FBR SEEKS TO RAISE FED ON MOTOR VEHICLES

ISLAMABAD: The Federal Board of Revenue (FBR) has proposed to raise the federal excise duty (FED) on imported and locally-assembled motor vehicles through the promulgation of the Tax Laws Amendment Ordinance to generate additional revenue in 'mini-budget'. Sources told *Business Recorder* here on Friday that the revenue generation measure under consideration is to rationalise the rates of the FED on imported and locally-assembled motor vehicles.

In this connection, working is being done by the FBR to finalise the revenue impact of the raise in the FED on vehicles, depending on the engine capacity of imported and locally-manufactured vehicles. However, the proposal has yet to be approved by the government.

The FBR has drafted two proposals to raise the FED on cigarettes through the Presidential Ordinance. However, the proposals have not been finalised yet. The first proposal is to raise FED by Rs200 for the existing slabs of cigarettes. The second proposal is to raise the FED by Rs500 in both the existing tiers of cigarettes. The proposal is to add additional FED in the existing rates of the FED applicable for both slabs of cigarettes. Presently, the rate of the FED for Tier-I (slab 1) is Rs6,500 per 1,000 cigarettes and the FED rate on Tier-II (slab-2) for Rs2,050 per 1,000 cigarettes.

From January 16, 2022, the FBR had revised upward the FED rates after the implementation of the Finance (Supplementary) Act, 2022. Through S No 55, 55B, 55C and 55D of Table-1 of the First Schedule to the Federal Excise Act, 2005, the rates of FED on imported, locally-manufactured motorcars/SUVs, imported and locally-manufactured double cabin were provided respectively. In order to rationalise the existing rates of FED on vehicles last year, an increase in various slabs were made from January 16, 2022, through the Finance (Supplementary) Act, 2022.

B2B BARTER TRADE MECHANISM: MOC EMPOWERED TO IMPOSE CONDITIONS, CURBS

ISLAMABAD: Commerce Ministry has been empowered to impose country or commodity specific conditions or restrictions for imports/ exports of goods under the B2B Barter Trade Mechanism, official sources told *Business Recorder*.

Sharing the details, sources said that pursuant to the decision of the ECC/ Cabinet, Commerce Ministry issued SRO 484(1) 2022 and SRO 485(1)/2022 on April 1, 2022 whereby provisions with respect to barter trade had been incorporated into Import Policy Order (IPO) and Export Policy Order (EPO) thus providing a legal framework for carrying out trade transactions through barter mode. Only to the extent of Pak-Iran trade, Ministry of Commerce had notified a comprehensive procedure (SOPs) for operationalization of Barter Trade Mechanism between Pakistan and Iran. Quetta Chamber of Commerce & Industry (QCCI) from Pakistan side and Zahidan Chamber of Commerce & Industry (ZCCI) from Iran side were responsible for registration of importers and exporters and recording and monitoring of trade transactions etc. under the barter system.

According to sources, Commerce Ministry felt that a standardized procedure, with due safeguards, for the regulation of Barter Trade through B2B should be notified. In consultation with stakeholders, Ministry of Commerce prepared a draft SRO for affecting B2B barter trade, and shared it with State Bank of Pakistan (SBP) and Federal Board of Revenue (FBR) for seeking their comments thereto. Both FBR and SBP supported the proposal of establishing a mechanism/ procedure for B2B barter trade system with an oversight to ensure sanctions screening (commodities and entities), dispute resolution, and accounting/ settlement of transactions, trade balance and time to time updating of operational modalities.

Ministry of Commerce proposed that a general B2B Barter Trade Mechanism, through a notification, may be approved by the competent forum. The sources maintained that when the proposal was put before a Committee headed by Finance Minister, the case was discussed threadbare and the initiative based on extensive consultations was welcomed. It was noted that barter trade would encourage regular channel and also considered that trade with Afghanistan, on the pattern of Iran, may also be regularized.

The Ministry responded that Pakistan had taken all the necessary steps towards this end; however, the Afghan side was working on their side for developing the relevant rules and mechanism and had solicited some time from the Pakistan side. It was also recommended that only a Negative list should be shared and the remaining items be allowed. The forum also discussed the need for clearing house.

