

NON-FILERS: GOVT CONSIDERING IMPOSING WHT ON BANKING TRANSACTIONS

ISLAMABAD: The government is considering to impose withholding tax on banking transactions of non-filers of income tax returns including cash withdrawals from banks through the Presidential Ordinance to generate around Rs 45 billion. Sources told *Business Recorder* that the Federal Board of Revenue (FBR) has drafted a proposal as a major revenue generation measure, but the same has not been approved yet.

The measure has not been proposed for the filers of income tax returns appearing on the “Active Taxpayers List.” The revenue impact of the proposal is nearly Rs 45 billion. The proposal under consideration is to impose withholding tax on cash withdrawal from banks, banking instruments and withholding tax on banking transactions other than through cash. Sources confirmed that, “Yes three proposals have been drafted including restoration of section (231A); Collection of tax on cash withdrawal; Section (231AA) Collection of tax on banking instruments and section (236P) collection of tax on banking transactions other than through cash. So far, the proposals have not been approved. If the proposals are cleared, it would be made part of the Presidential Ordinance to be promulgated,” they added.

The FBR has repeatedly claimed that many withholding tax provisions were eliminated and consequently, the percentage contribution of withholding taxes in direct taxes has also been reduced. But the proposed measure is against the tax policy of reducing reliance on the withholding taxes. The abolished Section 231A of the Income Tax Ordinance 2001 stated: “Every banking company shall deduct tax at, if the payment for cash withdrawal, or the sum total of the payments for cash withdrawal in a day, exceeds Rs 50,000.”

The abolished Section 231AA of the Income Tax Ordinance 2001 says as: “Every banking company, non-banking financial institution, exchange company or any authorised dealer of foreign exchange shall collect advance tax at the time of sale against cash of any instrument, including demand drafts, pay orders, call deposit receipts, special term deposits, special drawing right, real time clearing, or any other instrument of bearer nature or on receipt of cash on cancellation of any of these instruments.” Under rescinded Section 236P of the Income Tax Ordinance 2001,

(i) Every banking company shall collect advance tax from a person whose name is not appearing in the Active Taxpayers List on sale of instruments, including demand draft, pay order, special deposit receipts, cash deposit receipt, short term deposit receipt, call deposit receipt and rupee travelers’ cheque, where payment for sum total of all transactions exceed Rs 50,000 in a day.

(ii) Every banking company shall collect advance tax from a person whose name is not appearing in the active taxpayers list on transfer of any sum through cheque or clearing, interbank or interbank transfers through cheque, online/telegraphic/mail transfer, where payment for sum total of all transactions exceeds Rs 50,000 in a day.

SPEEDY SYSTEM FOR REGISTRATION OF COMPLAINTS INTRODUCED: FTO

FAISALABAD: The Federal Tax Ombudsman Dr. Asif Mahmood Jah has said that his office is providing full services to masses as a public relief-oriented institution. The FTO has introduced a fast system for the registration of complaints and are formulating strategies for quick resolution of tax payers’ problems. Addressing the members of Pakistan Textile Exporters Association (PTEA) here on Monday, he said that textile industry is the backbone of the economy; whereas textile exporters are playing vital role in economic development of the country.

No country could achieve economic targets without the due role of exporters; therefore, his office is taking all out measures to address the exporters’ grievances and rectify the complaints by carrying out independent and transparent investigations about tax maladministration. He described that an online FTO portal is being launched in order to provide facilitation to tax payers. Dr. Asif Mahmood said that FTO has developed a very simple complaint filing procedure as any aggrieved person could file complaint personally or through courier service, email, online and fax. He said all the complaints were promptly acknowledged by the FTO HQs or its Regional Offices. He asked business community to give their suggestions to further streamline the complaint redress system of FTO.

Earlier PTEA’s vice Chairman Muhammad Idrees, in his welcome address, said that textile industry has an overwhelming impact on the economy with its 60% share in exports; whereas textile exporters are major stake holders in foreign exchange earnings and generating employment.

The country is now passing through difficult times. Inflation is backbreaking, the rupee's value has fallen sharply, and foreign reserves have dropped to the historic low level. All these are destabilizing the economy with every passing day. A number of businesses have partially or completely shut down due to the lack of access to dollars to import raw material and machinery. Dollar shortage had increased the cost by 20 percent due to demurrage /detention and delays. This crisis like situation has put severe adverse impact on all segments of the economy especially the textile industry.

