TO BE PRESENTED IN FIRST WEEK OF JUNE: FY24 BUDGET CALL CIRCULAR ISSUED TO MINISTRIES, DIVISIONS

ISLAMABAD: The Finance Division has issued budget call circular to the ministries and divisions seeking their estimates of the current and development spending for the fiscal year 2023-24, to be presented in the first week of June 2023.

The Finance Ministry has asked the ministries and divisions to also submit actual budget for the fiscal year 2021-22 and revised estimates for the ongoing fiscal year 2022-23. All the principal accounting officers (PAOs) are requested to ensure the submission of performance-based budgeting forms, revised and budget estimates of receipts and current and development expenditure forms to Budget Wing, Finance Division before 15th March 2023.

The remaining information may also be provided as per the time schedule given in the budget calendar and written on the forms. Before the start of budget review/priority committee meetings during the last week of March2023, the Budget Wing of the Finance Division is also planning to conduct pre-budget workshops and meetings with relevant officers/officials of all Divisions/ Departments/offices and other stakeholders for their awareness and assistance regarding budget preparation processes.

The circular stated that the Finance Division in compliance with the Articles of the Constitution of Pakistan 1973, provisions of the Rules of Business and Public Finance Management Act, 2019, prepares the budget for each financial year as a key policy document of the federal government. This Budget Call Circular also contains reporting on gender and green components of the federal budget in line with international commitments and practices.

REVENUE TARGET: FBR CHIEF OPTIMISTIC ABOUT PROSPECTS

PESHAWAR: Federal Board of Revenue (FBR) Chairman Muhammad Asim Ahmad said despite the revenue shortfall and depressing economic conditions, the revenue target of Rs4.470 trillion for this fiscal year would be achieved.

In this regard, the FBR chief said serious measures have been taken for broadening the tax-base by bringing new people under the tax-net. Asim Ahmad while addressing a ceremony in connection with World’s Customs Day held at the lush green garden of the Model Custom House Peshawar on Thursday said economic condition is highly depressing whereas FBR is facing a revenue shortfall as well. He, however, said FBR has taken initiatives to revive the country’s feeble economy, as a result of measures, exports and imports proceeds have been accelerated. Despite the prevailing scenario, he expressed high optimism that FBR will achieve its tax collection target set for the current financial year.

Chief Collector Customs Khyber Pakhtunkhwa Muhammad Saleem, Chief Commissioner Regional Tax Office Peshawar, Aqeel Ahmad Siddique, collectors, tax-officials, Afghan Consul General in Peshawar Hafiz Mohibullah, Frontier Custom Agents Association president Ziaul Haq Sarhadi, SCCI president Muhammad Ishaq, Director General Custom Intelligence Faiz Muhammad, Collector Enforcement Moeen, Collector Appraisement Ashfaq Ahmad, Collector DI Khan Yousaf Haider, FC high officials along with foreign diplomats, senior customs officials, officers, various chambers presidents, and members of business community, traders, representatives of tax bar associations and others were present during the ceremony. Asim Ahmad said the world has moved forward with support initiatives such as automation and data sharing. He vowed that efforts would be made to overcome the tax gap between customs and Inland Revenue within a short span of time.

Earlier, he said FBR had focused maximum on collection of indirect taxes. However, he maintained for the first time in the history of the country that we have much involvement in collection of direct tax against indirect tax. Asim Ahmad while talking to reporters after attending the ceremony said there were many factors and reasons for rising rates of dollars. Though, he said duties in this regard of the customs, which are performing efficiently. He informed that the limit of carrying dollars abroad has been decreased by the State Bank of Pakistan to $5,000 from $10,000. He said the government is highly serious about this matter.

