

## **FBR'S 'OVERCONTROL' SLOWS DOWN T-1RS INTEGRATION WITH POS SYSTEM**

LAHORE: Overstretched control of the Federal Board of Revenue (FBR) has slowed down the integration of Tier-1 Retailers (T-1Rs) with Point of Sale (POS) system in the country, said sources from the local field formation. Under the present arrangement, the Board issued show-cause notices to T-1Rs for payment of sales tax under the POS integration regime, a failure of which leads to conversion of the notices into orders of the Board to invoke penalties in absence of exclusion application.

In a recent case, said the sources, a leading bakery & confectionery brand has challenged a similar order in the Large Tax Office (LTO), pointing out that sales tax has already been paid which was not visible on the Pakistan Revenue Automated Limited (PRAL) system due to a technical glitch.

Accordingly, the said retailer has applied for a rollback of the order in order to reactivate its status on PRAL. However, since the Board has an exclusive control over each and every step, therefore, the retailer has to pass through a cumbersome process of writing to the Commissioner Inland Revenue, who would forward it to the Member Information Technology (IT) for issue direction to PRAL for a correction of its own error. In the meanwhile, the taxpayer would have to face the cost against the whole process. It may be noted that Board has an overemphasized control over the POS system since day one. That is why, said the sources, the whole process is advancing snail-pace. So much so, the data collection by the Board for issuance of Sales Tax General Order (STGO) is also challenged excessively in the shape of exclusion applications which undermines credibility of the Board in the eyes of taxpayers. The Board collects data in the form of electricity bills, registration of retailers under section 181, excise department information and other sources.

The sources said many taxpayers like the present one has to run from pillar to post to reset their status due to centralized control of the Board. One reason of not extending the operation control to the field formations could be elimination of the element of corruption but it has added to the miseries of taxpayers.

The sources said the Board should empower the data base operator of PRAL at the level of field formation to make correction of technical glitches in the larger interest of taxpayers. It may be noted that the POS integration drive has been facing hurdles since day one. Especially, the field formations had faced problem in their surveys when former Chairman Shabbar Zaidi had issued directions that there would be no interaction between tax collectors and taxpayers. Accordingly, the field formations had suspended their market surveys, which had hit the whole drive hard. It was followed by the outbreak of COVID-19 pandemic, which crippled the whole idea altogether. It is for the third time that taxpayers are found stuck up due to overstretched control of the Board on the whole process.

## **FTO'S DECISION: PRESIDENT REJECTS FBR'S 30 IDENTICAL REPRESENTATIONS**

[ISLAMABAD: President Dr Arif Alvi on Monday rejected 30 identical representations filed by the Federal Board of Revenue (FBR) against the Federal Tax Ombudsman's decision directing the FBR to stop charging excessive tax deductions from wages of the hired lecturers at the withholding stage.] While upholding the FTO's decision, the president observed that the withholding income tax at the rate of 20% over the monthly salary of Rs 36,000 of lecturers, provisionally hired on semester-to-semester basis, was unlawful and an act of maladministration on the part of FBR. He directed the FBR to ensure that hired lecturers of Post Graduate College for Women, Bannu or other such educational institutions were not burdened with excessive tax deductions at the withholding stage. He further directed the Regional Tax Officer Peshawar to reprocess the instant cases under relevant legal provisions and issue necessary clarifications and instructions to all withholding agents to implement his (president's) decision and report compliance within 45 days.

President Alvi rejected the FBR's arguments that the payments made to hired lecturers fell under the definition of "Services", which attracted withholding tax at the rate of 20%. He observed that under Section 12 read with sections 149 and 153(1)(b) of the Income Tax Ordinance, 2001, the wages received by hired employees under any of the forms of employment i.e., regular, ad-hoc, temporary, daily wages, contingency etc. would be treated as "Salary" and would liable to taxation as "Salary Income". He said the hired lecturers were under Master-Servant Relationship with hiring institutions as in the cases of regular, ad-hoc, temporary, hired, daily wages, and contingency staff. Moreover, the law saw their wages at par with salary pay and, therefore, their wages could not be excluded from the ambit of salary taxation.

