. The SBP marks a lien on the amount of export proceeds realized by 3%, 6% or 9% according to the delayed period as described in the FE Circular No. 02 of 2023 which is absolutely unfair. **The interesting thing is that the banks are charging 1% withholding tax on the whole realized amount and after the deduction of withholding tax, banks applied mark lien rates as per the SBP circular. Exporters did not get the complete realized amount but paid the tax on the whole amount which is absolutely unfair. It means exporters are paying taxes on those amounts which they have not earned.**

Syed Usman Ali, Senior Vice Chairman of the Association further clarified the misconception in the government officials as well as RRMC Chairman Ashfaq Tola that the exporters willingly delay their remittances from abroad in order to gain the benefits of the currency devaluation which is absolutely wrong and his proposal is totally base on wrong assumptions. Every exporter is trying their best to repatriate their amounts as early as possible. For this purpose, from time to time, exporters remind their buyers to release their payments before time to improve their cash flow.

He further highlighted that the exporters also have liabilities to pay against their purchases which they have to pay in a specific time to continue the purchase of further raw materials for performing their business activities smoothly. The timely remittance ensures that their cash flow runs smoothly and avoids mark lien on late realized amounts. By and large the delays in the remittances are not a positive nod for the exporters in any manner as well as for the country.

The delayed remittance can be caused by various factors generated by the importer's side only i.e. slow sales, delayed deliveries, delayed in vessel arrivals, the slowdown in remittance from the final customers, these are some of the many factors due to which the importer delays the payments and none of these factors can be rectified by the exporters. Once the shipments are exported to foreign buyers, the repatriation of the amount is beyond the control of exporters.

The exporters of this country urged the Ministry of Finance and the Ministry of Commerce that they should consult with its real stakeholders for the upcoming budget proposals rather than depend upon the anti-export suggestions of the consultants/ advisors. We ask the economic managers, why the finance minister/ commerce Minister and other government officials have not invited textile exporters to hear their grievances and sought suggestions in the upcoming budget for the betterment of the economy as well as for the growth of exports. The only way to come out from the economic crisis is to enhance our exports.—PR