Rs7.470 trillion tax collection targets would be achieved in this year, the FBR chief hoped. Initiatives have taken the FBR on modern lines and advancement. Asim Ahmad informed the participants that this years Customs Day theme is to remove the tax gap. We have imposed and increased taxes on the upper class, the FBR chief said, while responding to a question of a reporter. He added serious measures were made to bring the new people under the tax-net. Asim Ahmad continued to say that under the pragmatic steps, FBR is collecting taxes from non-filer and bringing them in the tax-net.

In reply to another query, he clarified that department actions would be carried out by any official, if in case of any involvement in any corruption and malpractices. To a question, the FBR chief said they have achieved major success in eradication of money laundering and efforts are made to control dollar smuggling. He said a limit has been fixed for carrying dollars abroad.

Further initiatives are being placed to control dollar smuggling, Asim Ahmad said. To another question, the FBR chairman said efforts have also been initiated to open for 24/7 of all those border points wherein maximum trade is being carried out with Afghanistan.

Chief Collector Customs Khyber Pakhtunkhwa Muhammad Saleem also addressed the ceremony and highlighted key achievements and role of Pakistan's customs and initiatives that had been made for facilitating the business community.

Earlier, the FBR chief Asim Ahmad laid a floral wreath during a visit to the martyrs' monument. He, on the occasion, offered prayers for the departed souls of martyrs. Before the formal start of the ceremony, a guard of honour was also presented to the FBR chairman. The customs officials from various divisions and districts of the Khyber Pakhtunkhwa also participated in the World's Customs Day.

FBR SEPARATES WORKERS WELFARE FUND FROM OTHER TAXES

ISLAMABAD: On the directives of the Federal Tax Ombudsman (FTO), the Federal Board of Revenue (FBR) has segregated the Workers Welfare Fund (WWF) from other taxes being collected by the board.

The details of a case released by the FTO office on Thursday revealed that the FBR has issued a clarification in this regard. As per the clarification, the WWF has been segregated from other taxes being collected by the FBR. The subject clarification has been issued while taking to account the observations made by Federal Tax Ombudsman. Previously, while disposing of a complaint the FTO had communicated for the following observations:

(I) Record of all refunds of WWF and WWPF need to be separately maintained by IR field formations. While furnishing final MPR for the month of June of each FY, IR field formations must reflect the overall refund amount of WWF, if any, paid by them during the year.

(ii) This overall amount of refund of WWF communicated IR field formations must be separately summed up by Secretary Revenue Budget, IR, FBR.

(iii); The aforesaid accumulative amount of refunds of a non tax levy/WWF paid from revenue collection need to be adjusted at the time of final yearly adjustment of Federal Accounts.

(iv) In a recent decisions this office (FTO) has already held that any liability of WWF cannot be adjusted against determined tax refund because only inter-tax/intra tax adjustment is covered under the law. FBR's letter dated March 2, 2022 also holds the sameview.

(v) Refund order u/s 170(4) of Income Tax Ordinance, 2001 covers only issuance of Tax refunds.

Section l70 (1) categorically states; "A taxpayer who has paid tax in excess of the amount which the taxpayer is properly chargeable under this Ordinance may apply to the Commissioner for a refund of the excess" Apparently refund of any non-tax levy is not covered under the said section. If any such refund is to be issued than the order will have to be passed u/s 4(6) of WWF Ordinance 1971. It has now been clarified by the FBR that WWF is collected by the officers of Inland Revenue from the Industrial Establishments at 2% whose total income is not less than five lac rupees. The mode of payment and recovery from industrial undertaking is mentioned in Section 4 of the WWF before ordinance 1971. The said amount is paid by the Industrial

Establishment on or before the date prescribed for filing of return and proof of payment is furnished to the concerned officer, if the officer does not agree with the working of the industrial establishment, shall pass an order by taking into account the amount paid by before the date specified in the order. Similarly, the excess amount shall be refunded by the concerned officer to the Industrial Establishment. The amount of tax and WWF should be bifurcated that is refundable should be refunded from the WWF account only, FTO added.

