

FBR COMPILING DATA OF COLLECTION THRU ENFORCEMENT MEASURES

ISLAMABAD: The Federal Board of Revenue (FBR) is compiling data of revenue collected by the field formations through enforcement measures including auctions/raids/seizures during 2020-21 and subsequent past fiscal years. The FBR has issued instructions to the field formations here on Thursday. Sources said that the net impact of the taxation measures taken under Finance Act 2021 stands at nearly Rs164 billion for 2021-22. The FBR's reliance on administrative /enforcement measures was increased from Rs242 billion to Rs342 billion during 2021-22.

The government has also introduced several new enforcement measures for broadening the tax base through the Tax Laws (Third Amendment) Ordinance, 2021. According to the FBR, the field formations have been asked to provide year-wise figures of recovery of arrears and creation of current demand through enforcement measures. A meeting of the Sub-Committee on Tax Administration's Trans-portion is scheduled, wherein, year-wise details of such revenue is required, which is materialised out of the total revenue deducted, by field formations of the FBR through enforcement measures i.e. auctions/ raids/ seizures, shall be discussed. Year-wise figures on the specified format are required for deliberations of the said Sub-Committee. It is, therefore, requested that the same may be provided positively by October 15, 2021 (Friday), thereby enabling the FBR to compile the same for consumption of the subject, Sub-Committee on Tax Administration's Transportation, the FBR said.

ERSTWHILE PATA EXEMPTED FROM TAXES TILL 2023: KP CM

PESHAWAR: KP Chief Minister Mahmood Khan has said that federal government has exempted the erstwhile provincially administered tribal area (Pata) of all kinds of taxes till 2023. He was talking to a delegation of the Swat Chamber of Commerce and Industry (SCCI) that called on him here in Chief Minister's Housing on Thursday. The delegation discussed problems of the industrialists and traders of Swat with the CM and matters relating to promotion of trading and industrial sector and problems faced by the business community of the district. Besides, Secretary Industries, Hamayun Khan, Special Secretary to Chief Minister Mohammad Khaliq and other concerned authorities were also present on the occasion. The chief minister said that due to that decision of the federal government no agency could collect tax from former Pata including Malakand division. He said if any agency opened its office with the aim of collecting tax before 2023, they were creating uncertainty in the people without any reason that would not be allowed in any circumstances. The delegation told the chief minister said that for collection of taxes a federal agency was opening offices in Malakand division and had also issued message for payment of taxes to some people that was creating uncertainty among the people of the region.

The chief minister made it clear that till 2023, federal government had exempted erstwhile Pata of taxes and till the expiry of that deadline no agency could collect tax in Malakand division. He said that any such attempt of any agency would be a violation of the government's decision. He said he would take up the matter of the opening of offices by the tax collecting agency with the federal government. He said the provincial government was making all out efforts to give further extension in taxes exemption while keeping in view the backwardness of the area. The matter, he reiterated would be taken up with the federal government. To a demand of the establishment of industrial estate in Swat, the chief minister said the provincial government was already working on it and PC-1 of the scheme had been prepared.

The chief minister said that for mitigating environmental pollution, the provincial government was shifting marble factories from residential areas to other suitable locations. In provincial capital Peshawar, he said marble factories established on Warsak Road were being shifted to Mohmand Marble City. Similarly, he said that marble factories in Swat were also being relocated outside the city. He urged on business community to extend full support to government in the abolition of pollution as the protection of environment was the responsibility of all, saying in this regard the incumbent government was making sincere efforts. The chief minister said that the promotion of trade and industry was the priority of the provincial government to create maximum employment opportunities for youth. He said that for the promotion of industries, an industrial policy had also been prepared under which besides the establishment of economic zones and revival of closed units, others steps would also be taken.

RETAILERS, CONSUMERS: FBR CLARIFIES DISCOUNT ON STANDARDISED TAX INVOICE

ISLAMABAD: The Federal Board of Revenue (FBR) has clarified that the cash discount given by retailers to the end-consumers has to be depicted on the standardised sales tax invoice. According to the FBR's clarification on the issue of discount on the standardised tax invoice as per SRO1006(I)/2021, here on Thursday. The FBR's instructions revealed that the board, vide SRO 1006(1)/2021 dated 9 August 2021, specified a standardised format for sales tax invoice detailing minimum requirements for the integrated Point of Sale (PoS) systems.

The definition of trade discount as mentioned in the value of supply in sub-section(46) of Section 2 of the Sales Tax Act, 1990 is meant for business-to-business transactions and does not cover retail sector and the business-to-consumer transaction.

