2.213M TAX RETURNS WITH RS41.895BN DEPOSITS RECEIVED: FBR

ISLAMABAD: The Federal Board of Revenue (FBR) has received 2.213 million income tax returns for the Tax Year 2021 with huge amount of tax deposit of Rs41.895 billion up to October 12, 2021. According to the data released by the FBR here on Tuesday, the tax deposited with 2.213 million income tax returns for tax year 2021 has considerably increased. The FBR had collected Rs41.397 billion tax along with 2.190 million income tax returns filed till October 11.

IMMOVEABLE PROPERTIES: FBR'S DEADLINE FOR SUBMISSION OF REVISED VALUATIONS TO END TODAY

LAHORE: The Federal Board of Revenue's deadline for submission of revised valuation of immoveable properties by all the field formations will conclude on Wednesday (today). According to reliable sources, the International Monetary Fund (IMF) had persuaded the Board for a countrywide fresh valuation. The Fund had raised objection to the continuity of old valuation despite the fact that the sale and purchase price of immoveable properties had jumped by many times since 2015-16 when the Board had initiated the project of assessing the taxable value of immovable properties alongside the DC rates. It had stressed the Board to carry out a fresh valuation before the start of policy level talks in Washington, likely to take place soon.

Accordingly, the Board had issued a circular earlier last week for an online meeting of focal persons from all the field formations to get feedback up to 13th October 2021. An online meeting of the Board representatives with all the field formations was held on 4th October. Meanwhile, representatives both from the Large Taxpayer Offices (LTOs) and Corporate Tax Offices (CTOs) had pointed out in the meeting that they were no more dealing with the individual taxpayers who are mostly involved in purchase and sale of properties in general. Instead, they said, the prime task of LTOs and CTOs is to assess the taxable liabilities of the corporate sector where a company seldom enters into a sale and purchase of immovable properties. In the end, said the sources, the Board agreed with the argument and excluded all the LTOs and CTOs in Islamabad, Karachi and Lahore from the process.

The Board has made it clear that since the individual taxpayers fall under the jurisdiction of the Regional Tax Offices (RTOs) which would be exclusive in charge of the task from now onwards. The RTOs in some 18 cities would submit revised valuation of immoveable properties to the Board by 5pm on Wednesday. According to the sources, the field staff of RTOs has carried out surveys, held meetings with real estate agents and collected information from independent sources before recommending a fresh valuation of immoveable properties. It may be noted that the FBR valuation of the properties is almost equivalent to 90 percent of the real value of land in respective cities.

IMMOVABLE PROPERTIES: FBR DECIDES TO REVISE UPWARD VALUES

ISLAMABAD: The Federal Board of Revenue (FBR) has finally decided to revise upward the values of the immovable properties to bring them at par with the prevailing market rates. According to the FBR's instructions to the field formations, the exercise would be completed by the end of the current month. The focal persons in the field office on valuation of properties have been assigned to update the values after examination of the existing SROs. The updated valuation tables may be shared by the field formations for upward revision in the relevant SROs of various cities. The FBR has also asked the field formations to specify the areas, which were not already part of the SROs on the valuation tables.

The FBR has also asked the field formations to point out anomalies, if any in the valuation tables of the immovable properties, the FBR added. The rates for the valuation of tables would be revised and the concerned Regional Tax Office would be responsible for any anomaly left unchecked during the exercise of revision of the property rates, the FBR issued instructions. Sources said that the FBR will revise the valuation tables of immoveable properties to enhance its revenue from sale/purchase transactions. The board has decided to make upward revision in the property rates already notified in the valuation tables of immovable property to increase the size of its revenue from sale/purchase transactions. The provincial governments are also planning to issue notifications for adopting the FBR's valuation tables applicable to Urban Immovable Property Taxes (UIPTs) to raise the assessment values of immovable properties by up to 85 percent of the actual market values.

GST COLLECTION BY FBR, SRB: PBC SEEKS CLARITY FROM TARIN

ISLAMABAD: The Pakistan Business Council (PBC) has approached Finance Minister Shaukat Tarin for clarity apropos, which portion of the sales tax on sale of goods by member companies through their distributors need to be deposited with Federal Board of Revenue (FBR) and which with the Sindh Revenue Board (SRB). The PBC has written a letter to the finance minister on Tuesday in the light of a judgement of the Sindh High Court (SHC). The PBC has informed Tarin that this letter is to invite attention towards a judgement pronounced by the SHC, Karachi on September 6, 2021, whereby, the SHC has held that the distribution arrangement, whereby, distributors buy goods from the manufacturers from onward supply down the supply chain against the payment of sales tax under the Sales Tax Act 1990, in fact, depict the rendering of taxable services under the Sindh Sales Tax on Services Act 2011, if such manufacturers retain certain quality or other controls over the supply chain down the line. On the basis of the SHC decision, the SRB has now starting issuing notices to member companies seeking details of their distributors.

