

Exporters trapped in GST refunds **TMA urges govt to restore SRO 1125(I)2011** **in true letter and spirit**

KARACHI: Senior Vice Chairman of the Towel Manufacturers Association of Pakistan Syed Usman Ali has expressed severe concern over the billions of rupees stuck up with the FBR which is creating huge problems for the exporters. It is very important for the export-oriented sectors to get back their own money of sales tax timely as prescribed in the sales tax rules i.e. refund of pending sales tax amounts within 72 hours as per Rule 39F of Sales Tax Rules 2006.

The textile exporters are highly perturbed over excessive and unreasonable delays in GST refunds which have been causing liquidity problems for the exporters of this country. Since July 2019 when 17 percent GST was imposed despite stiff resistance from five zero-rated export sectors. Now the Pakistan government has enhanced the GST rate from 17 percent to 18 percent.

He further said that frequently exporters also face different issues in filling their monthly sales tax returns and they have to face unnecessary delays in the filing of their monthly returns as well as system deferred claim amounts of the exporters. This is creating mental fatigue for the exporters because already billions of rupees are stuck up with the FBR of the five zero rated sectors. This critical situation is one of the main reasons for the decline in our exports.

He further said that from time to time the different export-oriented associations have demanded that government must support the textile industry according to genuine considerations to their appeal for the restoration of the zero-rating status **“No Payment No Refund system” otherwise, upgrade the system to pay refund claims electronically, within 72 hours, without human intervention, on the submission of GD.**

The exporters of this country are never interested in paying sales tax to the government of Pakistan and then begging for refunds which have the exporter's own money. For the refund of GST amount, they are wasting their own resourcing i.e. established sales tax refund department, lot of paperwork, huge investment on the equipment etc., as well as stuck up their own money for several months which creates a financial crunch and paying high interest rate to the banks for borrowing money to fulfil their export orders timely.

Syed Usman Ali further said that after the abolition of SRO 1125(I)/ 2011, the export sectors always insisted on “no payment no refund system of Sales Tax” which was very supportive of the growth of export of this country as well as exporters were very comfortable and focused on completing their export orders well before time. **The export sectors are demanding from the government to restore the SRO 1125(I) /2011 in its true spirit.** It will be a huge relief for the exporters as well as the tax authority can focus on new taxpayers for the collection of Taxes for the national exchequer.

In view of the above, the **export sectors strongly demand of the government to review its decision and restore zero-rating status for export sectors - No Payment No Refund System - for the growth of the textile sector** or release complete refunds upfront on the stage submission of GD. Unfortunately, our textile exports are already in declining trend & it also negatively impacts on economic activities as well as on the national reservoir. Our economic managers should come forward and take positive measures to arrest the declining trend of exports otherwise, the government will be held completely responsible for the closure of industries, massive unemployment and reduction of the collection of tax for the national exchequer which will not be in the interest of our beloved country, Pakistan.—PR