Various representations from the taxpayers and Bar Councils have been received by the board seeking clarification of the term "trade discount" as stated in sub-section (46) of Section 2 of the Sales Tax Act, 1990, whether, the term also covers "cash discount" given by retailers to end consumers, for the purpose of depiction in the standardised sales tax invoice under SRO 1006(1)/2021 dated 9 August 2021.

R 15-10-2021

IRS OFFICERS AUTHORIZED TO ATTACH TAXPAYERS' BANK ACCOUNTS

KARACHI: The Inland Revenue (IRS) staff have been authorized to attach bank accounts of taxpayers for recovery of outstanding duty and taxes, a notification said.

Federal Board of Revenue (FBR) has restored the powers of Commissioners IR to exercise their powers under Income Tax Ordinance, 2001 and Sales Tax Act, 1990 regarding recovery of tax dues through attachment of bank accounts.

FBR Chairman Syed Shabbar Zaidi in May, 2019 through an official notice barred the tax authorities for attachment of bank accounts prior information to taxpayers. "No bank accounts attachment unless the taxpayer's CEO/Principal Officer / owner is informed at least 24 hours prior to attachment and the Chairman FBR's approval is obtained." However, the latest official note stated that in order to implement the law in its true spirit and to re-vest the power vested in the institution of the Commissioners viz-a-viz action under Section 140 of the Income Tax Ordinance, 2001, the instruction referred supra (the previous one) are hereby withdrawn ab-initio.

ASSESSMENT ALERT ISSUED REGARDING UNDER-INVOICING OF BRANDED AUTO PARTS

KARACHI: Chief Collector Appraisement South Wajid Ali has advised MCC Appraisement West and MCC Appraisement East to be vigilant in the assessment of auto parts particularly Anti-lock Breaking System (ABS) and Electronic Stability Control (ESC) as gross under-invoicing has been detected in the import of these goods. Scrutiny of branded auto parts has revealed that in certain GDs ABS and ESC, Wabco brand of German origin, has been grossly under-invoiced and assessed on values much lower than the value published on Wabco website. Chief Collector Wajid Ali has advised that above mentioned GDs and other past clearances of ABS and ESC, Wabco brand of German origin, be re-assessed to recover short realized revenue. Chief Collector also advised that proceedings under Section 32, 32A and 32C be initiated against the importers involved in under-invoicing and action be taken against delinquent Customs staff.

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LOCAL GOODS, MATERIALS FOR GIA, GFEZ: STEEL SECTOR URGES TARIN TO STOP ALLOWING DUTY-FREE IMPORT

ISLAMABAD: The documented steel sector has approached Finance Minister Shaukat Tarin to stop allowing duty-free import of locally-manufactured goods and materials for construction of Gwadar International Airport and development of Gwadar Free Economic Zone projects. In this connection, an appeal has been filed with the finance minister to ensure usage of locally-produced steel for construction of Gwadar Airport, SEZs, Free Economic Zone as well as the CPEC projects.

The Pakistan Association of Large Steel Producers (PALSP) has strongly protested over the usage of imported steel for the construction of Gwadar International Airport, development of EPZs/SEZs/ as well as the Gwadar free Economic Zone projects by completely ignoring Pakistan's steel industry that has surplus capacity for producing world-class steel. This is an alarming situation and most damaging for the local industry. By all means, it amounts to exporting our jobs to other countries. "As we all know that the Pakistan government is rightly focusing on mass industrial development by building special economic zones. Also, the construction of the New Gwadar International Airport (NGIA) Project has started that is one of the major projects of the CPEC, and is very important for the development of Gwadar Port as well as the free economic zones," it said.

In order to make these mega project become a win-win for our industry as well as for country, the government must ensure that only locally-produced steel products that are meeting international standards (British, Chinese, the UK) must be allowed to be used; utilised in these projects as well as for other infrastructural CPEC projects. It is notable here that the other materials such as locally-produced cement is already being supplied by local manufacturers in these projects, however, they are not purchasing locally-produced steel. In the prevailing scenario, the PALSP urges the government not to allow duty-free import of all those goods and materials that are manufactured locally in surplus capacity and meet international standards. Also, tax adjustments must be allowed (on all kinds of taxes) to local suppliers for the above-mentioned projects. However, machinery that is not produced locally may be allowed to be imported. Government must ensure the involvement of domestic steel industry in these projects as it has surplus capacity to cater the entire demand of steel for the CPEC-related projects. It is high time for our decision makers to realise the situation and to promote the domestic industry, which is the backbone of the economy of the country. The Government of Pakistan has to take steps to safeguard the interests of the domestic industry. If we continue to rely on imports, this will result in the capture of our entire market by foreign entrants, and above all, it will immensely increase the burden on the balance of payments.

