FBR CHIEF ASKS CCIRS TO MEET REVENUE TARGETS

KARACHI: Asim Ahmed, Chairman Federal Board of Revenue (FBR) on Saturday held a meeting with Chief Commissioners of the field formations at the Large Taxpayers Office (LTO), Karachi. According to the details, Chairman FBR reviewed the performance of all Chief Commissioners vis-à-vis targets assigned for the third quarter (Jan-March, 2023). Detailed presentations, outlining the projection and strategy for achieving the budgetary target for the third quarter were given by all Chief Commissioners Inland Revenue (CCIRs).

The CCIRs gave workable strategy highlighting avenues for achieving the target set for the third quarter of the financial year 2022-23. The Chairman FBR directed all CCIRs to leave no stone unturned to safeguard revenue and to meet the budgetary target fixed for the current month. Chairman FBR further reiterated that facilitation of taxpayers is the harbinger for successful implementation of policies of FBR and taxpayers must be facilitated in resolving their pending issues with the Department, invariably. Asim Ahmed further instructed the CCIRs for effective monitoring of sugar mills to avoid revenue leakage.

R 22-1-2023

FBR COLLECTS OVER RS81 BILLION FROM SALE, PURCHASE OF PROPERTY TRANSACTIONS DURING TY22

ISLAMABAD: Federal Board of Revenue (FBR) has collected over Rs81 billion from sale and purchase of property transactions during tax year 2022, official documents revealed. The official number released by the FBR revealed that the income tax collection from sale and purchase of immovable properties surged by 33 per cent to Rs81.20 billion during tax year 2022 as compared with Rs61.15 billion in the preceding year.

FBR sources said that rise in income tax collection under the head of sale and purchase of property was due to incentives give under previous government to the construction industry. Besides, amnesty scheme from questioning the source of amount for the purchase of constructed housing units also increased the collection during the tax year under review. They further said that revision upward in property valuation tables by the FBR also made significant contribution in the collection under this head.

The FBR collects income withholding tax on sale, purchase and transfer of immoveable properties in the country. The withholding tax collection is being made under Section 236C and Section 236K of the Income Tax Ordinance, 2001. Tax collection under Section 236C of the Ordinance jumped up by 37 per cent to Rs16.62 billion during tax year 2022 when compared with Rs12.15 billion in the preceding tax year. Section 236 of the Ordinance deals with advance tax on sale or transfer of immovable property. During the tax year under review the withholding tax on sale or transfer of immovable property was one per cent of the gross amount of the consideration received. The tax rate was double for the person not appearing on the Active Taxpayers List (ATL).

Tax collection under Section 236K of the ordinance increased to by 32 per cent to Rs64.58 billion during the tax year 2022 when compared with Rs49 billion collected in the preceding fiscal year. Under Section 236K of the Income Tax Ordinance, 2001, the FBR collects withholding tax from purchaser of immovable property. The rate of tax to be collected under Section 236K was one per cent of the fair market value. The rate was double for persons not on the ATL.

PR 22-1-2023

SINGLE RETURNS PORTAL: FAILURE TO MAKE PORTAL FUNCTIONAL FOR GST OFFICIALS IRKS WORLD BANK

ISLAMABAD: The World Bank (WB) has expressed concerns that the single returns portal has not yet become fully functional for provincial general sales tax (GST) authorities and is pending agreement on the GST harmonisation agenda. This has been stated in the latest WB report on the implementation status and results of Pakistan Raises Revenue (PRR) relating to the Federal Board of Revenue (FBR). The report has revealed that the Federal Board of Revenue (FBR) has harmonised the definitions of economic activities subject to GST harmonisation with all the four provinces. Some progress has also been made on harmonised definitions of goods and services subject to GST by federal and provincial governments.

The Mid-Term Review (MTR) conducted from October 17 to November 11, 2022 noted satisfactory progress towards the achievement of project objectives, and implementation of its results-based component. There is encouraging progress also vis-a-vis implementation of the Track and Trace, with monitoring mechanism of the production systems having been installed in the sugar and fertiliser sectors and underway in the cement and tobacco sectors.

The FBR has added 462,677 new taxpayers, identified through automated data-sharing and ICT-based business intelligence tools. There is improved performance in several Disbursement Linked Indicators (DLIs). There is a reduction in withholding tax lines from 58 in FY19 to 31 in FY22 and the Finance Division has published the detailed tax expenditure for FY21 and evidence-based revenue forecasts for FY22. The tax gap analysis report has also been published.