The president in his decision held that in view of the circumstances and facts of the cases, the FTO's orders were based on valid justifications and sound legal footings, therefore, the FBR's representations were liable to be rejected.

## **REFUNDS, 'FIXED TAX' ON POWER BILLS: FM TRIES TO SOOTHE SMALL TRADERS' CONCERNS**

[ISLAMABAD: A delegation of Chambers of Small Traders and Small Industry (CSTSI) has informed Finance Minister Miftah Ismail of the problems being faced by them especially related to 'fixed tax' as well as refunds and imposition of new tax on electricity bills.]

Finance Minister Ismail, Monday, held a series of meetings with traders' associations as well as with a delegation of CSTSI led by group leader Zafar Iqbal on Monday on the issue of sales tax on electricity bills. Coordinator to the Prime Minister on Commerce and Industry Rana Ehsan Afzal, Coordinator to the Prime Minister on Economy Bial Azhar Kayani, chairman Federal Board of Revenue (FBR), and other senior officers also attended the meeting. Iqbal highlighted the contribution and significance of the Chambers of Small Traders and Small Industry in the economy of the country and informed the finance minister about the various problems being faced by them especially related to sales tax and refunds and imposition of tax on electricity bills.

The finance minister acknowledged the contribution of this sector in the economy and tried to allay the apprehensions of the traders on the imposition of sales tax on electricity bills. He further directed the relevant authorities to undertake the required actions to resolve the issues of small traders at the earliest time possible. Chambers of Small Traders and Small Industry representatives included Shahid Ghafoor Paracha from Rawalpindi CSTSI, Muhammad Shafique Anjum, President Faisalabad CSTSI, Muhammad Altaf Memon, President Hyderabad CSTSI, Ehsanullah Bacha, President Mardan CSTSI, Sheikh Asif Idrees, President Rawalpindi CSTSI, etc.

## **ZERO DUTY ON IMPORTS FROM CHINA: FBR UNVEILS REVISED LIST OF ITEMS**

ISLAMABAD: The Federal Board of Revenue (FBR) has issued a revised list of items allowing concessionary rate of customs duty or zero percent duty on the import of items from China with effect from July 1, 2022.

The FBR has issued SRO1181(I)2022 here on Monday to amend the SRO 1640 (I)/2019. The FBR has issued 6,917 customs tariff lines for specifying the concessionary rates of customs duty on the import of items from China. The goods are manufactured or produced and imported in conformity with the Rules of Determination of Origin of Goods and the operational certification procedures for the Rules of Origin notified by the Ministry of Commerce vide SRO 1286(I)/ 2005, dated 24th December 2005 read with the Import Policy Order, 2016.

The SRO 1640 (I)/2019 deals with the exemption or reduced rate of duty on the import of items from China. From July 1, 2022, the FBR has amended the said SRO to revise the list of items and duty structure on the import of these items from China.

## **PAKISTAN-IRAN TRADE: ABSENCE OF CREDIBLE PAYMENT MECHANISM MAJOR IRRITANT: PBF**

PESHAWAR: Pakistan Businesses Forum (PBF) Senior Vice President, Muhammad Riaz Khattak on Monday said that Pakistan has a narrow export basket to Iran, as 63 percent of the exports comprised rice alone. A preferential trade agreement (PTA) was signed with Iran in 2006. Tariff concessions were granted to Iran on 309 tariff lines whereas Pakistan was given concessions on 338 tariff lines. Major sectors covered under the PTA include rice, fruits, cotton, cotton yarn, pharmaceutical products and cutlery.

