

PRESS RELEASE

PTA DEMANDS FOR REVISION IN PROPOSED FEDERAL BUDGET 2024-25

Karachi: 14th June, 2024 : The Chairman, Pakistan Tanners Association, Mr. Muhammad Mehr Ali has issued the Press Release exceptionally to all Print & Electronic media having gone through the salient features of Federal Budget 2024-25 which was tabled in National Assembly held on 12.06.2024 and observed the following(s) for reconsideration of redressal : -

| 01. | <p>Deriving income from exports have to pay 1% tax at present on their export proceeds which is final tax. On the principle of horizontal equity that taxpayers with equal income should pay equal tax, for which it is proposed income from exports be subjected to normal rates with one percent tax collection on their export proceeds be treated as minimum tax.</p> <p>It would really be detrimental to the Leather Industry of Pakistan for compliance while the existing 1% Income Tax adjustment against the total income of the exports is resulting best source of generating the fixed amount for the Government Kitty at final conclusion of final adjustment and the exporters of the Industry are defraying regularly.</p> | | | | | | | | | | | | | | | | | | | | | | | | | |
|-------------|--|--|--------------------|--|--------------------|------------------------|----|------------|----|------|----|----|-------|----|------|------------|----|---------|----|------|------|----|----------|------|-----------------|--|
| 02. | <p>Proposal of 1% Advance Tax under Section 154 of income tax, which is another tax invasion to the exporters BESIDES 1% income tax liability is already at ground at final tax adjustment to the exporters.</p> | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p><u>Negative Repercussion(s):</u></p> | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>The cost of the production in Pakistan for Leather Industry is already @ exorbitant extent as compared to neighbor competitors specially with basic utilities as compared below and the exports of Leather Sector of Pakistan is already in severe clutches of declining for the last 3 years consecutively, which was concluded for July-23 to April, 2024 with current plight of the industry is in negative (-) 19.60% for finished leather & overall section is also stands in negative (-) 10.21% and accordingly further taxation on exporters will be last nail on coffin of exports and apprehended inability to achieve the desired objective(s).</p> | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <table border="1"><thead><tr><th><u>S.NO</u></th><th><u>COUNTRY</u></th><th><u>ELECTRICITY</u> <u>US\$CENTS/KWH</u></th><th><u>GAS B/MMB/H</u></th><th><u>INTEREST ON ERF</u></th></tr></thead><tbody><tr><td>1)</td><td>Bangladesh</td><td>10</td><td>7.40</td><td>5%</td></tr><tr><td>2)</td><td>India</td><td>08</td><td>6.50</td><td>2.8% To 3%</td></tr><tr><td>3)</td><td>Vietnam</td><td>06</td><td>9.80</td><td>4.5%</td></tr><tr><td>4)</td><td>Pakistan</td><td>17.5</td><td>9 To about 12.5</td><td>19% (it was earlier around 3-4% for exporters)</td></tr></tbody></table> | <u>S.NO</u> | <u>COUNTRY</u> | <u>ELECTRICITY</u> <u>US\$CENTS/KWH</u> | <u>GAS B/MMB/H</u> | <u>INTEREST ON ERF</u> | 1) | Bangladesh | 10 | 7.40 | 5% | 2) | India | 08 | 6.50 | 2.8% To 3% | 3) | Vietnam | 06 | 9.80 | 4.5% | 4) | Pakistan | 17.5 | 9 To about 12.5 | 19% (it was earlier around 3-4% for exporters) |
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| 1) | Bangladesh | 10 | 7.40 | 5% | | | | | | | | | | | | | | | | | | | | | | |
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| | <p>Apart from the above, huge amount of refunds on account of Sales Tax, drawback, income tax, deferred claims is pending with Government, which is around Pak Rs.2.5 Billion payable to this vital Industry and our members are already facing severe financial stringencies for moving their export activities and most of the Tanneries have closed down their operation because of high cost of production AND OBVIOUSLY UNABLE TO COMPETE IN INTERNATIONAL MARKET FOR LEATHER exploration to yield the desired goals.</p> | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>The Chairman, PTA, Mr. Mehr Ali has strongly articulated again to this specific One Point ONLY to keep retain 1% Income Tax final regime/adjustment of tax to the exporters without adding any further “Advance Tax Insertion” in the budget of income Tax to the exporters/PTA’s member exporters.</p> | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <p>It is strongly appealed to the Honourable Prime Minister of Pakistan and Federal Finance Minister to revise the proposed insertion of Advance Income Tax to keep/retain the regular practice which is in progress for the last several years for 1% Final Income Tax Adjustment to the exporters to save the exporters of Pakistan from further deterioration.</p> | | | | | | | | | | | | | | | | | | | | | | | | | |