GOVT MAY EXEMPT SOLAR EQUIPMENT FROM ALL TAXES

ISLAMABAD: The government is likely to exempt solar equipment from all taxes aimed at achieving the target of 10,000 MWp from solar plants and promote local industry, well informed sources told *Business Recorder*. In this regard, Ministry of Industries and Production (MoI&P) has drafted "Solar Panel and Allied Equipment Manufacturing Policy 2023" to be presented to the Economic Coordination Committee (ECC) of the cabinet.

According to the draft policy, the prevailing severe energy crisis, global hike in fossil fuel prices and resulting ballooning of energy import bill have triggered pressure on the county's balance of payment (BoP). Resultantly, government has focused on increasing the share of indigenous energy resources from existing 40% to 90.2% by 2031 as part of Indicative Generation Capacity Expansion Plan (IGCEP), which will be achieved primarily through Renewable Energy (RE) sources. In this context the prime minister has approved to generate 10,000 MW of solar energy to overcome energy crises. The country has already witnessed a surge in the use of solar energy during the last few years.

The expected demand is expected to create huge potential market of solar modules and allied equipment as investors (local as well as foreign) are showing interest in investing in installing solar PV Panels and ancillary equipment manufacturing facilities in Pakistan. To make local manufacturing feasible, policy intervention from the government is needed.

Existing tax and tariff structure on import of solar equipment reflects that 17% sales tax is levied on imports of parts/components of solar modules/panels whereas imports of complete modules/panels are at zero percent duties and taxes. However, India and Turkey are applying up to 40 percent tariff differentials in order to promote their local industry. To leverage policy formulation, the Prime Minister constituted a committee on "indigenous production of solar panel and allied equipment" on December 16, 2022. In pursuance of PM Office notification of the committee, a consultative meeting under the chairmanship of the federal minister for Industries and Production was held on December 22, 2022 to deliberate upon the promotion and implementation of solar panel and allied equipment manufacturing policy 2023. Moreover, stakeholders' consultation was held on different occasions.

The policy is proposed with following interventions to promote solar panels and allied equipment manufacturing in Pakistan: (i) a consistent 10-year policy framework to enable long term investment by domestic & global companies; (ii) exemption from duties and taxes on import of inputs (CKD & raw materials, sub-components, components, sub-assemblies) used in manufacturing of solar panels, parts and allied equipment. Currently, complete solar power systems including PV modules, batteries, inverters, wires/cables, etc are exempted from customs duty under fifth schedule of Customs, on import; (iii) exemption from all duties and taxes on import of plant, machinery and equipment for new and BMRE plants used for manufacturing of solar panels, parts and allied equipment. Currently, only solar cell manufacturing equipment is exempted from customs duty under fifth schedule of Customs, on its import. For manufacturers, solar cells and parts of PV Modules are also exempted from customs duty under fifth schedule of Customs, whereas local manufacturers of inverters, batteries and allied equipment / parts are subject to payment of duties on the import of their inputs; (iv) equal treatment in Sales Tax for local manufacturers and importers. Currently, solar cells and PV modules are exempted from sales tax under sixth schedule of Sales Tax Act,1990 on import and supply whereas local manufacturers are subject to payment of sales tax on import of inputs of solar panels, inverters, batteries and allied equipment/ parts);(v) ten year Tax Holiday for existing, setting-up new plants and BMRE of Solar Panel and allied equipment manufacturing concerns; (vi) bank financing/ loans at low interest rates for setting up local manufacturing and installation;(vii) supporting exports through adequate incentives in the shape of R&D support, DLTL, etc;(viii) preference (at least 30% share) to the locally made solar panels and allied equipment in government procurement as per SRO 827(1)/2001;(ix) incentivising establishment of international standard and accredited laboratories, (preferably in North and South), for certifying the quality/standards of Panels and Allied equipment according to IEC standards /TUV accredited laboratories (tentative cost $ 10-15 million approx.) or upgrading a couple of existing labs (tentative cost $ 5-8 million approx). Till the time local industry may be supported through subsidizing the testing/certification of their products frominternational laboratories in other countries; and (x) constitution of Implementation and Review Committee to guide the policy.