In 2017, both sides decided to finalize the proposed FTA by November that year. The trade negotiating committee of both countries held two rounds of discussions on the FTA when it was projected that the agreement would increase bilateral trade from \$300 million in 2016 to \$5 billion by 2021. However, unavailability of a payment mechanism casts a shadow on the viability of a much-awaited agreement. While Iran has about 959 joint border crossings with Pakistan, it remains to be seen how many border crossings will be declared for trade. Under the existing trade regime, bilateral trade, as per statistics, was slightly in favour of Tehran. Riaz Khattak briefed the media that now full-fledged barter trade between Pakistan and Iran may likely resume in December. He said according to official sources all barriers on the transit trade have been abolished, as an experimental trial, apple fruit from Iran would hit the market soon.

Through the trade mechanism Pakistan would export one million tons of rice to Iran. Pakistan also exports know and other products to Iran. He said due to various US/ international sanctions imposed on Iran, Pakistani banks have been reluctant in opening letters of credit (LC) for export to Iran despite the repeated appeal on the part of exporters and traders of the country.

The absence of a credible payment mechanism remains the major irritant in the way of Pakistan-Iran trade. International sanctions, particularly those imposed by the US and European Union in 2010, targeted Iran's banks. The sanctions prevented Pakistani banks from doing business with their Iranian counterparts including the opening of LCs, which is the most credible method for carrying out international trade transactions.

Trade was conducted through alternative payment mechanisms of limited scope, such as cash and to a certain extent through barter.

Earlier, Foreign Minister Bilawal Bhutto Zardari during his visit to Tehran had made serious efforts so that the two countries come closer to resolve one of the major obstacles in the expansion of bilateral trade through operationalising the barter trade mechanism.

Foreign Minister Bilawal emphasised the need for formulation of the cross-border exchanges through opening of new border crossings.

PBF SVP further said the promotion of trade through border marketplaces were the measures of the shared commitment to provide opportunities for enhanced economic and commercial activities between two countries.—APP

## **INLAND REVENUE SERVICE: 21 SENIOR FBR OFFICIALS TRANSFERRED & POSTED**

**ISLAMABAD:** In a major reshuffle, the Federal Board of Revenue (FBR) has transferred and posted 21 senior officials (BS-21/20) of Inland Revenue (IR) Service including appointment of Malik Amjad Zubair Tiwana as new Member (IR Operations), FBR. According to a notification issued by the FBR here on Monday, Malik Amjad Zubair Tiwana, a BS-21 officer of IR Service and Chief Commissioner, Large Taxpayers Office, Islamabad has been transferred and posted as Member (IR Operations), FBR (HQ).

The officer will assume the charge of the post of Member (IR-Operations) w.e.f. August 22, 2022 on retirement of Qaiser Iqbal (IRS/BS-21) current Member (IR-Operations), FBR (HQ), Islamabad. In the intervening period the officer will serve as Member, FBR (HQ), Islamabad. Through another notification, the FBR has given new assignments to 20 officers of (BS-20-21) of IR Services.

Chaudhary Muhammad Tarique, (IR Service/BS-21) Chief Commissioner, Corporate Tax Office, Lahore has been appointed as Member FBR.

Tariq Mustafa Khan, (IR Service/BS-21) Chief Commissioner, Regional Tax Office-I, Karachi, has been transferred and posted as Director General Special Initiatives, FBR.

Sardar Ali Khawaja, (IR Service/BS-21) Member, (Audit and Accounting) FBR has been given a new assignment as Member Public Relations, FBR.

Dr Aftab Imam, (IR Service/BS-21) Chief Commissioner, Corporate Tax Office, Karachi has been posted as Chief Commissioner IR Medium Tax Office, Karachi.

Dr Tauqeer Ahmad Memon, (IR Service/BS-21) Chief Commissioner, Regional Tax Office, Hyderabad has been posted as Chief Commissioner Regional Tax Office II, Karachi.

Ahmad Shuja Khan, (IR Service/BS-21) Chief Commissioner Large Tax Office Lahore has been given new assignment as Member, (Audit & Accounting) FBR.

Ambreen Iftikhar, (IR Service/BS-21) Member Reforms and Modernization FBR has been transferred and posted as Director General, Directorate General of Anti Benami Initiative, Islamabad.