The FBR has established a Compliance Unit and put in place the Audit Management Information System (AMIS). In FY22, FBR completed 67 comprehensive field audits of large taxpayers for cases selected by the risk-based selection tool and monitored by the Compliance Unit through AMIS.

However, the single returns portal has not yet become functional for provincial GST authorities and is pending agreement on the GST harmonisation agenda. There is improved performance on Customs processing with the reduction in the frequency of physical inspections at the border — from a baseline of 60 percent goods declared through the red and yellow channels in FY19 to about 34 percent in FY22.

Simplification of the FBR's core business processes is proceeding and to date the bureau has completed the review, redesign or simplification and automation of 12 out of 16 business processes — that is 36 out of 48 steps (DLI 9).

Finally, the FBR has continued to track the Key Performance Indicators (KPIs) and published the bi-annual and annual results reports on its website. Following the MTR, a restructuring of outcome and intermediate indicators is proposed in early 2023 to support improvements in project performance.

The Customs Act has been updated in line with the latest requirements of Kyoto Convention's Article 3.25. "National Legislation shall make provision for the lodging and registering or checking of the goods declaration and supporting documents prior to arrival of goods."

Customs law has also been aligned with the Kyoto and TIR conventions. Pre-arrival/ pre-clearance system was introduced in FY21 (which has allowed for conformity with Article No 7 of Trade Facilitation Agreement). The e-TIR module is being developed in coordination with the United Nations Economic Commission for Europe. Development of a single IRS Code (by merging administrative provisions of all taxes administered by IRS, i.e. Income Tax, Sales Tax, Federal Excise Tax, and Capital Value Tax) is in process, added the report.

RTO PESHAWAR INTENSIFIES OPERATIONS AGAINST SALES TAX EVADERS

PESHAWAR: The Chief Commissioner Inland Revenue, Regional Tax Office, Peshawar, Aqeel Ahmad Siddiqui has directed the mobile squads to pace up operations against sales tax evaders. For this purpose, check posts are also being established at different points in Peshawar and adjacent districts under the section AOD of the Sales Tax Act, 1990.

The mobile squads successfully seized goods and vehicles carrying these goods, said in a press release issued here. The seized goods include 88,000 kg of steel valuing Rs 12,591,850/-, 55,399kgs of ghee valuing Rs 21,397,604/-, 13000-meter cloth valuing 112,500 and 55 cartons of shoes valuing Rs 500,940/-.The goods were being supplied from the manufacturing undertakings established in the erstwhile - FATA/PATA areas and sales tax liability was not paid off. The total revenue involved is Rs 5,702,154; this includes sales tax and penalty on the goods amounting to Rs 2,021,920/- on steel, Rs 3,580,234/- on ghee, and Rs 50,000/- on shoes and cloth each. Furthermore, 24 vehicles were seized in the process of which 19 were released after payment of due tax and penalty.

The Chief Commissioner Aqeel Ahmad Siddiqui warned the manufacturing units located in the newly merged areas to collect sales tax and pay the same thereof according to the law; otherwise, strict action will be taken against the evaders.

RTO LAHORE: FTO UNEARTHS 'MALADMINISTRATION'

ISLAMABAD: Federal Tax Ombudsman (FTO) has unearthed that the Regional Tax Office (RTO) Lahore has committed maladministration by framing an illegal case of mis-concealment against an expatriate from Saudi Arabia without serving notices under the law.

According to an order issued by the FTO against the RTO Lahore, the said complaint was filed under section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against alleged illegal orders passed under section 122(1) of the Income Tax Ordinance, 2001 (the Ordinance) and passed u/s 122(5A) of the Ordinance, for Tax Year 2016. Brief facts of the case are that the complainant, an expatriate, had served in Saudi Arabia and returned in 2016 after retirement.

The complainant e-filed return of income along with wealth statement for Tax Year 2016. The department initiated proceedings on the basis of definite information that complainant had purchased a property in DHA Lahore valuing of Rs.3.235 million, and the same has not been declared in the wealth statement; hence; issued notices u/s 122(9) of the Ordinance, but no response was made by the complainant. Therefore, RTO Lahore passed order u/s 122(1) of the Ordinance dated 29.09.2021 creating tax demand amounting to Rs.0.528 million for Tax Year 2016. Thereafter, the department again initiated proceedings against the taxpayer and issued notice u/s 122(9) of the Ordinance calling evidence of foreign remittances amounting to Rs.23.371 million declared in the wealth statement for Tax Year 2016. The complainant did not respond to the notice; hence, the department passed order dated 11.06.2022 u/s 122(5A) of the Ordinance creating tax demand amounting to Rs.8.531 million for Tax Year 2016.

