

FY24 BUDGET: FBR INVITES PROPOSALS ON INCOME TAX

ISLAMABAD: The income tax budget (2023-24) would focus on policy for taxation of real income, phasing out of tax concessions/exemptions, removal of tax distortions/anomalies and increase the incidence of tax on affluent class.

The FBR has issued instructions to the business and trade on the income tax proposals for Budget 2023-24. The FBR has issued income tax policy for the upcoming budget for the next fiscal year.

According to the FBR, the Board is currently engaged in the formulation of proposals for the Finance Bill 2023. In order to get benefit from the collective wisdom of all the stakeholders for improvement of tax policy, proposals are invited for the upcoming Budget 2023-24. Business community's input/suggestions in the following policy areas shall be highly appreciated:-

- (i); Broadening of tax base for a wider participation in revenue generation efforts;
- (ii); Taxation of real income on progressive basis;
- (iii); phasing out of tax concessions and exemptions;
- (iv); removal of tax distortions and anomalies;
- (v); facilitation of taxpayers and ease of doing business;
- (v) promoting equity in taxation by introducing measures where incidence of tax is higher on affluent classes.

FM INDUCTS FOUR NEW MEMBERS INTO 'RRMC'

ISLAMABAD: Finance Minister Ishaq Dar has included four new members in the Reforms and Resource Mobilization Commission (RRMC) to review tax/revenue policies, budget proposals and amendments to the Finance Bill and suggest measures/policies for resource mobilisation.

In this connection, the FBR has issued a notification here on Tuesday. Now, the total number of members of the RRMC stands at 16. According to the notification, Federal Minister for Finance and Revenue has added following new members: Abid Shaban, Advocate Supreme Court; Zeeshan Ejaz, FCA Partner, KPMG; Taha Baqai, Director Tax and Legal Services, PWC and Habibullah Khan, Ex-Member IR Operations, FBR.

Presently, members of the PRMC, headed by Ashfaq Tola, would have Asif Haroon, Haider Ali Patel, Abdul Qadir Memon, Dr Veqar Ahmed, Ziad Bashir, Saqib Sherazi, Ghazanfar Bilour, President FPCCI or his nominee, President Pakistan Tax Bar Association, Chairman FBR, member (Reforms and Modernization) FBR Secretary to the Commission, whereas, Nisar Muhammad-Customs, Dr Muhammad Iqbal-Income Tax and Abdul Hameed Memon-Sales Tax have been included as subject experts.

Under the terms of reference (ToRs) of the commission, it would advise and make recommendations to the finance minister in the areas:

- (i) to review existing revenue policies, evaluate FBR data at macro level, and identify initiatives, measures, policies for resource mobilization, ease of doing business, and pro-economic growth; (ii) to identify issues, difficulties, snags, risks of the existing tax system and recommend remedial measures; (iii) to review the budget proposals, evaluate their consequences on business, and advice finance minister on practical aspects of budget proposals; (iv) to review the proposed amendments to Finance Bill and make recommendations to Dar on implications of proposed amendments on businesses; (v) to review the complexities of lax legislation and recommend simplification, eg, different compliance levels for different categories of taxpayers; (vi) to suggest action plan to curb the parallel economy and to make recommendations for improving financial inclusion in the documented system; (vii) to review and recommend a robust IT system on modern lines and upgrade existing IT facilities to maximize tax compliance. enforcement, broaden the tax base and provide taxpayer facilitation; (viii) to make recommendations for minimizing taxpayer/ tax collector interaction and maximising trust between the FBR and the taxpayers; (ix) to review and advise restructuring of the FBR.

The commission would advise restricting of the FBR from the perspectives;

(a) to evaluate the possibility of making FBR autonomous; (b) to evaluate the possibility of establishing an independent audit system; (c) to evaluate the possibility of establishing a separate legal department; (x) to make recommendations on harmonisation of GST between Federation and provinces and development of a single portal for filing of sales tax returns; (xi) any other related matter.