Mir Badshah Khan Wazir, (IR Service/BS-21) Chief Commissioner, Medium Taxpayers office, Karachi has been appointed as Chief Commissioner Inland Revenue Large Tax Office, Lahore.

Hyder Ali Dharejo, (IR Service/BS-21) Chief Commissioner, Regional Tax Office-II, Karachi has been given new assignment as Chief Commissioner Regional Tax Office-I, Karachi.

Sadia Sadaf Gillani, (IR Service/BS-21) Chief Commissioner, Regional Tax Office, Sialkot has been transferred and posted as Chief Commissioner Inland Revenue Corporate Tax Office, Lahore.

Muhammad Iqbal, (IR Service/BS-21) Chief Commissioner, Regional Tax Office, Rawalpindi has been transferred as posted as Chief Commissioner IR, Large Taxpayers Office, Islamabad.

Muhammad Abid Raza Bodla, (IR Service/BS-21) Chief Commissioner, Regional Tax Office, Sukkur has been given new assignment of Chief Commissioner, Regional Tax Office, Sialkot.

ArdsherSaleem Tariq, (IR Service/BS-21) Director General, Directorate General of Anti-Benami Initiative, Islamabad has transferred and posted as Member Reforms and Modernization, FBR.

Mohammad Farooq Azam Memon, (IR Service/BS-21) Member FBR has been given assignment as Chief Commissioner, Regional Tax Office, Hyderabad.

Syed Syedain Raza Zaidi, (IR Service/BS-21) on return from deputation would work as Chief Commissioner, Corporate Tax Office, Karachi.

Abdul Majid Yousfani, (Pakistan Customs Service/BS-20) Director General, Directorate General Law and Prosecution, has been given new assignment as Member Information Technology from August 15, 2022.

Tehmina Aamer, (IR Service/BS-20) Commissioner Audit-II Corporate Tax Office Islamabad has been given new assignment as Chief Commissioner, Regional Tax Office, Rawalpindi.

Imtiaz Ali Solangi, (IR Service/BS-20) Chief Commissioner, Regional Tax Office, Sargodha has been given new assignment as Chief Commissioner, IR, Regional Tax Office, Sukkur.

Abid Mehmood, (IR Service/BS-20) Chief, (Revenue Operations) Federal Board of Revenue (Hq), Islamabad has been given new assignment as Chief Commissioner, IR Regional Tax Office, Multan.

Muhammad Tariq Arbab, (IR Service/BS-20) Commissioner IR (Appeals) Peshawar has been posted as Chief Commissioner, Inland Revenue, Regional Tax Office, Sargodha.

### **E-PAY PUNJAB COLLECTS OVER RS100BN**

**LAHORE:** E-Pay Punjab, an online platform for the collection of government receipts, has collected over Rs 100 billion in revenue against 19.5 million transactions till date. As per the details shared by the Punjab Information Technology Board (PITB) on Monday, offering online payment of 24 taxes/levies for 11 different departments, e-Pay Punjab has collected total revenue of Rs 13.6 billion through token tax, Rs 63 billion through sales tax on services, Rs 4.5 billion through traffic challan, Rs 9.5 billion through property tax and Rs 1.71 billion through route permit.

The mobile application, developed by Punjab Information Technology Board (PITB) for Punjab Finance Department, has also added Punjab Public Service Commission (PPSC) fee to its services making it the 24th levy on its portfolio, said a PTB's spokesperson on Monday. "The PPSC integration with e-Pay Punjab will allow potential candidates to pay online the fees for job tests as part of the hiring process for government jobs," he added. According to him, paying the PPSC fee through e-Pay Punjab will ensure transparency and convenience by replacing the traditional payment system. The user-friendly interface of e-Pay Punjab allows the candidates to swiftly fill in the required information, generate a 17-digit PSID code and make the online payment.

E-Pay Punjab also allows payments to be made via ATM, internet banking, mobile phone banking or over the counter by visiting the nearest ILink member banks. Applicants can also deposit the fees using Jazz Cash, Easy Paisa, U-paisa and other microfinance banks.