

PRESS RELEASE
LEATHER INDUSTRY IN SEVERE FINANCIAL CRISIS
FOR REFUND OF SALES TAX

Karachi: 14th October, 2019: Sheikh Afzal Hussain, Chairman, Pakistan Tanners Association issued a specific press statement to all print & electronic media today and informed that the Leather Industry of Pakistan, which is the 2nd biggest export oriented Industry for the value addition is in severe financial crisis for the “**Refund of Sales Tax**”, which has been accumulated from its imposition made from July’2019 after budget announcement in **Billions of Pak Rupees** stuck with the Government of Pakistan’s kitty, which is payable to the Exporters of Pakistan.

The **Chairman, PTA Sheikh Afzal Hussain** also informed to the media that the Programme for the refund of Sales Tax with the name “Faster” announced by FBR is completely in-effective/in-operational having cumbersome procedure with the submission of numerous Annexures, which is at par with the impossible for submission by our member exporters, resultantly no one has succeeded in submission for the refund of Sales Tax thru Faster programme of FBR. Besides, FBR has issued Promissory Notes against the Sales Tax Refund, which are not being encashed/discounted by Banks concerned with Kibor rates and consequently the Promissionery Notes issued by FBR are finally termed to be a ‘**Piece of Paper**’ **ONLY with our exporters.**

Sheikh Afzal Hussain, Chairman, PTA also shared that a consolidated Proposals has already been sent to FBR for the refund Sales Tax, which are follows, but unfortunately No reply has yet been received from FBR despite constant persuasion made by PTA (Pakistan Tanners Association):-

- There is no discounting system of these bonds and banks are not willing to entertain these bonds for encashment and discounting.
- These bonds have been issued with 10% profit yearly whereas the current Kibor rates has increased, so we suggest that bonds may be linked for profit with Kibor rate.
- It is also suggested/requested that these bonds may be made available to settle the liabilities on import by settling **CD, ST and IT liabilities.**

The **Chairman, PTA, Sheikh Afzal Hussain** has shown his deep concern with disappointment that under the prevailing circumstances where all the funds of exporters are stuck with FBR/Government of Pakistan are in deep financial crisis with cash flow are becoming unable to run/execute their business activities smoothly with convenience financially are considering to close their operations, while 40% Leather Industry have already closed their operations and remaining are functioning @ 50% capacity out of total production capacity, which is witnessed from the financial year closing export figure as already declined (- 11%) which could be dropped down further upto the closing of first quarter **by Dec.2019** as apprehended by the **Chairman, PTA, Sheikh Afzal Hussain.**

Therefore, **IT IS UTMOST IMPERATIVE** to release all **Refund of Sales Tax** to the Exporters **WITHOUT SINGLE DAY DELAY** thru expeditious process with convenient MODE

to enable our member exporters to play their effective role with smooth & in time export orders without cash flow problem to avoid further deterioration of the Industry & our member exporters.