The sources said proposed policy is designed to promote local industry. The implementation of this policy is expected to help the government to provide its citizen with clean and cheap energy, address climate change issues, reduce the CO2 emissions, save foreign exchange and support export enhancement through local and foreign investments. The proposed initiative would also galvanize commercial activities in already existing Industrial sectors like aluminum, frame, tempered glass, cable etc.

ECC APPROVES REVISED CONDITIONS FOR SUGAR EXPORT

ISLAMABAD: The meeting of the Economic Coordination Committee (ECC) of the Cabinet has revised conditions regarding mode of payment and time period for realisation of export proceeds of sugar and decided that cane commissioner Punjab would allocate quota of sugar to the exporters.

The meeting of the ECC presided over by Finance Minister Ishaq Dar on Thursday allowed Provincial Cane Commissioners Punjab as in the case of Sindh to allocate quota within seven days after the issuance of notification and export of sugar within 45 days of allocation of the quota.

The ECC also decided that export proceeds would be received either in advance through banking channel, or within a period of 60 days of opening of Letter of Credit (LC) for export of sugar on a summary moved by the Ministry of Commerce.

The meeting was informed that the ECC has already allowed export of a total of 250,000 metric tonnes of sugar on January 3, 2023. However, certain queries have been raised by the stakeholders in the process of export of sugar.

The meeting was further informed that the SBP has highlighted that the ECC's decision does not specify any timeline for shipment of the export consignment after approval of quota. It poses the risk that exporters may avail quota but not execute the transaction, or may stretch it beyond the timeframe of two months. The SBP has, therefore, recommended that shipment of consignment be ensured within 30 days of quota allocation. In addition, Pakistan Sugar Mills Association - Pujnab Zone (PSMA-PZ) has also requested that quota for export of sugar may be allocated through Cane Commissioner Punjab as done in the case of Sindh.

The ECC meeting after detailed discussion approved the revised conditions that (i) export proceeds shall be received either in advance through banking channel, or within a period of 60 days of opening of LC for export of sugar; (ii) the exporter shall ensure that the consignment is shipped within 30 days of quota allocation; (iii) quota for export of sugar may be allocated from already decided provincial quota, through Provincial Cane Commissioner, Punjab, as already approved by the ECC in case of Sindh.

The meeting was attended by Federal Minister for Commerce Syed Naveed Qamar, Federal Minister for Power Khurram Dastgir Khan, Federal Minister for Industries and Production Syed Murtaza Mahmud, Minister of State for Finance and Revenue Dr Aisha Ghous Pasha, Shahid Khaqan Abbasi former prime minister and member of National Assembly, Special Assistant to Prime Minister (SAPM) on Finance Tariq Bajwa, SAPM on government effectiveness Dr Muhammad Jehanzeb Khan, Coordinator to Prime Minister on Commerce and Industry Rana Ihsan Afzal, Governor SBP, federal secretaries, and other senior officers.

JUL-JAN: MCC GWADAR SURPASSES CUSTOMS DUTY TARGET, COLLECTS RS7BN

ISLAMABAD: Model Customs Collectorate Gwadar has collected Rs7 billion in the form of customs duty during July-January (2022-23) as compared to the assigned target of Rs5 billion, reflecting an extraordinary increase of Rs2 billion. Like every year before, Pakistan Customs (FBR) celebrated International Customs Day, 2023 by holding a dignified ceremony at Customs House, Gwadar on 26th January 2023.

Collector Model Customs Collectorate Gwadar Raza Dashti said Thursday that the historic revenue of Rs7 billion customs duties has been collected during the first seven months of the current fiscal year due to the anti-smuggling efforts, trade facilitation and recovery of arrears. However, the total collection of all kinds of duties and taxes stood at Rs17.5 billion during the period under review.