Presently, PBC member companies and their registered distributors are paying sales tax on sale of taxable goods under the Federal Sales Tax Law. The decision of the SHC has now created a situation for the member companies and their distributors as to which portion of the sale tax due needs to be deposited with which tax authority -FBR or SRB? The current uncertainty regarding sharing of sales tax is impacting the ease of doing business and the PBC is thus writing the request that the FBR and the SRB mutually decide which portion of the distributors margins is due to which tax authority? the PBC added.

An expert on corporate affairs explained that the Sindh High Court (SHC) has classified distribution of goods as rendering of a "service" and deemed it subject to the Sindh sales tax on services. Hitherto, distribution i.e. purchase and sale of goods was liable to federal sales tax on goods. Business is now in a quandary of who to pay this sales tax to. The PBC has written to the Sindh chief ministerand the federal minister for finance to guide it. In the meantime, the SRB has started issuing notices to businesses. This is an example of fragmentation of authority best resolved through better coordination between the federation and provinces. As other provinces may follow the Sindh's example, it needs to be taken up in the Council of Common Interests (CCI).

The FBR opined that the said judgement of the SHC, carries considerable implications for the demarcation of sales tax on services and goods between the FBR and the provincial revenue authorities. On the other hand, the SRB stated that the said judgement does not carry any implications for any demarcation of sales tax on services and goods between the FBR and the provincial revenue authorities. The economic activity of retail, wholesale, and distribution (including the distribution of gas, electricity etc) are essentially "services" both in terms of the national income indicator (GDP component) of Pakistan and also in terms of the exclusion specified in entry number 49 of the Fourth Schedule to the Constitution.

According to the letter of the FBR to the chairman SRB, the FBR, refer to the judgement pronounced by the SHC, Karachi on September 6, 2021 wherein, the SHC has held that the distribution arrangement, whereby distributors buy taxable goods from the manufacturers for onward supply down the supply chain against the payment of sales tax under the Sales Tax Act 1990, in fact, depict the rendering of taxable services which fall under the tariff heading 9845.0000) under the head of "supply chain management/distribution (including delivery services under tariff heading 9845.0000) under the Sindh Sales Tax on Services Act 2011 (SSTSA). The said judgement of the SHC, carries considerable implications for the demarcation of sales tax on services and goods between the FBR and the provincial revenue authorities.

The SRB is, therefore, requested to share its official position with respect to the said judgment, the FBR added. Responding to the FBR's letter, the SRB has informed the FBR that refer to the said FBR's UO dated September 29, 2021, the copy of the SHC judgement dated September 6, 2021 was not found enclosed with the said FBR's UO note. However, SHC judgement dated September 6, 2021 in SSTRA No. 6 of 2019, along with the SSTRA Nos. 09 to 24, 114, 768, 811 to 815 of 2019, may be read, understood and construed as it is worded. The said judgement does not carry any implications as stated in the FBR's UO note under reference, for any demarcation of sales tax on services and goods between the FBR and the provincial revenue authorities. The levy is covered by tariff headings 9845.0000 of the First and Second Schedules of the Sindh Sales Tax on Services Act 2011, which is analogous to the series number 57 of the Second Schedule to the Punjab Sales Tax on Services Act 2012, serial number 5 of the Second Schedule of the KP Finance Act 2013, tariff heading 9845.0000 of the First and Second Schedules to the Balochistan Sales Tax on Services Act 2015 and also series number 53 of the Schedule to the Islamabad Capital Territory (Tax on Services) Ordinance 2001.

BANK ACCOUNTS: LCCI OPPOSES FBR DECISION

LAHORE: The Lahore Chamber of Commerce & Industry has strongly opposes the recent move of The Federal Board of Revenue (FBR) of restoring the powers of the tax officials to freeze the bank accounts for the recovery of taxes. In a statement, LCCI President Mian Nauman Kabir, Senior Vice President Mian Rehman Aziz Chan and Vice President Haris Ateeq said that now the tax officials are not legally bound to take prior approval of the Chairman FBR and give 24-hour prior intimation to the CEO/principal officer/owner of companies before freezing the Bank Accounts. They said that this step is against the spirit of creating a business friendly environment in the country, according to the vision of our honourable Prime Minister.

