

PRESS RELEASE

TANNING INDUSTRY IS @ VERGE OF CLOSURE

Karachi: 24th July'2024 : The Chairman, Pakistan Tanners' Association, Mr. Muhammad Mehr Ali has issued the Press Release exceptionally to all print & Electronic media explaining the present plight of the Industry which is getting from worst to deteriorated gradually (day by day) and now standing at the verge of closure of its operations in Pakistan because of some fatal basic problems as summarized below if not resolved by the Government with immediate effect for the survival to this vital export oriented Industry of the country, who are contributing significantly to the country's GDP growth :-

- The Government has recently imposed MORE NEW TAXES to this Industry in Federal Budget 2024-25, which were earlier relaxed while the Industry is already over-burdened with the Duties/Tariff resultantly already un-viable and New Invasion of Duties/Taxes is becoming the Industry "Out of the Park" specially from International market for securing the export orders for finished leather.

New Duties Details 1) 2% ACD on H.S. Code 4107.1200,4104.1100, 4107.9200,4106.2100, 4106.2200, 4112.0000,4113.1000, 4104.1900, 4105.2000, 2830.1010 etc. etc., & 5% RD on HS Code 3909.5000.

- The Industry is facing acute shortage financial capital, which is already with Government's kitty & approximate accumulated amount of the Industry is **Rs.2.5 Billion payables to this Industry** on account of **Sales Tax, Duty Drawback claims, Income Tax, Differed Claims** etc., which is rendering our member exporters **UNABLE to continue their business operations** and strongly apprehended to consider to close their operations while some units have closed down owing to financial instability. A detailed request letter has already been sent to **Chairman, FBR and Governor, SBP** for the release of Funds to the Industry for survival of the Industry.
- Removal 1% **FTR is also** setback not only to this Industry but rest of export industries of Pakistan with the imposition **Addl, Tax @ 29% which is completely irrational for further** unrest in the export industries of the country.
- Immediately announce for the "**reinstatement**" of **DLTL Scheme @ 5%** irrespectively for "Finished Leather" with all allied Codes #
- **MOST IMPORTANT:** To allow Concessional Tariff of Electricity & Gas to export oriented industries including **Leather Sector of Pakistan** which was eligible earlier before March'23.

The **Chairman, PTA, Mr. Muhammad Mehr Ali highlighted ONLY some specific core issues** for the Industry with the request to the Honourable Finance Minister, Chairman, FBR and Governor SBP for immediately resolution of issues specially for removal of Irrational "**Addl., Customs Duty**" @ 2% on import of basic Raw Materials & vital chemicals to the Industry for providing level playing field for necessary value addition with innovation to make our exporters **ABLE** to compete in Int'l market for yielding sizeable foreign exchange in terms of conclusion of export orders.

While concluding, **Mr. M. Mehr Ali, Chairman, PTA** articulated with strong "**Appeal**" to consider for removal of **unnecessary obstacles** to enable this vital Industry to play its due effective role for strengthening the country's exports with the increase of exports of **finished leather**.
