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News Leather

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Pakistan
Tanners
Association

Important Events

- ★ PTA delegation Meeting with the Director, SBP at Karachi.
- ★ PTA's representative participated in Public Private Stakeholders Meeting on the 2nd Phase of Pak-China FTA negotiation held on 15-Mar-2018 at Islamabad.
- ★ Salient Features of Federal Budget 2018-19.
- ★ PTA successfully organized Pakistan Pavilion in APLF-2018, Hong Kong.



5th PAKISTAN MEGA LEATHER SHOW 2019

INTERNATIONAL EXPO CENTRE LAHORE, PAKISTAN

27th - 29th JANUARY 2019

LEATHER - FOOTWEAR - GARMENTS - GLOVES - GOODS



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PTA DELEGATION MET DIRECTOR - SBP

PTA delegation led by Chairman, Mr. Amanullah Aftab, Vice Chairman, PTA accompanied by Sh. Afzal Hussain met the Director, SBP to discuss following issues of PTA member exporters :

- Pending DLT claims upto 20th June, 2017 specially for PTA Northern Zone members' claims for early release of cheque.
- New DLT claims effective from 1st July, 2017 for PTA members with 2.5% irrespective of 10% incremental condition.
- Issuance of mode for remaining part of 2.5% DLT claims subject to 10% incremental.
- Release of due amount against SRO # 415 for 1) G.M. Leather Industries, 2) Nova Leather & 3) Riaz Tanneries, Kasur.
- Release of pending claims for DLT claims of M/s.Hussain Leather Craft.

The Director, SBP assured PTA delegation for early release of all pending claims subject to availability of fund.

PTA's Chairman, Mr. Amanullah Aftab nominated as Member of Tax Advisory Committee of FBR

The FBR-Chief Commissioner Inland Revenue, Corporate Regional Tax Office, Karachi nominated Mr. Amanullah Aftab as Member of Tax Advisory Committee, FBR to represent Pakistan Tanners Association in the meeting as and when held.



Secretary, PTA-Northern Zone, Lahore participated in the Meeting with Public/Private Stake holders on the 2nd Phase of Pakistan China Free Trade Agreement (FTA) Negotiations held on 15th March'2018 at Ministry of Commerce, Islamabad

As nominated by the Chairman PTA-Central, Mr. Fahim Ahmed, Secretary, PTA-Northern Zone Office, Lahore attended the Meeting of Public Consultation on the 2nd Phase of the China-Pakistan Free Trade Agreement organized by the Ministry of Commerce under the Chairmanship of Mr. Miftah Ismail, Federal Advisor on Finance, Revenue & Economic Affairs on 15th March'2018 at Ministry of Commerce, Islamabad.

Mr. Tariq Mehmood Pasha, Chairman, Federal Board of Revenue, Mr. Kamran, Additional Secretary to PM, Mr. Mohammad Younus Dagha, Federal Secretary Commerce and Mr. Hasan Iqbal, Federal Secretary for Textiles Division were also present during the meeting. A number of Private Sectors including representative of Pakistan Tanners Association also attended the above Session.

During the meeting the Commerce Secretary informed that as per agreement, Pakistan and China will liberalize 90% of their trade by giving in several concessions to their counter-parts in agreed phases of agreement but

despite the understanding, Pakistan will only open up 75% (not 90%) of its trade for Chinese businessmen where Pakistani exporters can access 90% of tariff lines active with China.

Secretary Commerce also presented main categories of goods for importing into Pakistan that is proposed to be added in the agreement. Textile, Steel, chemicals and other sectors have been added in sensitive list of import. For Leather & Leather Goods, Ministry of Commerce has not received any written feedback from any leather sector association on adding up any item (finished leather and/or chemicals) in the sensitive list of items to be imported from China into Pakistan.

Secretary Commerce also presented that Chinese counter-part has agreed to 56 items for import concession if exported from Pakistan under FTA.

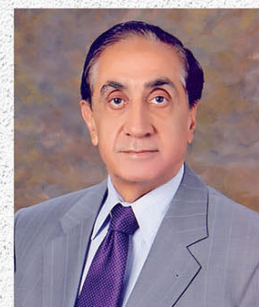
Mr. Miftah Ismail, encouraged the participating industries to take full advantage of CPFTA and enhance export into Pakistan. He told that MOC has taken all measures to protect the local industry, however, Pakistani entrepreneurs should not be fearing of china factor and remain optimistic.