The Commission;

(i) would be independent and headed by a full-time chairman and its chairman would report directly to finance minister; (ii) may interact with stakeholders and form sub-groups, and evaluate their proposals for the federal budget (in) may co-opt any other person with the prior approval of the finance minister; (iv) may avail services of any expert (s) on need basis; (v) will have a full-time Secretariat at the FBR and the FBR shall provide logistic and RR support to the Commission; (vi) would take decisions by a majority vote of all members; and (vii) would submit its first report by mid of April 2023.

RS650BN COLLECTION LIKELY: 1PC HIKE IN ST THRU ORDINANCE ON THE CARDS

ISLAMABAD: The Federal Board of Revenue (FBR) has estimated to collect Rs650 billion during Feb-June (2022-23) by increasing the standard rate of one percent sales tax from 17 to 18 percent through the promulgation of the Tax Laws Amendments Ordinance, 2023.

Sources told *Business Recorder* on Tuesday that the Ordinance is expected to be promulgated after February 9, 2023. The new revenue measures would be around Rs300 billion. After the promulgation of the ordinance, the revenue collection target of the FBR may be increased from Rs7,470 billion to Rs7,650 billion for 2022-23, reflecting an increase of Rs180 billion. So far the tax collection target of Rs7,470 billion has not been changed. If the proposal of increasing the sales tax rate from 17 percent to 18 percent has been approved, the FBR will get additional revenue of Rs650 billion in the remaining period of 2022-23.

The FBR will also be able to recover super tax from high-income earners after the latest order of the Supreme Court of Pakistan, sources said. The proposal to raise the federal excise duty (FED) on sugary drinks would generate Rs60 billion. The sugary drinks would include energy drinks and juices and not limited to beverages. The proposed impact of further raise in the FED on cigarettes has been estimated at Rs25-30 billion.

The revenue impact of the proposed withholding tax on banking transactions of non-filers is nearly Rs45 billion. The three percent flood levy could generate additional revenue of Rs60 billion.

The government has dropped the proposal of withdrawal of sales tax exemption on the import of raw materials/ inputs used in the manufacturing of export goods under the "export facilitation scheme". The export sectors would not be touched in the mini-budget, the sources added. The government under the contingency revenue measures agreed with the International Monetary Fund (IMF) to increase FED on sugary drinks/ cigarettes and the withdrawal of sales tax exemption to the exporters if a month's revenue collection data underperformed.

FTO TELLS FBR TO ASSIST WHT AGENTS THROUGH IT SOLUTIONS

ISLAMABAD: The Federal Tax Ombudsman has directed the Federal Board of Revenue (FBR) to facilitate withholding agents by evolving a transparent information technology (IT) solution.

In this regard, the FBR has issued an order on Tuesday. Briefly, the complaint had been filed on account of hardships caused by the process of verification of tax challans in terms of withholding tax on the transfer of property the complainant stated that they have to undergo a lengthy process for getting PSIDs and making deposit in bank and then obtaining challans and conveying it to FBR office for getting it endorsed and verified and the property registering authorities had been compelled by the FBR Authorities not to entertain the registration of transfer without getting the tax challans verified from the FBR Office at Quetta.

It further added that the FBR Authorities have delegated powers to withholding Authorities and they are confined to audit but to the contrary, the FBR has pre-conditioned the registration of transfer with the verification of tax challans by FBR Authorities. Further contended that there is no legal mandate with the FBR Authorities to verify the tax challans and no tax law binds the Withholding Authorities to get tax challans verified by FBR offices.

In this regard, the FTO refereed the complaints to the secretary Revenue Divisions for comments. The Commissioner, RTO, Quetta stated that the regional tax office had left no stone unturned in extending full-fledged facilitation and easing PSIDS making and tax payment process for general taxpayers.