The LCCI office-bearers said that this step would give undue exorbitant powers to the Tax Officials under Section 140 of the Income Tax Ordinance, 2001 and Section 48 of the Sales Tax Act, 1990. It would also result in the undue harassment of business community and discourage new entrepreneurs to come into the tax net. The LCCI office-bearers said that Pakistan is already facing stiff economic challenges like mounting inflation (9%), stagnation in exports and rise in external debt (in excess of 100 billion dollars). In this situation, it is imperative to encourage the business community so that we are able to enhance the growth rate of the important sectors of our economy like industry and services sector.

ATTACHMENT OF BANK ACCOUNTS: KCCI SLAMS FBR'S DECISION

KARACHI: President Karachi Chamber of Commerce & Industry (KCCI) Muhammad Idrees while criticising the FBR's decision to revoke the clause that made it mandatory to warn defaulters 24 hours before freezing their bank accounts, said that this would open up a floodgate of corruption as it would provide yet another tool to the FBR officials to harass the business community.

"The business community of Karachi has rejected FBR's decision with a fervent appeal to Prime Minister Imran Khan and Finance Minister Shaukat Tarin to refrain FBR from taking this anti-business step as it is going to prove counter-productive to all the efforts being made by the government for ease of doing business", he said.

President KCCI pointed out that at a time when business confidence had just started to revive, the FBR backtracked all the measures taken towards creating a conducive business environment. In a major blow to the business and industrial community, the FBR has withdrawn the instructions that had been issued to bar taxmen from taking money without prior intimation to the account holders.

The business and industrial community strongly condemned this move based on the fact that this notification was issued after a very detailed deliberation with the then chairman FBR Shabbar Zaidi, he added. Any interruption in flow of funds will create also distrust in foreign buyers which will ruin the integrity and reputation of Pakistani businessmen. Idrees while referring to last meeting of KCCI's delegation with Finance Minister Shaukat Tarin in Islamabad which was also attended by Energy Minister Hammad Azhar, PM Advisor Razzak Dawood and Chairman FBR Dr Muhammad Ashfaq, stated that on one hand, the lawmakers have been assuring to fully facilitate the business community and simplifying taxation laws but on the other, those discretionary powers, which had always been widely opposed by the business community were once again being returned at the commissioner level which was beyond our understanding.

R 13-10-2021

FBR EXTENDS EXPORT FACILITATION SCHEME TO ALL EXPORTERS, VENDORS

LAHORE: The Federal Board of Revenue (FBR) has extended the Export Facilitation Scheme 2021 to all direct and indirect exporters and vendors, Lahore Collector of Customs (Appraisement) Dr Mubashir Baig said on Tuesday. "For the first time, the scheme has been extended to all direct and indirect exporters, common export houses, vendors and international toll manufacturers with free mobility of goods from one user to another," Dr Baig said while addressing a workshop on the scheme organised for members of the All Pakistan Textile Mills Association (Aptma). The scheme is aimed at facilitating the export-oriented sector to acquire duty- and tax-free local and imported inputs in order to make Pakistani products competitive vis-à-vis regional rivals. Under the scheme the acquisition of goods would be subject to the authorisation of inputs by the Collector of Customs and the director general of the Input-Output Organisation.

Dawn 13-10-2021

IMPORT OF REJECTED PLASTIC ROLLS WASTE: MASSIVE TAX EVASION DETECTED

KARACHI: Collectorate of Customs Export PMBQ has detected a massive tax evasion in the import of rejected plastic rolls waste. According to the details, a packing company has obtained a NOC from the Karachi Export Processing Zone (KEPZ) authority for the import of a consignment, said to have "Rejected Plastic Rolls Waste Assorted sizes and Microns" for further processing. Subsequently, the clearing agent of the company has filed a Goods Declaration (GD) declaring thereby the description of goods as "Rejected Plastic Rolls Waste Assorted sizes and Microns" valued at US$ 3366.6.

Consequent to the landing of the aforementioned container and its transportation to the Export Processing Zone (EPZ), the collectorate had carried out a physical examination to verify the authenticity of the declaration made through GD that resulted in the recovery of CTCP Printing Plates assorted size instead of the goods declared in GD. After completion of physical examination, it was established that the said company, an investor of KEPZ with the active connivance of their clearing agent have knowingly & wilfully attempted to evade the chargeable duty & taxes to the tune of Rs9.459 million on the import of CTCP printing plate valuing US$97,161.6. An FIR has been lodged and further investigation is in process.