Different stakeholders present their raised different questions to ensure their interest being protected in the proposed agreement. Advisor to PM on Finance and Chairman FBR commented that it appears to them that stakeholders are no full confident whether their inputs and suggestions for CPFTA have been properly incorporated or not. Therefore, Mr.Miftah Ismail suggested to share all information to be included in the next phase of CPFTA with all concerned stakeholders before publicizing it.

Mr. Younus assured that MOC will arrange another series of meeting with all stakeholders institutions soon in which MOC would share specific lists (sensitive list for import into Pakistan, list of goods for import into China) of goods to be included in CPFTA and share the specific set of information before making it available on website.

Mr. Gulzar Firoz, Former Chairman, PTA appointed as Member of Board of Directors OF TDAP

Mr. Gulzar Firoz (T.I), former Chairman, Pakistan Tanners Association (PTA), former Vice President, Federation of Pakistan Chamber of Commerce & Industry (FPCCI) and former Chairman, Korangi Association of Trade & Industry (KATI) has been appointed as Member of Board of Directors Trade Development Authority of Pakistan (TDAP) from Private Sector in the Cabinet meeting held on 22nd May 2018 presided by the Honourable Prime Minister of Pakistan Shahid Khaqan Abbasi.



The inclusion of Gulzar Firoz in TDAP is likely to impact positively on Pakistan leather industry in particular and other industries in general.

PTA SENT PROPOSAL TO GOVERNMENT FOR REMOVAL OF WITH HOLDING TAX ON PURCHASE OF RAW HIDES & SKINS FOR LEATHER INDUSTRY

PTA sent a presentation to FBR for withdraw of un-necessary Withholding Tax (WHT) which is around 4% to 4.5% levied on the procurement/purchase of Raw Hides & skins (Dry and Wet shape) being the “Agricultural Produce” as like Raw Cotton (Phutti), from the local suppliers/butchers which is located at small villages and low income sector, which is obviously leading the severe cause to increase the cost of production and unable our member exporters to compete in international market specially neighbor competitors like India, Bangladesh & China.

SALIENT FEATURES FEDERAL BUDGET 2018-19



ANNOUNCED BY MR. MIFTAH ISMAIL, FEDERAL MINISTER FOR FINANCE ON 27th April'2018

CUSTOMS :

01. Exemption of 3% CD on tanned hides in wet state.
02. Increase of additional customs duty from 1% to 2%.

Sales Tax & Federal Excise :

03. Exemption is being granted on import of promotional and advertising materials for display at exhibition.
(Enforced through Finance Bill, 2018, effective from 01.07.2018)
04. Exemption of Sales Tax on import is being granted to plant and machinery on one time basis for setting up of Special Economic Zone and for installation in that zone by zone enterprises to align exemption from sales tax with the provisions of SEZ Act, 2012.
(Enforced through Finance Bill, 2018, effective from 01.07.2018)
05. Leather products ready for use are enjoying reduced rate of 6% of sales tax at import stage. Identical rate is also being provided on import of ready to use articles of artificial leather by specifying description and PCT headings of items of leather and artificial leather generally used by public.
(Enforced through Finance Bill, 2018, effective from 01.07.2018)
06. Restriction is being imposed that sales tax and federal excise audit of a registered person can be conducted only once in three years.
(Enforced through Finance Bill, 2018, effective from 01.07.2018)
07. Input tax adjustment is being allowed on packing materials to five export oriented sectors covered under SRO 1125(I)/2011 dated 31.12.2011 .
(Enforced through SRO _____, dated _____/2018, effective from 01.07.2018)

08. The rate of Sales Tax on import and supply of finished article of leather and textile sector is being increased to 9%. However, all those branded outlets which will be integrated through electronic fiscal device with FBR online system shall be charged sales tax @6%.

(Enforced through Finance Bill, 2018, effective from 01.07.2018)

Income Tax :

09. Increase in threshold of taxable income :

Threshold of taxable income would be enhanced from Rs.400,000/- to Rs.1,200,000/-. Subsequently, the Income Tax (Amendment) Ordinance, 2018 [Ordinance No.V of 2018] was promulgated on April 08, 2018.As per this Ordinance the enhanced threshold of taxable income shall apply with effect from 1st July, 2018.