Industrial activities have been squeezed and a substantial number of jobs have been lost and many more are to follow. This is the time to step up sensibly and support the export sectors for earning of precious foreign exchange as export sector has the ability to put the economy on track and steer Pakistan towards economic prosperity. Pointing out major issue, the former Chairman Azhar Majeed Sheikh said that liquidation of refunds and automation of sales tax has released the financial stress; however still huge amount of exporters is stuck with FBR in tax refunds. He requested the FTO to look into the matter as major portion of exporters' working capital is stuck in refund regime, creating severe financial stress. He stressed that FTO should play role in release of such refunds that would help in addressing liquidity issues of taxpayers. Later, PTEA insignias were presented to the Federal Tax Ombudsman Dr. Asif Mahmood Jah. A large number of textile exporters including Advisor Incharge FTO Faisalabad Dr. Muhammad Akram Khan were also present in the meeting.

CEMENT MANUFACTURERS: IMPLEMENTATION OF TRACK-AND-TRACE SYSTEM DELAYED

ISLAMABAD: The implementation of the track and trace system at the cement manufacturers has been delayed for the next few months till all equipment, specifically applicators are become operational at the manufacturing premises. Sources told *Business Recorder* that the track and trace system has become operational at the fertiliser units, but it has less significance due to sales tax exemption on fertilisers. On the other hand, the applicators are needed to be installed at cement manufacturing plants. Once the applicators are installed, the system of track and trace would become fully operational.

According to sources, the system is expected to become fully functional at the cement plants by the end of the current quarter (January-March) 2022-23. The deadline for the implementation of the track and trace system was July 1, 2022, for the cement sector. Under the Federal Board of Revenue (FBR) Rules, all assets (tangible/ intangible including applicators) and services that are required for the affixation of unique identification markings/stamps including installation, operation, and maintenance, will be the responsibility and at the cost of the licensee during the term of the licence. The assets installed by the licensee for the purpose of track and trace system shall belong to the licensee. The core material of the unique identification markings must be made of a non-removable anti-tampering substrate so that the composition of the stamp reveals evidence of any attempt to tamper or stamp remove or crumbling of considerable portions of the stamp. The size of the stamp should be compatible with most label applicators in the market, the FBR Rules added.

The system will result in digital monitoring of the large-scale manufacturing and production of these key sectors. Besides, preventing revenue leakages, it will help in minimising human intervention and thus pave the way for a transparent and reliable tax compliance system across the country, they added.

STRANDED CONTAINERS: GOVT DECIDES TO WAIVE DEMURRAGE, PORT CHARGES

KARACHI: The Federal Government has decided to waive all demurrage and port charges of around 8000 containers stranded at the country's ports. This was announced the Federal Minister for Maritime Affairs Faisal Subzwari at a press conference after meeting of the stakeholders here on Monday. Earlier, a high level meeting jointly chaired by Federal Minister for Commerce Syed Naveed Qamar and Minister for Maritime Affairs Syed Faisal Subzwari was held at KPT Head Office in which all the stakeholders from government, as well as, private sector participated to resolve containers detention issue being faced by the trade community in Pakistan. Subzwari said it was a serious issue that has made the business community restless after shortage of dollars to settle the LCs for these containers. He announced that the government will issue notification soon. Although there were some difficulties as thousands of containers of shipping lines have stuck up at ports, the minister said. However, he refuted the reports that shipping lines are planning to wind up their operations from Pakistan. "Nothing of this sort would happen, as we have had talks with the shipping lines and have asked them to facilitate our businesses," he added.

The representatives of shipping lines and container terminals were also present in the meeting along with the other stakeholders and deliberated upon the issue at length to resolve the problems. He also announced that the Trading Corporation of Pakistan (TCP) would soon be given a status of an off-dock terminal, and all stranded containers will be shifted there, which will eliminate congestion on port and issues of the shipping lines and terminal operators.

The minister said that Pakistan International Container Terminal (PICT), which has a 20-acre off-dock terminal, will provide these facilities to the business community for free.

CUSTOMS VALUES ON PARAFFIN WAX, CALCIUM CARBIDE REVISED

ISLAMABAD: The Directorate General of Customs Valuation, Karachi has revised customs values on the import of paraffin wax and calcium carbide from China, Qatar, Taiwan and the Middle East.

In this connection, the directorate issued a valuation ruling on Monday. Earlier, the Customs values of paraffin wax and calcium carbide were determined under Section 25A of the Customs Act, 1969 vide valuation ruling No1603/2022. However, different stakeholders requested to re-determine Customs values afresh in line with values prevalent in the international market. Therefore, an exercise has been undertaken by the Directorate to determine the same.

The issues pertaining to the valuation of subject goods were deliberated upon in detail in the afore-referred meeting. They submitted their proposals for consideration and the same were considered pertaining to the valuation of subject goods. The importers contended that the values are higher in the valuation ruling and same need to be revised downward at prevailing international prices. They also submitted proposals in this regard. Ninety days' clearance data has been retrieved and the same has been scrutinised.

In cases, where declared values are higher than the Customs values determined in this ruling, the assessing officers shall apply those values in terms of sub-section (1) of Section 25 of the Customs Act, 1969. In case of consignments imported by air, the assessing officers shall take into account the difference between air freight and sea freight while applying the Customs values in this ruling, the ruling added.