In response to a query, it was noted that general rules shall be made by the Ministry of Commerce and for valuation existing mechanism adopted by FBR shall be followed. The Ministry further suggested that Sub Section 4 of Section 2 of Draft SRO of the Summary.

KP HIGHWAY AUTHORITY: RTO RECOVERS RS1.2BN

ISLAMABAD: Regional Tax Office (RTO) Peshawar has recovered an amount of Rs 1.218 billion through bank accounts of KP Highway Authority. According to the details, the amount recovered was based on audit for tax year 2017 and tax year 2018. Earlier, the Federal Board of Revenue (FBR) issued recovery notices under section 138 of Income Tax Ordinance, against demand notices but taxpayer failed to deposit the same and filed an appeal before Commissioner Appeals, Peshawar but apeal was dismissed by Commissioner Appeals. After dismissal of appeals the recovery was made under section 40 of Income Tax Ordinance, 2001.

PTVC EMPLOYEES' COMPLAINTS: FBR IMPLEMENTS FTO'S RECOMMENDATIONS

ISLAMABAD: The Federal Board of Revenue (FBR) has implemented the Federal Tax Ombudsman's (FTO's) recommendations against excessive income tax deductions from low-paid employees working in the Pakistan Television Corporation (PTVC). On the recommendations of FTO, FBR has accepted the plea of the low -paid of PTV employees regarding excessive income tax deduction from salaries.

The complaints were filed against excessive and unjust practice of deducting income tax@10/20 per cent under section 153(1) (b) of the Income Tax Ordinance from the salaries/ wages of low-paid/ temporary/ contractual employees of the Pakistan Television Corporation, Headquarters Islamabad. Previously, they requested to PTVC/ FBR for deducting their taxes U/S 149 of the Income Tax Ordinance 2001 but they did not receive any positive response. Thus, they took up the matter with the FTO. The major stance of PTV before the FTO was that the complainants had been engaged as service providers to whom remunerations were paid as per fee structure approved by the Board of Governors. Moreover, the complainants were not governed by "PTV employees Service Rules". However, those individuals were employed full-time and deputed to work in various shifts as any other employees working in the PTV.

The FTO in line with parallel cases had made recommendations to FBR in the following terms: i. Ensure that the low-paid complainants/ employees of PTV are not burdened with excessive tax deductions at the withholding stage; ii. Implement these recommendations and findings in liaison with PTV's management on the lines already done by the management of PBC. Tax Ombudsman's Order also stated that the complainants, who have been hired by PTV as Supervisors, Translators over the last few decades as low paid employees are entitled to similar relief which had been allowed to the employees of PBC and other similar cases. Excessive and harsh deduction of tax from their meagre salaries U/S 153(1)(b) of the Ordinance is against the dictates of law and nature of treatment being discriminatory tantamount to maladministration in terms of section 2(3) (i) (b) of the FTO Ordinance, 2000."

The FBR, later on, filed representations before the president against FTO's recommendations. However, during proceedings at presidency, the complainants informed that FBR has implemented the findings of learned FTO. As the grievance of the complainants stood redressed; therefore, the representations have been accordingly disposed of by the president's office.

R 28-1-2023

SHC FIXES JAN 31 TO HEAR AND DECIDE EFFECTS OF PROVISO TO SECTION 81 OF CUSTOMS ACT 1969

KARACHI: The denial of provisional release of imported goods after the insertion of Proviso to Section 81 of the Custom Act will be heard by a custom appellate bench of High Court of Sindh on Jan 31. The bench on that date has ordered attendance of some responsible office of Pakistan Customs. The bench earlier heard Imran Iqbal Advocate representing importer firm Rizwan Traders. The Chairman FBR, Collectors of Custom (Appraisement) East and West are respondents in the petition beside Custom Appellate Tribunal.

The counsel for importer submitted that after a valuation dispute, the petitioner impugned the Valuation Ruling 1694 of 2022, dated 3-10-2022 under section 25-D of the Customs Act 1969. He submitted that revision was also dismissed vide order dated 21-11-2022 against which an appeal is pending before the Custom Appellate Tribunal. He further submitted that neither the department, nor the tribunal is entertaining applications for provisional release of the goods. He also placed on record copy of order dated 8-9-2022 and submitted that despite directions of the court, the provisional release is regretted by the department. The bench after hearing the counsel, ordered provisional release as an interim arrangement and directed securing of disputed amount of duty and taxes before the Nazir of the Court by way of Pay order or Bank Guarantee. The bench also fixed Jan 31 to decide the issue of effects of insertion of proviso to the Section 81.