R 13-10-2021

FIA TO INVESTIGATE 100 PEOPLE FOR 'SMUGGLING, HOARDING' OF $63M

LAHORE: In a bid to check the rising value of US dollar, the Federal Investigation Agency (FIA) has decided to investigate about 100 individuals for allegedly buying over $63 million from different exchange companies in Lahore that are believed to have been either smuggled to Afghanistan or hoarded during the last 45 days. "The FIA Lahore on Tuesday served notices on some 100 individuals asking them to appear before it from Oct 15 for their alleged involvement in buying US dollars in a structured manner keeping each transaction either below $35,000 or $50,000 to evade statutory due diligence protocols, which is leading to dollar-hording, money laundering and illegal outward flight and smuggling," an official told *Dawn* on Tuesday. He said these individuals would be quizzed about the purpose of buying such a huge sum of foreign currency, especially during the last 45 days. "It is suspected they have bought US dollars either to hoard or smuggle to Afghanistan," he said.

FIA Lahore Director Mohammad Rizwan led teams to collect data from headquarters of currency exchange companies in the city following reports that a large sum of US dollars had been either smuggled to Afghanistan or hoarded.

The official said the FIA's action had led to a pause on the rising value of dollar. "After investigation, action will be taken against those involved in money laundering and hoarding of US dollar," he said, adding that FIA had collected data from exchange companies from January to September 2021 that helped detect the individuals who bought dollars in bulk. "Under the law, if an individual buys $35,000 (from an exchange company) the transaction has to be reported to State Bank of Pakistan (SBP) and made through a cheque. In case of purchase of over $50,000, the buyer has to seek permission from the SBP. In many cases, buyers in collaboration with exchange companies purchased even over $100,000 in five or six transactions to avoid reporting to the SBP because it refers such transactions to the FIA and the Federal Board of Revenue," the official said. Another official said some exchange companies were involved in these "systematic transactions". "About 100 individuals in question had been sold $63m taking advantage of the loopholes in the system," he added.

The SBP has imposed another restriction on buying dollars. It has made biometric verification compulsory for all those buying 500 or more dollars from the open market. The exchange companies earlier highlighted through the media that the outflow of dollars to Afghanistan was pretty high, while the Fitch Ratings company also recently cited this issue as one of the reasons for destabilisation of the exchange rate.

Dawn 13-10-2021

SHC DISMISSES FOUR IDENTICAL APPEALS AGAINST CUSTOM OFFICIALS

KARACHI: Four identical appeals filed in 2006 arising out of a suit no 880 of 1991 were dismissed by a customs appellate bench of High Court of Sindh here after 15 years. When the appeals came up, bench noted that no one is present on behalf of the appellant Nadeem A Mirza. Miss Afsheen Aman Advocate, counsel for Defendants submitted that the appeals are pending since long without any progress. She contended that appeals are merit less and apparently appellant has also lost interest.

The court perusing the file noted that appeals are against the judgment of single judge of SHC which dismissed the suit 880 of 1991 by which Plaintiff/ Appellant has sought damages against custom officials but could not establish his case. The bench after hearing counsel for Defendants and in view of absence of both the appellant and his counsel dismissed all the appeals.

CN 13-10-2021

SHC OVER TURNS JUDGMENT OF SPECIAL CUSTOM APPELLATE TRIBUNAL

KARACHI: A Customs Appellate bench of High Court of Sindh reversed a judgment passed by Special Customs Appellate Tribunal (SCAT) which ordered release of vehicles used for smuggling of Iranian Diesel and Bitumen. The bench was hearing a constitution petition CP-D 4188 of 2020 filed by Messers Panjgour Goods Transport Co and three Special Custom Reference Applications (SCRAs) filed by Pakistan Ciustoms. Ms Dil Khurram Shaheen appeared for the petitioner while department was represented by Khalid Rajpar Advocate. The issues were identical as Hino vehicles were used for alleged smuggling of Iranian Diesel and Bitumen in open or concealed caivites. The diesel was confiscated while Bitumen was not ordered to be confiscated during the departmental adjudication process. During the hearing the bench noted that offence is governed by SRO 499 (1) 2009 issued under section 181 of the Customs Act 1969 in suppression of its earlier SRO 487/2007. It provides that no option shall be given to pay fine in liue of confiscation in respect of smuggled goods involving lawfully registered conveyance including packages, and containers found carrying smuggled goods in false cavities or being used exclusively or wholly for transportation of goods under clause (s) of Section 2 of the Custom Act 1969.

The SHC bench relied on a judgment by Balochistan High Court, Muhammad Hanif case wherein it was held that release of a confiscated vehicle carrying smuggled goods could not be sanctioned in liue of payment of a redemption fine. The SHc bench said that this judgment was upheld by the Supreme Court of Pakistan. The bench noted that judgment by the SCAT was contrary to the earlier pronouncements by the superior courts thus not sustainable and tribunal erred in law by releasing the vehicles against redemption fine ignoring the spirit of (SRO 499 91) / 2009 DATED 13-06-2009. The bench with above observation dismissed the petition while all the three SCRA's filed by the department were allowed.

CN 12-10-2021