INCANDESCENT LIGHT BULBS: DUTIES, TAXES ON IMPORT OF PARTS, CBUS MAY SOAR

ISLAMABAD: The government is likely to increase duties and taxes on import of parts and Completely Built Units (CBUs) of incandescent light bulbs aimed at discouraging manufacture of incandescent bulbs, sources close to Secretary Industries told *Business Recorder*.

The decision was taken at a meeting presided by Federal Minister for Industries and Production and convened to discuss measures to deal with fans, bulbs and geysers. The minister communicated the Prime Minister's intention for the indigenization of domestic energy-efficient electric appliances in order to conserve energy in an energy-scarce country.

The Minister while appreciating the standards introduced by National Energy Efficiency & Conservation Authority (NEECA) on five highly energy-consuming electric appliances, ie, fans, LED lights/bulbs, geysers, electric motors, refrigerators and air conditioners, emphasized the need to introduce standards for other sectors of electric appliances as well. To clarify certain aspects of energy conservations, Managing Director, National Energy Efficiency & Conservation Authority made the presentation on fans, bulbs and geysers.

The manufacturers of electric/gas appliances shared their views with the participants of the meeting. The pros and cons of introducing electric efficient appliances by the CEO, EDB were deliberated upon in detail with all stakeholders.

The Secretary, Industries and Production, in light of the discussion held at length with all stakeholders, directed the quarters concerned to adopt the following measures for the conservation of energy at the domestic level: (i) NEECA may finalize and ensure notifying the Minimum Energy/ Performance Standards (MEPS) for manufacturing of only those fans having power factor of less than 80 watts and Pakistan Standards Quality Control Authority (PSQCA) may notify to have a legal binding on the manufacturers of fans to produce such fans for implementation of energy efficiency and conservation measures; (ii) Power Division and NEECA under the ambit of Ministry of Science and Technology may ensure the manufacture of only those electronic devices having utility power factor of above 90%; (iii) Federal Board of Revenue (FBR) and National Tariff Commission (NTC) may ensure the increase in duties and taxes on the import of parts and CBU Incandescent light bulbs; (iv) MEPS may be finalized for manufacturing of new energy efficient Geysers by NEECA and may be notified by PSQCA for implementation by all manufacturers of Geysers; and (v) Sui Northern Gas Pipelines Limited (SNGPL) and Sui Southern Gas Pipelines Limited (SSGPL) may ensure the installation of conical baffles in the Geysers already installed in the households all over the country in lieu of recovering cost through monthly gas bills in easy instalments.

AMNESTY SCHEMES PLAYED HAVOC WITH ECONOMY: SC

ISLAMABAD: The Supreme Court expressed annoyance over the amnesty schemes, which have been announced by the governments in different times, saying these schemes played havoc with economy. A three-judge bench, headed by Justice Qazi Faez Isa, on Monday, heard an appeal of the Collector of Customs against the Appellate Tribunal regarding the confiscation of a vehicle.

Justice Faez noted that every department had announced a one-time amnesty 100 times. He further said that the schemes have exposed the inability to curb vehicles' smuggling, adding why not inquire from the Federal Board of Revenue (FBR) to provide data about vehicles cleared under the amnesty schemes.

The bench rejected a Customs appeal to impound the vehicle with a fake number plate. Customs impounded a 1998 model Hino truck in 2018. The appellate tribunal decided the case against the department which later moved the top court against it. He said only the Parliament or Provincial Assembly is empowered to grant amnesty and not the department.

Justice Faez noted that the provincial excise department claims that if a vehicle enters the province then it is their right to collect duty on it. He inquired from the Customs official, is the department sleeping or selling its posts? "It's easy to understand the smuggling of gold and silver but it's beyond imagination how vehicles are being smuggled into the country," said Justice Faez, adding no one brings the vehicle in their pocket nor it comes flying. He said when such vehicles come on roads then the Customs officials come into action and start impounding the vehicles, but did not explain how they entered Pakistan. He inquired from the official to inform how the vehicle entered the country. Justice Faez asked him to go visit the Chaman border and see how people bring cars into the country. Justice Yahya Afridi proposed to the Customs Collector to receive the customs duty and end the matter. Justice Faez said the courts do not make laws, as this is the job of the assemblies, while the courts only interpret the laws.

The Customs counsel informed that when a vehicle illegally enters Pakistan then its jurisdiction starts. Justice Faez told the lawyer that the Customs should receive the tax instead of confiscating the vehicle. Justice Faez remarked that a large number of vehicles with unauthorised number plates could be seen across Islamabad but no one, including Customs and police, take action against them. He remarked that British Prime Minister Rishi Sunak did not only face challan but he had to apologise for not wearing a seatbelt in a car, adding that the situation in Pakistan was the other way round.