Collector of customs MCC Gwadar and a large number of customs officers were presented on the occasion. After that, a huge quantity of narcotics and other contraband goods including 295kg narcotics, 7,700kg charas, 9,000 beer cans, and 4,400 liquor bottles were destroyed.

Addressing the gathering, Collector Model Customs Collectorate Gwadar Raza Dashti stated that Pakistan Customs remains at the frontline at borders, seaports, airports, and on the highways to safeguard our country from the menace of smuggling of contrabands, drugs, currency, liquor, pornography etc. "We lead our country's efforts in combating commercial cargo smuggling to protect our industry and hence secure jobs." He said that Customs' role was constantly evolving and Pakistan Customs had been up to the mark in responding to the changing nature of border management. "Pakistan Customs is serving as the guardian of Pakistan's borders against the movement of contraband goods, as well as, a major revenue contributing agency," he added. He highlighted that Pakistan Customs has also been collaborating with international counterparts to foster a collaborative culture among customs administrations.

TAXATION OF IMMOVABLE PROPERTY: BR EDITORIAL

The National Assembly through the Finance Act 2012 amended section 37(5) of the Income Tax Ordinance, 2001 ["the Ordinance"] and for the first time levied capital gains tax (CGT) on disposal of immovable property. Punjab Assembly reintroduced CGT in the

Finance Act 2013 [abolished in 1979] contesting the Parliament's legislative competence. Who has the right under the Constitution of Islamic Republic of Pakistan 1973 ["the Constitution"] to levy this tax? Entry 50, Part I of the Federal Legislative List (FLL), Fourth Schedule to the Constitution [hereinafter "Entry 50"] gives exclusive power to provincial assemblies to levy "taxes on immovable property". Under Entry 50, the Parliament can only levy taxes on capital value of assets excluding taxes on immovable property.

It is an established law that entries contained in the Fourth Schedule to the Constitution are mutually exclusive and for one taxable event two entries cannot be invoked—Pakistan International Freight Forwarding Association v Province of Sindh & Another 2017 PTD 1 followed in Pakistan Mobile Communication Ltd & 2 Others v Federation of Pakistan & Others (2022) 125 TAX 401 (H.C. Kar.).

Entry 50, as amended by Constitution (Eighteenth Amendment) Act, 2010 [commonly called the18th Amendment], reads as under:

"50. Taxes on the capital value of the assets, not including taxes on immovable property"

Prior to the 18th Amendment, the language of Item No. 50 was:

"50. Taxes on the capital value of the assets, not including taxes on capital gains on immovable property"

After omission of words "capital gain" from Entry 50 through the 18th Amendment, the Federal Board of Revenue (FBR) sought the opinion of Ministry of Law and Justice [MoF] pleading that Federal Government obtained right to levy capital gains tax on immovable property in the wake of the said amendment. The MoF, according to FBR, endorsed its point of view. Having purportedly obtained a favourable opinion, FBR through the Ministry of Finance, presented to the National Assembly a Bill proposing CGT on immovable property.

Sections 236C and 236K were also inserted in the Ordinance in 2012 and 2014, respectively, for collection of advance tax from sellers and buyers at the time of sale/purchase/transfer of immovable property. Later, the Finance Act, 2019 enhanced rates of advance tax on sale and purchase of immovable property as well as on capital gains arising out of its disposal.

There is no serious debate until today on whether imposition of CGT on immovable property by the National Assembly in 2012 was as per the Constitution or not. Did it base on correct interpretation of the amended language of Entry 50, Part I of FLL, Fourth Schedule to the Constitution especially when the Punjab Assembly also used the same in 2013?