CN 27-1-2023

BID TO SMUGGLE OUT LIQUOR UNDER THE GARB OF DIPLOMATIC CARGO FOILED

ISLAMABAD: The Directorate of Intelligence and Investigation-Customs, Karachi, Friday, foiled an attempt to smuggle huge quantity of liquor under the garb of diplomatic cargo.

According to the report of the intelligence agency received at the Federal Board of Revenue (FBR) on Friday, the directorate received specific information that an attempt will be made to smuggle liquor in the garb of diplomatic cargo ostensibly imported in the name of the Embassy of the State of Palestine. In pursuance, a consignment being imported under exemption certificate No 3003 dated 10.10.2022 in the name of First Secretary Embassy of Palestine vide GD No KAPE-PP-88748-08-12-2022 said to contain household effects was blocked after the GD was assigned to gate out.

In line with the provisions of article 36 of the Diplomatic and Consular Privileges Act, 1972 read with Article 36(2) of Vienna Convention on Diplomatic Relations, 1961, the Ministry of Foreign Affairs (MOFA) Islamabad was requested vide letter dated 09-12-2022 to approach the Embassy for sending an authorised representative for joint examination. The MOFA requested the Embassy to depute a representative for examination on the scheduled date, ie, 02-01-2023.However, no representative of the Embassy appeared on the date. The MOFA provided the Embassy with the last chance to nominate a representative for examination on 06-01-2023 when again no one from the Embassy joined.

APTTA DEMANDS HEC WITHDRAW NEW FUNDING POLICY NOTIFICATION

ISLAMABAD: The All Pakistan Tenure Track Association (APTTA), a representative body of TTS faculty across Pakistan has set a deadline of February 3, 2023, for Higher Education Commission (HEC), asking it to withdraw the new funding policy notification and in case of failure a sit-in would be staged in front of the Commission.

The Association held a press conference at the National Press Club, Islamabad, where the President and General Secretary of the association, Dr Yasar Shah and Dr Tanveer Shehzad, stated that the HEC’s sitting chairman had jeopardized the jobs structure and future of 4,500 tenure-track faculty members of universities in Pakistan. The office bearers informed the press that the HEC had revised the funding policy of the TTS. This has serious repercussions for the job security, annual increments, and promotion of the TTS faculty because the HEC’s share of TTS funding is going to shrink under the revised funding policy. Universities have already stopped hiring new TTS faculty despite the fact that the same faculty has been the best-performing component of university faculty for two decades as per the HEC’s recent survey published in 2019.

The APTTA president conveyed that the TTS system was working very well before the arrival of the current chairman HEC. Since the current chairman took charge, universities have doubled down on violating the statutes governing the TTS system because the HEC is disowning the TTS faculty which was launched by them. Therefore, the APTTA has also demanded that the chairman HEC should ensure compliance of the TTS statutes in the universities in true letter and spirit. In addition, the PM-approved complete salary is also being not given to the TTS faculty. The APTTA cabinet has given the HEC a deadline of February 3, 2023, that HEC should withdraw the new funding policy notification issued on December 16, 2022, and restore the old funding policy. If the chairman of the HEC fails to do so, the APTTA will stage a protest and sit-in in front of the HEC until their just demands are met.

ATIR CHAIRMAN’S ‘LOOK AFTER CHARGE’ GIVEN TO SARFRAZ

ISLAMABAD: The government has given look after charge of Chairman Appellate Tribunal Inland Revenue (ATIR) Islamabad to Sarfraz Ali Khan Judicial Member ATIR. According to a notification issued by the Law and Justice Division on Friday, The competent authority has been pleased to entrust look after charge of the post of Chairman (BS-22), Appellate Tribunal Inland Revenue (ATIR), Islamabad to Sarfraz Ali Khan Judicial Member (BS-21) Appellate Tribunal Inland Revenue (ATIR), Bench-VI, Lahore with immediate effect and until further orders or till the appointment of regular incumbent of the said post.