The association has hoped that the government will take measures to ensure promotion of the domestic industry. "This will eventually lead to creation of more jobs for our people, more revenue to the exchequer in the form of duties and taxes, and will help to save our foreign exchange. It will also lead to expansion of local capacities of such items," it added.

'PAKISTAN-IRAN-TURKEY TRADE ROUTES CAN ADD VALUE TO OBOR PROJECT'

LAHORE: Islamabad-Tehran-Istanbul Road Transport Corridor, in conjunction with the Chinese One Road, One Belt (OBOR) project will prove to be a game changer in promoting regional trade among the four friendly nations of the region. It was stated by Wang Zihai, President Pak-China Joint Chamber of Commerce and Industry (PCJCCI) during a thin-tank meeting on Pak-Turkey-China Tripartite trade. The meeting was also attended by Ehsan Choudhry, Senior Vice President, Faraz Butt, Vice President, Salahuddin Hanif, Secretary General and a number of the Executive Committee Members of PCJCCI. PCJCCI Chief acknowledged that Turkey, like China, had been an all-weather friend of Pakistan and the friendly relationship has further been fostered under the leadership of Pakistan's Prime Minister Imran Khan and Turkey's President Recep Tayyip Erdogan. He observed that Pakistan is now more integrated into international trade because of CPEC and OBOR projects, which have created new opportunities for Turkey as well. Turkey's exports to China will be able to route through Pakistan towards China, he said adding that Islamabad-Tehran-Istanbul Road Transport Corridor Project was successfully carrying commercial cargo on Pakistani trucks to Turkey and vice-versa up to Chinese Markets. Ehsan Choudhry, Senior Vice President PCJCCI said that both countries share positive trade relations and the investments by Turkish companies in Pakistan have increased by over US\$1 billion. The two countries also signed a Strategic Economic Framework agreement that covers a broad spectrum of cooperation in science and technology, defense, tourism, education, and health. He said that PCJCCI would enhance Chinese investment in these sectors to create a sustainable economic triangle amongst the three friendly states.

Faraz Butt, Vice President PCJCCI said that, despite of recent economic initiatives, Pakistan should take additional steps to reprioritize this essential aspect of the bilateral equation with Turkey. Successful completion of ongoing projects with Turkey such as the Trans-Afghan Railway project, CASA-1000, and Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline could significantly improve Pakistan's connectivity with Western Asia and Europe, he said and urged to exploit such projects in conjunction with One Road, One Belt (OBOR) project of China. Salahuddin Hanif, Secretary General PCJCCI shared his views by saying that, Pakistan's economic woes are no longer simply a domestic issue but a foreign policy challenge. Considering that Turkey is such a close ally, where President Erdogan has addressed the parliament four times, exploring an economic dimension within the bilateral relationship makes sense. It is yet to be seen if the Khan administration can reprioritize international relations beyond the national security prism and without compromising Chinese Economic Development Programme in the region.

NEXT GSP PLUS EXTENSION: PAKISTAN'S PERFORMANCE TO BE REVIEWED: EU ENVOY

LAHORE: Ambassador of European Union to Pakistan Androulla Kaminara on Thursday said that two-year performance report of Pakistan will be reviewed soon and further decision will be made for the extension of GSP Plus status to Pakistan. She was speaking at the Lahore Chamber of Commerce & Industry (LCCI). LCCI President Mian Nauman Kabir presented the address of welcome while Senior Vice President Mian Rehman Aziz Chan, Vice President Haris Ateeq, former LCCI Presidents Shahid Hassan Sheikh, Tahir Javed Malik and Executive Committee Members also spoke on the occasion. Androulla Kaminara also said that Pakistan needs to introduce new products to enhance its exports with European Union. She said that Pakistani products are best and can easily make their way to EU markets.

New products and joint ventures can play a vital role in this regard. About GSP Plus status to Pakistan, she said that two-year performance report of Pakistan will be reviewed soon and further decision will be made for the extension of this status to Pakistan. She added that European Commission has tabled next generation of GSP Plus. She said that five new conventions have been added and it is a good omen that Pakistan is the signatory. She said that Pakistan is the most successful country to use the GSP Plus status. "We are ready to help Pakistan expand its exports to the European Union and would like to be its partner in this regard", she said and pledged that the EU will continue engaging with partners, including Pakistan, to address the common challenge of climate change. She said that European Union is particularly focusing on the SME sector of Pakistan. LCCI President Mian Nauman Kabir, warmly the EU Ambassador, said that the European Parliament has extended the GSP plus status for Pakistan till 31st December 2023 that is a great and appreciative initiative. In these challenging economic times, this will not have been possible without kind support of the government. He said that European Union is the second most important trading partner of Pakistan. According to the trade figures available on ITC World Trade Map, Pakistan's exports to EU stood at 7.96 Billion Dollars in 2020 while our imports from EU in the same period were 4.1 Billion Dollars. Mian Nauman Kabir said that these trade figures essentially mean that EU accounts for about 14% of Pakistan's total trade volume and around 31% of Pakistan's total exports. In this context, the extension of GSP plus status for Pakistan till 31st December 2023 holds a great significance for our economy.