10. Reduction in tax rates for individuals :

The maximum tax rate for all individuals has been reduced to 15% and five taxable slabs for all individuals have been introduced including a nominal tax slab of Rs.1000/- for persons earning income exceeding Rs.400,000/- upto Rs.800,000/- and another nominal income tax slab of Rs.2000/- for persons earning income exceeding Rs.800,000/- upto Rs. 1,200,000/.

11. Audit by Commissioner to be restricted to once in three years :

In order to facilitate taxpayers who have been subjected to audit repeatedly the powers of a Commissioner to select a case for audit under section 177 of the Ordinance have been curtailed to once in three years except with the prior approval of the Board in exceptional circumstances.

12. Reduced rate of advance tax on banking transactions by non-filers :

Advance tax at the rate of 0.6% collected from non-filers on non-cash banking transactions (such as transfer of funds through demand draft, pay order, cash deposit receipt cheques/clearing, online transfers, direct debit, telegraphic transfers etc) has been reduced to 0.4% on a permanent basis.

13. Increase in minimum threshold of tax deduction on payment for goods and services :

In order to provide relief to withholding agents the minimum threshold of tax deduction on goods and services has been enhanced three-fold from Rs.10,000/- to Rs.30,000/- in the case of payments for provision of services and from Rs.25,000/- to Rs.75,000/- in the case of payments for supply of goods.

14. Obligation to act as withholding agent to be deferred to the succeeding year :

In order to provide relief, persons crossing the threshold of turnover of Rs. 50 Million during a Tax Year shall be obliged to discharge their obligations as a withholding tax agent in the succeeding tax year.

15. Promoting microfinance banks :

Non-profit organizations, trusts and welfare institutions are entitled to 100% tax credit on their income from certain specified heads under section 100C of the Income Tax Ordinance, 2001. One of the incomes that qualifies for credit under section 100C is profit on debt from scheduled banks. Resultantly, non-profit organizations are incentivized to keep their investments in scheduled banks instead of opting for microfinance banks. In order to promote microfinance banks, profit on debt derived by non-profit organizations from micro-finance banks shall also qualify as income eligible for 100% credit under section 100C of the Income Tax Ordinance, 2001.

Revenue Measures :

16. Withholding tax on payments remitted abroad through credit/debit/ prepaid cards:

Credit cards/debit cards are being utilized to pay for foreign travel, lodging, shopping etc and also for online shopping from merchants outside Pakistan. In order to complement efforts aimed towards broadening of the tax base. Banks issuing credit /debit cards will now be obliged to collect 1% advance tax from filers and 3% advance tax from non-filers in respect of credit/debit card transactions resulting in outward flow of remittances from Pakistan.

17. Rationalization of withholding tax rates for non-filers:

In order to enhance the cost of doing business for non-filers, withholding tax rates have been increased for non-filers in the case of supplies/sale of goods and contracts under section 153 of the Ordinance. For sales/supplies, the rate of tax for non-filers has been increased from 7% to 8% in the case of companies and from 7.75% to 9% in the case of persons not being companies. For contracts, the rate of tax for non-filers has been increased from 12% to 14% in the case of companies and from 12.5% to 15% in the case of persons not being companies.

18. Purchase of property by non-filers :

Non-filers shall be prohibited from purchasing property having declared value exceeding Rs.4 million.

19. Purchase of new motor vehicles:

Non-filers shall not be permitted to purchase new motor vehicles manufactured in Pakistan or new imported vehicles.

Meeting with Commerce Minister held in FPCCI on May 2, 2018

PTA's sent to FPCCI its well formulated presentation containing following genuine grievances of the Leather Sector for discussion during the Meeting held with Mr. Muhammad Parvaiz Malik, Federal Minister for Commerce in FPCCI on 2nd May'2018 for favourable consideration to facilitate PTA's member exporters to continue play their pivotal role in strengthening the country's economy by fetching precious foreign exchange in terms of export orders :-

01.	To remove Quarantine requirement/condition imposed through SRO 1067(I)/2017 dated 20th October'2017 on import of basic raw materials (raw hides & skins) for the Leather Industry.
02.	To issue revised SRO without further delay by notifying 24-Tanning Machines in pursuance of the SRO # 578(I)/2017 dated 01.07.2016 for the Government subsidy.
03.	To withdraw Custom Duty / Sales Tax on import of Tanning Machineries for Leather Sector of Pakistan for the up gradation of the Industry as was already allowed for Textile Sector.

