

**Government of Pakistan**  
**Revenue Division**  
**Federal Board of Revenue**  
**Inland Revenue**

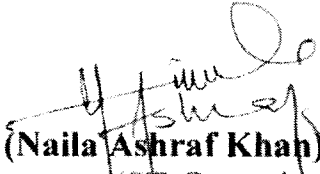
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C.No.1 (1)/Secy-ST-OPS/2022/42385-R

Islamabad, the 15<sup>th</sup> March, 2023

Subject: **Minutes of Meeting Between Federal Board Of Revenue and Textile Exporters Associations on 01.03.2023.**

I am directed to refer to subject cited above. Please find enclosed Minutes of the meeting of between Federal Board of Revenue and Textile Exporters Associations on 01.03.2023 held at FBR (HQ).

  
**(Naila Ashraf Khan)**  
Secretary (ST-Operations)

**Distribution:**

1. SA to Member (IR-Operations), FBR(HQ), Islamabad
2. Director (Program), Reforms & Modernization, FBR(HQ), Islamabad
3. Chief Commissioner (IR), RTO, Faisalabad
4. Chairman, Pakistan Textile Manufacturers Associations, Faisalabad
5. Chairman, Pakistan Textile Council, Islamabad
6. Chairman, Pakistan Apparel Forum, Karachi
7. Chairman, Pakistan Hosiery Manufacturers & Exporters Association, Karachi
8. Chairman, Towel Manufacturers' Association of Pakistan, Karachi

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Subject: **Minutes of the Meeting with Textile Exporters on Refund issues dated 01.03.2023**

A meeting was held on 1<sup>st</sup> March, 2023 between Federal Board of Revenue and representatives of various textile exporters Associations including, APTMA, Pakistan Textile Council, PHMA, Towel Manufacturers Association of Pakistan, and Pakistan Textile Exporters' Association, on resolution of issues related to refunds to the exporters. The meeting began with the recitation of the Holy Quran. Main agenda of meeting was to build up consensus / taking on board exporters on improvement and plugging of loopholes in FASTER. The Agenda of the meeting inter alia, included the following:

- a) Delay in issuance of system generated RPOs;
- b) Proposed value addition base for filing of Annex H for exports and local sales shall be separate;
- c) First claim of refund by newly-registered persons;
- d) Deferment of refund claim if input tax remains unreconciled with the latest withholding statement;
- e) Deferment of refund claim against fixed assets till verification by the FFs and to be processed through STARR / ERS;
- f) Implementation of Section 8 of the Sales Tax Act, 1990; Negative List;
- g) Refund ceiling of 12%;
- h) Disclosure Requirements for export-oriented sectors in respect of wastage, zero-rated purchases, yarn count, etc. in Annex-H;

2. After formal introduction of the participants (List of participants attached as Annex-A), Member (IR-Operations), FBR (HQ), Islamabad welcomed the honorable participants and briefed them about the purpose of the meeting. He further highlighted some system glitches and refund-issuance irregularities identified by State Bank of Pakistan and technical team at PRAL as well as discrepancies pointed out by the IR formations. He further requested Mr. Abid Naeem CIO PRAL to brief the participants on loopholes identified in FASTER that resulted into excess claim of refunds and revenue leakages. Mr. Abid Naeem apprised that processing of refunds slowed down due to necessary updation required in the automated system. He further pointed out the main issues such as: issuance of

refunds in excess of claim, duplication of invoices, GDs duplication and missing checks of section 8.

3. Issues discussed with Textile Exporters and decisions thereon are tabulated below:

Sr. #	Issues	Decisions Taken
1.	Ceiling of 12-15% benchmark of refund claim to export sales	<p>The issue of ceiling raised periodically from 5% to 15% was discussed threadbare. The exporters apprised that proper calculations / workings had been prepared in the past and after meetings with FBR, ceiling had been enhanced. Member IR-Ops however, shared that the matter required proper ascertainment as no such working was available.</p> <p>After thorough discussion, it was decided that present ceiling shall remain intact until detailed working required to reach at sector-wise consumption etc. is done. The association representatives therefore, shall submit such workings in the next meeting and after consultative process, the ceiling issue will be decided and implemented accordingly.</p>
2.	Ceiling of 12% to be pro-rated between taxable & zero-rated purchases	The exporters agreed upon the agenda item.
3.	Minimum value addition check at 10%	This check is enhanced to 15% for exports as well as local sales and any further enhancement will be considered after 02 months. It was also agreed upon that value addition check will be applied for the current tax period for which refund is claimed.
4.	Refund sanctioning against input on capital goods	Deferment of refund claim against fixed assets till verification by the Field Formations and to be processed through STARR / ERS.

5.	Implementation of section 8 - Negative list shared with Exporters	Undisputed items will be implemented forthwith; whereas remaining will be implemented after further consultation with the stakeholders.
6.	Refund claim by manufacturer-cum-exporter; shall be made after the realization of export proceeds	Not agreed upon and was left for deliberations in the next meeting.
7.	Deferment of refund claim if input tax remains unreconciled with the latest withholding statement	Not agreed upon and was left for deliberations in the next meeting.
8.	Disclosure Requirements for export-oriented sectors in respect of wastage, yarn count, mandatory information of zero-rated purchases, etc. in Annex-H	The participants agreed upon the agenda item.
9.	First claim of refund by newly-registered persons shall be excluded from FASTER and be processed through STARR / ERS	The participants agreed upon the agenda item.
10.	Other system glitches like issuance of refund against GDs under objection, mismatch in dates of invoices and shipping bills etc	The participants agreed upon that they have no objection if all the system glitches are removed in FASTER.

4. After comprehensive discussion on agenda items and decisions thereon, Member (IR-Operations) concluded the meeting with the assurance to the exporters that the processing of refund issuance will resume from second week of March, 2023.

5. The meeting ended with a cordial expression of thanks to all the participating members.

  
(Naila Ashraf Khan)

Secretary (Sales Tax Operations) / Focal Person

# Annex

S. No.	Name	Name of Association
1	Usman Ahmed	US Apparel & Textile
2	Afnan Mansoor	US Apparel Group
3	Shiekh Muhammad Iqbal	Pak Textile Council
4	Tahir jahangir	TMA
5	Adeel Aleem	Cresent Cotton
6	Nisar Hameed	Nishat (Chunnian) Ltd.
7	Mustaqeem Tabish	Nishat (Chunnian) Ltd.
8	Sijjad Hussain	PHMA Faisalabad
9	Khurram Mukhtar	PTEA
10	Sohail Pasha	PTEA
11	Javed Bilwani	PHMA Faisalabad
12	M. Babar Khan	PHMA Faisalabad
13	Javed Akhtar	PTEA
14	Asad Ali Malikana	PTEA
15	Khizar Mehmood	PHMA Faisalabad
16	Shahid Sattar	APTMA
17	Muhammad Idrees	PTEA

18	Azizullah Gohar	PTEA
19	Ameer Ahmed	PTEA