The phrase "not including taxes on immovable property" cannot be read to "include taxes on capital gains on immovable property". On the contrary, it also restricts the scope of Entry 47 of FLL that says: Taxes on income, other than agricultural income. Since Entry 50 categorically says: "not including taxes on immovable property", it means taxes that include even CGT—so only rent (being income) or annual letting value (being deemed income) can alone be taxed under Entry 47 of FLL. Use of the word "taxes' in plural form by the Legislature in Entry 50 is significant and needs consideration as it is no more related to just CGT or capital value tax (CVT). The word "taxes" includes all kinds of taxes and not merely CGT or CVT on immovable property. The language of constitutional provision is clear and unambiguous.

After the 18th Amendment, the Federal Government cannot levy wealth tax, CVT, CGT or any tax under any nomenclature on immovable property as this is within the exclusive domain of the provinces. Recent judgements of the Sindh High Court upholding levy of tax through the Finance Act 2022 under section 7E of the Ordinance and CVT on immovable property of a resident individual situated outside Pakistan, with due deference, need appraisal by the Supreme Court of Pakistan. Both the orders are assailed by way of leave to appeal but not yet fixed.

It is desirable that constitutional experts, members in Senate, National and Provincial Assemblies, debate the scope of Entry 50 after the 18th Amendment. In 2012, the Parliament encroached upon the provinces' right by including immovable property in section 37(5) of the Ordinance and now again, by adding section 7E as explained in 'Legal fiction, Section 7E & Constitution', Business Recorder, December 2, 2022.

Section 8(3)(c)(i)) of the Finance Act, 2022 shows that it is not CVT, levied on foreign assets of a resident individual. Lahore High Court in Zaka Ud Din Malik v Federation of Pakistan etc [W.P. No.50314/2022] ignored this point. In reality, it is a tax imposed on notional value of foreign assets determined by applying exchange rate, notified by State Bank of Pakistan, on the last day of the relevant tax year for which CVT return is filed (hence measure is notional gain due to fluctuation of exchange rate). Undoubtedly, it falls outside the ambit of Entry 50 that authorises Parliament to impose tax on capital value of moveable assets after the 18th Amendment. From the reading of judgement (supra) of Lahore High Court, it appears that this aspect was neither taken in the writs, nor pressed in the arguments. Even the Sindh High Court did not discuss this aspect in Irfan Hussain Halai & others v Federation of Pakistan & another. The manner in which tax is levied renders it unconstitutional even if the right of Parliament under Entry 50, for argument sake, to levy CVT on foreign immovable property is accepted.

Strangely, no province, except the Punjab, till today has taken cognizance of the fact that the right to impose CGT, CVT or wealth tax, etc., on immovable property indisputably vests with provinces after the 18th Amendment. The Punjab Assembly correctly read Entry 50 and levied CVT on immovable property vide Finance Act 2012 and CGT through the Finance Act 2013. It is pertinent to mention that Federal Government has not contested these acts of the Punjab until today by referring the matter to the Supreme Court under Article 184(1) & (2) of the Constitution that reads as under:

184. Original jurisdiction of Supreme Court.-(1) The Supreme Court shall, to the exclusion of every other Court, have original jurisdiction in any dispute between any two or more Governments.

Explanation.-In this clause, "Governments" means the Federal Government and the Provincial Governments.

(2) In the exercise of the jurisdiction conferred on it by clause (1), the Supreme Court shall pronounce declaratory judgments only.

Since 2012, legislators sitting in provincial assemblies have not realised that the Constitution debars the Parliament to levy taxes on immovable property. It is simple that if the Parliament cannot levy taxes on immovable property, how can it levy CGT or CVT on immovable property? Before the amendment in Entry 50 by the 18th Amendment, the Parliament was barred from taxing "capital gain on immovable asset". After the passage of the 18th Amendment and receiving the assent of President of Pakistan on April 20, 2010, this bar was extended to all kinds of "taxes on immovable property".