04.	<p>To re-assure/reconfirm for incorporation of following Incentives in the upcoming STPF 2015-18 / 2018-23, which is utmost imperative for meeting LWG (Leather Working Group) mandatory requirement specifically :</p> <ul style="list-style-type: none"> • To allow 75% Matching Grant for setting-up of Effluent Treatment Plants in Individual Tanneries which is a fundamental requirement for enrolling our member exporters in LWG. • To allow 75% Govt., subsidy on International Lab Testing for Leather which is a pre-requisite of Foreign buyers/brands for selling the finished leather to them. As the incentive has already been approved/announced by Engr. Khurram Dastgir Khan (Ex-Federal Minister for Commerce) during inaugural function of 3rd Pakistan Mega Leather Show in January 2017.
05.	<p>To release of 25% balance subsidy amount of Rs.20,904,890/- payable to our 8 eligible members for the individual Treatment plants already established by them against STPF 2009-12 and are in functional with satisfaction properly, which is pending at TDAP, Karachi for which it is requested to please issue directives to TDAP for the release of Remaining Pending Subsidy to our 8 members concerned at the earliest without further delay.</p>

PTA hopes for early implementation on the decision(s) taken during the above meeting of FPCCI, Karachi as already assured by the Commerce Minister particularly on the above core issues for Leather Sector of Pakistan, which is the vital for the 2nd biggest export oriented Industry of the country contributing significantly to the country's GDP.

PTA successfully organized Pakistan Pavilion in APLF-2018 at Hong Kong

PTA in financial collaboration with Trade Development Authority of Pakistan organized Pakistan Pavilion in "Raw Materials, Manufacturing & Technology" of Asia Pacific Leather Fair held from 14-16th March, 2018 at Hong Kong Convention & Exhibition Centre, Wanchai, Hongkong for participation of its 41 (Forty One) interested member participants for displaying their finest quality of Leather & Leather Products.

Outcome of Pakistan's participation in this event is very encouraging and the business concluded during the Fair was approximate US\$ 20 Million and a number of queries were also received of US\$ 5 Million (Approx). All the member participants of Pakistan Pavilion in APLF-2018 assured their participation in the next event of APLF-2019 in Hong Kong too.



Entrance of Pakistan Pavilion in APLF-2018 at Hong Kong



Mr. Abdul Qadir Memon, Consul General of Pakistan in HK inaugurating the Pakistan Pavilion in APLF'2018

ACTIVITIES - PTA NORTHERN ZONE, LAHORE

Dissemination and Consultative Workshop on Baseline Assessment for Resource Efficient Cleaner Production (RECP) in Punjab Held on May 3rd, 2018 at Avari Hotel Lahore

World Bank with the support of Korean Green Growth Trust Fund (KGGTF) is undertaking various initiatives for promoting resource efficient cleaner production in Pakistan and South Asia. World Bank is also considering to finance Punjab Green Development Program of the Government of Punjab for strengthening environmental protection and promoting green development in the Province. The activities under these two projects aim to control air and water pollution which has eroded GDP of the countries including Pakistan in the South Asia region.

Resource-efficient cleaner production (RECP) practices and technologies can help in abating and controlling pollution at source. In this context, The World Bank organized a dissemination and consultative workshop on Baseline Assessment for Resource Efficient Cleaner Production (RECP) in Punjab on May 3, 2018 at Avari Hotel, Lahore.

As an important stakeholder, PTA-Northern Zone has been invited to the dissemination and consultative workshop. Mr. Anjum Zafar, Mr. Agha Saiddain and Secretary PTA-Northern Zone attended the workshop.



Awareness Session on 'Health, Safety, & Risk Assessment by SGS Pakistan Lahore held on 3rd May-2018

On 3rd May 2018, PTA-Northern Zone office arranged and coordinated Awareness Session on Health, Safety, & Risk Assessment in collaboration with SGS Pakistan, Lahore office. Representatives from as several member companies attended the session and termed it is very useful in understanding internationally acceptable practices on health & safety and to assess the risk involved in with various industrial activities. It is pertinent to mention here that health, safety and risk assessment is an important prerequisite for tanneries interested in having membership of Leather Working Group – LWG.



Mr. Badre Alam Vice Chairman PTA-NZ attending Awareness session along with other participants from member companies



Participants Attending Awareness Session



Group photograph of all participants along with trainer from SGS Pakistan

Meeting of Mr. Badre Alam Vice Chairman PTA-Northern Zone with representatives of PUM Netherlands held on 21st April 2018

On 21st April 2018, representatives of PUM Netherlands visited office of Pakistan Tanners' Association Northern Zone. Mr. Badre Alam Vice Chairman PTA-NZ welcomed the participants. He discussed with them the issues and services of PUM Netherlands for the benefit of leather industry of Pakistan.