The LCCI President said that Pakistan's exports to EU are heavily dominated by textiles which account for more than 75% of Pakistan's exports to EU. Pakistan's major imports from EU are comprised of machinery, transport equipment and chemicals. There is a need for greater product diversity in Pakistan's exports to EU. The potential areas where Pakistan can enhance its exports to EU are leather products, furniture, carpets, plastics, sports goods and rice, etc. "It is a steady feature of Pakistan's trade with European Union that almost 71% of our total exports go to just five countries namely United Kingdom, Germany, Netherlands, Spain and Italy," the LCCI President said and added that we look forward to finding more opportunities of market penetration in other countries like Greece, Slovenia, Bulgaria, Finland and Ireland, etc., where Pakistan's export are relatively much low. Kabir said that we also need to exploit the trade potential by exporting agro-based processed foods to EU in collaboration with European companies through joint ventures and transfer of technology. He said that to enhance our exports to EU, it is imperative that we train the SMEs in Pakistan about the latest trends in textile, fashion and also the other potential sectors like leather, furniture, and carpets. "We would request you to bring the famous brands in these sectors to Pakistan for training our SMEs. LCCI is willing to extend maximum support and cooperation to the EU Embassy in this connection."

The LCCI Senior Vice President Mian Rehman Aziz Chan and Vice President Haris Ateeq said that the European Commission is revamping the GSP Plus by adding several new conventions pertaining to human rights, labour rights and governance. "In this regard, we have learned that the European Commission has adopted the legislative proposal for the new GSP scheme for the period 2024-2034. We are hopeful of maintaining the GSP Plus status beyond 2023 by joining the new GSP scheme which starts from January 1st 2024", Ateeq added He said that the private sector will play its due role and extend maximum support to the Government in maintaining the ratifications of the EU conventions and meeting the reporting obligations. We believe that in this connection, the close liaison of the private sector with Embassy of European Union is very important.

Earlier, EU Ambassador Androulla Kaminara while addressing a seminar at National Incubation Centre Lahore (NICL) at LUMS, complimented the role of NICL in bringing the best global practices to Pakistan and creating linkages with universities for technological innovation and access to experts. She encouraged the proliferation of this model to enhance the export potential of SMEs across Pakistan.

Recognising Small Medium Enterprises (SMEs) as the backbone for economic activity in Pakistan, the European Union hosted a business forum to discuss strategies for enhancing trade with the European Single Market and benefit from the Generalised Scheme of Preferences Plus (GSP+). The daylong event held at a local hotel was attended by delegates from the government, European Member States, local industry and academia.

In his keynote address, the Chairman of the National Incubation Centre Lahore (NICL) at LUMS, Saleem Ahmad, presented a compelling case for corporate innovation to enhance productivity and competitiveness. Providing a strong evidence-based case, he stated, "Pandemic-led market distortions and supply chain interruptions have provided an opportunity for innovation and technological leapfrogging. To be able to compete with game-changing newcomers, SMEs need to emulate start-up culture, up-skill its human capital and embrace the entrepreneurial mindset to defend their turf and attain global competitiveness through quality and cost effectiveness. Moreover, by capitalising on innovation and technology, SMEs can help bridge the country's productivity gap. A 2-3% increase in productivity can accelerate Pakistan's GDP by more than 6%." Ahmad further detailed how SMEs should leverage incubation centres, especially NICL at LUMS, as their innovation and corporate networking hubs. Under his leadership, NICL has expanded its scope from serving as a springboard for venture incubation to focusing on mass scale human capital development through applied skills training and corporate innovation. This has been achieved via an intersection of applied research and industry involvement to solve Pakistan's biggest problems.

Earlier, EU Ambassador Androulla Kaminara called on chief executive officer Punjab Board of Investment and Trade Dr Erfa Iqbal at PBIT office.

INTEGRITY MANAGEMENT CELL: DG DGI&I ASSIGNED NEW TASK

ISLAMABAD: Abdul Rashid Sheikh, a PCS/BS-22 officer, presently posted as director general, Directorate General of Intelligence and Investigation-FBR, Islamabad is assigned the task of Incharge, Integrity Management Cell, Federal Board of Revenue (HQ), Islamabad, in addition to his own duties with immediate effect.

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