Wizards sitting in National Assembly, while passing the Finance Acts of 2012 and 2022 failed to see the second part of Entry 50 that is couched in negative phrase. The phrase "not including taxes on immovable property" precludes National Assembly to levy taxes on immovable property. Under Entry 50, as amended by the 18th Amendment, the National Assembly can levy taxes on capital value of moveable assets but has no authority to levy any tax, including CGT, CVT, wealth tax etc on immovable property. The way the National Assembly and FBR have misread plain language of second part of Entry 50 speaks volumes about their level of competence. This also testifies to the fact as to why we have so much confusion and chaos in tax and other legislations ignoring fundamental provisions of the Constitution. It is important to note that the rich and mighty owners of immovable property in the wake of the 18th Amendment are outside the purview of Parliament for levy of progressive taxes like wealth tax, inheritance tax etc that were once in vogue in Pakistan but repealed later on to serve them. Majority of rich absentee landlords are not paying due tax on their colossal agricultural incomes. The poor and small farmers are burdened with heavy sales tax on many goods (inputs) directly used for crop production but the wealthy absentee landlords are paying negligible tax on their humungous agricultural incomes and no wealth tax on their agricultural lands.

RECRUITMENT OF ADVISERS: FORMER FBR MEMBER SUBMITS POLICY RECOMMENDATIONS TO FTO

ISLAMABAD: A former member of the Federal Board of Revenue (FBR) has submitted a set of policy recommendations to the Federal Tax Ombudsman (FTO), including over the recruitment of young advisers at the FTO Office.

In this regard, Sajjad Ali, a former Income Tax Member of FBR, has written a letter to the FTO Office with detailed recommendations for policy changes at the FTO Office. According to Sajjad's policy recommendations, the FTO Office needs re-appraisal of the recruitment policy, especially the recruitment of advisors to the FTO is indispensable to include fresh blood such as barristers and LLM qualified from foreign universities, to re-model the organisation. Sharing other key policy recommendations, the former FBR Member recommended the FTO that the entire existing system for the selection of cases for investigations by the FTO may be revisited to harmonise it with the true spirit of the existing law. At least, modest structural reforms are essential in the opinionated structure of the organisation.

Former FBR Member further highlighted the aims and purposes of legislation and enactment of the FTO's Ordinance may be identified for the pursuit of bringing behavioural changes in the organisation. The areas cover improving good governance; safeguarding businesses and taxpayers from imperiousness of the tax Collectors; avoidance of costly and long-drawn process of orthodox litigations; speedy redressal of grievances of the businesses and taxpayers outside the orthodox court system.

The FTO should also try to mitigate systemic corrupt practices and corruption from the prevailing administrative system of assessment, collection of taxes; issuance of refunds; and appeals structure and system with respect to filing; decision of appeals. An objective SWAT analysis of the prevalent policies and functioning is inevitable for the proper working of the organisation, Sajjad maintained.

The legal fraternity has hoped that the platform of FTO was created for the modern scientific worldview, suggesting that there exists a need to study FBR as objectively as one can discarding its prejudice toward it. Despite the fact that the major bottleneck is that taxpayers do not define the FBR by their reactions or judgments, it is the FBR which defines the taxpayers. This policy objective needs a reappraisal by the FTO being the major component of Troika to lead from the front.

The generally accepted basic rules for writing a reasoned judgment/order may also be brought to the knowledge of those persons who basically draft the orders for the FTO that reasoning should be intelligible and logical; clarity and precision should be the goal; use of strange and difficult words and complex sentences should be avoided. The judge/Authority of the judgment or order cannot use his personal knowledge of facts in a judgment/order, specifically, where adversarial legal system is adopted and the findings; decision should be precise and specific.

Finally giving his opinion on the reported judgment, 2022 PTD (Trib) 1202 (Federal Tax Ombudsman), in Pakistan Tax Decisions, July 2022 titled, Jahanzaib Khan verses Secretary, Revenue Division Islamabad, Sajjad observed that the order is an extra-jurisdiction, it is absolutely not the domain of the FTO to investigate the "tax evasion" and probe into un-disclosed assets without determining mal-administration on the part of tax functionaries. The order has failed to determine the mal-administration on the part of the FBR employees. Which being essential pre-requisite for invoking jurisdiction by the FTO, he added.