ACTIVITIES - PTA - SOUTHERN ZONE - KARACHI



PTA (S.Z) Infrastructure Committee Members led by Chairman, Mr. Aziz Ahmed visited the site of GC-Bin on Road-5000 for its expansion & rehabilitation work to be done on 27-03-2018.



Deputy Commissioner Korangi, Mr. Abdul Wajid Sheikh Sb, on request of Chairman PTA (S.Z) Mr. Ejaz Ahmed Sheikh Sb & Infrastructure Committee Chairman Mr. Aziz Ahmed visited the GC-Bin on Road-5000 for its Rehabilitation Work on 28-03-2018.



A luncheon Meeting was held in PTA (S.Z) Office in which Deputy Commissioner Korangi, Mr. Abdul Wajid Sheikh Sb was Chief Guest along with other members. Meeting was presided by Chairman PTA (S.Z) Mr. Ejaz Ahmed Sheikh Sb. Meeting was regarding the Infrastructural work to be started in Sector 7-A on 07-04-2018.



Deputy Commissioner Korangi, Mr. Abdul Wajid Sheikh Sb, called PTA (S.Z) Infrastructure Committee Members led by Chairman Infrastructure Committee, Mr. Aziz Ahmed in his Office on 09-04-2018. Meeting was regarding Infrastructural Programme of Sector 7-A.



Mr. Aijaz Ahmed Maher Sb, Secretary Industries & Commerce Department, Govt of Sindh visited PTA (S.Z) Office on Invitation of Infrastructure Committee on 11-04-2018. Later Secretary Sb, surveyed Sector 7-A.



Meeting was held in PTA (S.Z) Office on 16-4-18 with Consultant M/s Zaheer & Co, appointed by KITE Pvt Ltd. for the ongoing Projects Approved by Honorable Chief Minister Sindh, including Sector 7-A.



PTA (S.Z) Delegation were invited to have a Meeting with Brig. Shahid Iqbal Sb at Rangers Head Quarters. Law & Order related issues were discuss during the meeting and specially illegal parking of Long Vehicles on Road 5000 was also brought in notice of the Rangers.

Press Clippings

BUSINESS RECORDER KARACHI TUESDAY 17 APRIL 2018

PTA seeks special relief package

RECORDERS REPORT Pakistan's exporters as the DIT, Tanners Association (PTA) claims, is an already-chaotic situation. The PTA has urged Prime Minister and Federal Cabinet to take steps to help the industry. The PTA has urged the government to take steps to help the industry. The PTA has urged the government to take steps to help the industry.

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EXPORT OF LEATHER AND LEATHER PRODUCTS FROM PAKISTAN DURING JULY-APRIL 2016-17 VIS-À-VIS JULY-APRIL 2017-18

COMMODITIES	UNIT	July - April 2016-17		July - April 2017-18		% Change	
		QTY	VALUE	QTY	VALUE	QTY	VALUE
LEATHER	'000' SQM	18,274	282,738	23,427	270,862	28.20%	-4.20%
	AUP/Sq.M		15.47		11.56		-25.27%
LEATHER APPAREL & CLOTHING	'000' DOZ	625	241,980	653	244,112	4.48%	0.88%
	AUP/Pcs		32.26		31.15		-3.44%
LEATHER GLOVES	'000' DOZ	3,941	155,042	5,355	180,506	35.88%	16.42%
	AUP/Pair		6.56		5.62		-14.32%
LEATHER FOOTWEAR	'000' Pairs	4,464	67,625	5,159	77,995	15.57%	15.33%
	AUP/Pair		15.15		15.12		-0.20%
OTHER LEATHER MANUFACTURES	'000' KGS	812	10,349		10,392		0.42%
	AUP/Kg		12.75				
TOTAL:			757,734		783,867		3.45%

Source: Pakistan Bureau of Statistics.

NOTE : Export figures for the months from February to March'2018 are Provisional.

UP-COMING EVENTS

SHOES & LEATHER, 11-13TH JULY, 2018 AT HO CHI MINH CITY, VIETNAM.
ALL CHINA LEATHER EXHIBITION, 29-31ST AUGUST, 2018 AT SHANGHAI, CHINA.



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