The complainant contended that he never received any notice from the department as he is unable to use the IRIS login; therefore, impugned orders passed by the department be set at naught. Further complainant also averred that he has no business in Pakistan and earned foreign remittances from serving in Saudi Arabia from 1978 to 2016 till his retirement.

FTO has recommended the FBR to direct the Commissioner-IR, Zone-II, RTO Lahore to invoke provisions of section 122A of the Ordinance and cancel the order dated 29.09.2021 passed u/s 122(1) of the Ordinance for Tax Year 2016.

The FBR should also direct the Commissioner-IR, Zone-II, RTO Lahore to re-visit the order dated 1passed u/s 122(5A) of the Ordinance by invoking provisions of section 122A of the Ordinance for Tax Year 2016 and pass lawful order after providing proper opportunity of being heard to the Complainant, as per law.

FPCCI CALLS FOR SIMPLIFICATION OF TAX SYSTEM

PESHAWAR: Regional Coordinator, Federation of Pakistan Chamber of Commerce & Industry (FPCCI), Sartaj Ahmad Khan has called for the simplification of the tax system to enable business community and others to file their taxes through online procedure. He said that the reformation and simplification of the tax system will not only enhance the national tax net rather will also promote business activities in the country.

Addressing a joint meeting of the FPCCI and Pakistan Academy for Rural Development, he urged the KP Revenue Authority to take business community into confidence regarding taxation and hold awareness sessions like seminars and workshops regarding benefits of tax depositing. He further urged KPRA to introduce one-window operation and make online payment of taxes highly simple, so the business community could not face any hardships in depositing their taxes. Speaking on the occasion, Chairman, All Pakistan Commercial Exporters Association (APCEA), Minhajuddin said that all businessmen are keen in depositing of their taxes, but due to lack of facilitation they are facing hardships in this regard. He urged on the management of KPRA to make its online portal simplified and easily accessible for trading community. On this occasion, the representatives of Pakistan Academy for Rural Development assured trading community for redressal of their tax related issues and said that the state machinery is working through trade and business activities.

R 23-1-2023

FBR BODY IMPOSES 2PC CUSTOMS DUTY ON IMPORT OF ‘PCB BOARDS FOR LED TV’

ISLAMABAD: The customs classification committee of the Federal Board of Revenue (FBR) has declared that the ‘PCB Boards for LED TV’ are subjected to 20 percent customs duty.
In this regard, the FBR’s customs classification committee has issued an order on Saturday. According to the committee findings, the Directorate General of Post Clearance Audit (Central), Lahore forwarded a reference for classification of ‘PCB Boards for LED TV’ under PCT Code 8529.9090 or under PCT 8534.0000 (printed circuits). Brief facts as reported by the referring Directorate are that M/s Changhong Ruba Electric Company (Pvt) Limited, Lahore imported consignments of ‘PCB Boards for LED TV’ and cleared the same under PCT heading 8534.000.

The Directorate of Post Clearance Audit (Central), Lahore observed that printed circuit boards imported in the subject cases were fully mounted as it was evident from the examination reports and classifiable under PCT heading 8529.9090 being parts of LED TV in light of Explanatory Notes to Heading 8534 which clearly excludes fully mounted circuit boards.

The referring Directorate asserted that the importer did not object or feel aggrieved with classification/assessment of the Collectorate. The referring Directorate further stated that contravention was made and the case was adjudicated vide Order-In-Original No.395/2021 upholding the classification and stance of the Directorate. Being aggrieved, the importer filed Appeal No.62/LB/2022 before the learned Appellate Tribunal, Lahore Bench and the learned Tribunal directed for referral of the matter to the Classification Centre for determination of the under impugned goods.

The classification of goods is to be determined in light of relevant Section and Chapter Notes and Explanatory Notes to the HS Codes. The Classification Committee considered PCT heading 8534.000 (Printed circuits).

The Committee observed that the subject ‘Printed Circuit Boards’ are specifically designed for LED televisions and are reported to be mounted, in terms of Explanatory Note to PCT heading 85.34, such boards stand excluded therefrom and in the light of Note 2(b) of the Section Notes to Section XVI, such types of boards fall under PCT headings 8529.9090.
In light of the above mentioned facts, Classification Committee is of the view that the subject goods i.e. of ‘PCB Boards for LED TV’ are appropriately classifiable under PCT heading 8529.9090, in terms of Rule land 3(4) of the General Rules of Interpretation, committee added.

R 22-1-2023