DECLARATIONS MADE BY CIVIL SERVANTS IN BS 17-22: FBR ISSUES PROCEDURE FOR SHARING INFO WITH BANKS

ISLAMABAD: The Federal Board of Revenue (FBR) has issued a detailed procedure for sharing of information between the FBR and the banks about the declarations made by the civil servants in BS 17 -22.

The FBR Thursday night issued “Sharing of Declaration of Assets of Civil Servants Rules, 2023”. According to an S.R.O. 76(I)/2023 issued by the FBR, the rules shall apply for sharing of information with banks. These rules shall apply for limited purpose of sharing of information in respect of civil servants in BS 17- 22.

The FBR shall share a simplified or abridged version of declaration, based on the fields agreed with the State Bank, made by a civil servant in his electronic declaration filed with FBR. The bank shall use a pre-notified, secured and single authorized email address and the email account shall be under control and responsibility of the head of compliance of the bank in terms of its authorization, use and security of data being shared. The authorized email account shall be used for request or receipt of simplified declarations as envisaged under sub-rule (3) of rule

The bank shall communicate to the FBR the credentials of a maximum of four Focal Persons (officials) authorized to communicate with FBR through the authorized email. The following information shall be furnished by the bank in respect of focal persons. The bank shall promptly communicate any change of Focal Persons’ credentials above and shall not allow using the secured email until the credentials have been communicated to the FBR.

The FBR shall provide simplified or abridged information, within five working days through the authorized email, or may refuse in case information is not available or cannot be provided due to any reason. In case of dispute, the decision of FBR shall prevail being custodian of information. The bank shall provide bi-annual feedback on the use of information received by the bank as well as on the outcome of CDD in terms of success of new accounts opened and how the information helped the bank in establishing its client relationship. Case-wise feedback to be provided by 31st July and 31st of January of every year of preceding six months’ information requests made by the bank.

The FBR shall have a dedicated banks’ CDD desk assigned to an authorised officer supported by designated officials to deal with the information requests from the banks, FBR added.

R 27-1-2023

PAKISTAN, KAZAKHSTAN AGREE TO SIGN ‘TRANSIT TRADE AGREEMENT’

Ambassador of Kazakhstan for Pakistan, Yerzhan Kistafin called on Federal Minister for Commerce Syed Naveed Qamar here on Thursday and agreed in principle to sign Kazakhstan-Pakistan Transit Trade Agreement. The two discussed potential opportunities for trade and cooperation between Kazakhstan and Pakistan, including the conclusion of several transit trade agreements, said a press release issued here.

The Minister remarked that the government is keen to further strengthen bilateral economic and trade ties between the two countries, and expressed confidence that the two sides would expedite the process of concluding the agreements. Syed Naveed Qamar observed that Pakistan will host the next session of the Joint Working Group on Trade in the coming months to discuss issues in bilateral trade and undertake measures for enhancing economic integration.

The minister remarked that the MoU between KAZAKH INVEST&QazTrade from Kazakastan and Trade Development Authority of Pakistan (TDAP) and Board of Investment (BOI) from Pakistan signed on 23rd December, 2022 will further enhance Trade and Investment activities between the two sides. Ambassador Kistafin appreciated the Minister for his support and expressed optimism that the agreements would be finalized soon. Besides this agreement, the Ambassador also showed keen interest in Pakistani sports goods, furniture, and tourism.

Subsequently, Syed Naveed Qamar, invited the Ambassador as “Guest of Honor” on the 18th Trade Fair of the OIC member states scheduled to be held from 16-18th June, 2023 in Lahore with the theme of women entrepreneurship. He also invited Kazakh Government to establish a “Special Pavilion” at the OIC’s Trade Fair.

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