However, a colossal amount of short deductions and non-deductions in taxes charged on transfer of property was revealed during audit. It was maintained by the concerned withholding authorities that they were not conversant with the FBR taxes and their staff was not efficient in this regard.

The assistance was sought by the Withholding Authorities to avert such malpractices. It was also contended that the verification of CPRs was pre-conditioned on persistent demand of the property registering authorities, as they were not well conversant with the proper application of rates, generation of PSIDs and authentication of tax challans. While concluding the complaint the FTO observed that RTO Quetta specific administrative intervention in monitoring of withholding taxes on properties is alien to the rest of IR formations across the country. Notwithstanding the reasons put forwarded by RTO Quetta, an extra forum created without the FBR's formal approval is apparently uncalled for. Though FBR has the authority to pre-audit withholding taxes, yet FBR also has the responsibility to facilitate the taxpayers which can be conveniently ensured by use of technology. Ideally, the FBR should conduct, post audit on the basis of CPRs available in its database.

Accordingly, the FTO has directed FBR to install suitable operational software in the offices of all withholding agents responsible for transfer of properties, minimizing human discretion in application of valuation rates and calculation of taxes. The FTO in its findings has also emphasized FBR to evolve and enforce foolproof mechanism for timely post audit of CPRs across the country.

FBR FIELD FORMATIONS START BLOCKING RELEASE OF REFUND CLAIMS

LAHORE: Field formations of the Federal Board of Revenue (FBR) have once again started blocking the release of refund claims of taxpayers to meet revenue targets, said sources. So much so, they said, directions from the office of Federal Tax Ombudsman (FTO) are also being ignored and manipulated through various whimsical attempts. In most of the cases, they added, the field formations are creating fake demands against taxpayers, which generally surpass the value of refund amounts sought by taxpayers. It may be noted that the FBR was enthusiastically releasing refund claims in the backdrop of Covid-19 pandemic. However, blocking of such claims has again become norm of the day in the Board.

According to the sources, the intelligence and investigation wing of the Board was acting like a foot soldier of the department as it issues investigation report to start with proceedings for amendment of assessment. Usually, they added, the assessing officer treats loans obtained by taxpayers as their assets to jumble up the refund claim and all such wrong understandings and treatments of the wealth statements of taxpayers on the part of tax authorities lead to an unending litigation.

The sources said all the explanations and replies furnished by the taxpayer are being turned down and orders for amendment of assessment are being passed one after another. According to the sources, various additions are being made in the assessment order in question to generate a tax demand higher than the disputed amount on the basis of presumption and guesswork on income from unexplained sources. They pointed out that the assessing officers, in some cases, were found changing the tax liability amounts from lower to higher end arbitrarily simply to entangle taxpayers with unending litigation where filing of appeals, objections to such appeals and adverse orders are being passed to discourage taxpayers from pursuing their claims.

Sources said all such acts of defeating refund claims fall under the definition of maladministration and the business community has been approaching the relevant quarters, including the business associations as well as the forum of FTO for redressal. It may be noted that the FTO had decided last year to carry out a study on the merger of Alternate Dispute Resolution Committees (ADRCs) with his office to expedite resolution of complaints of taxpayers in future. The Pakistan Institute of Development Economics (PIDE) was engaged to carry out the study. However, no major breakthrough has been achieved so far on this front.

Business community has a general impression that the ADRCs have failed to redress complaints against tax officers and its effectiveness has become redundant as the number of pending cases has reached to an alarming level. We also face problem in the implementation of decisions of the committee due to non-cooperative attitude of tax machinery, they added.

NA PANEL DIRECTS: FBR TO PAY REMAINING AMOUNT DEDUCTED FROM NAULONG DAM

ISLAMABAD: The National Assembly Standing Committee on Water Resources Tuesday directed the Federal Board of Revenue (FBR) to pay remaining amount deducted from the account of the Naulong Dam. The committee which met with Mir Ghulam Ali Talpur in the chair was informed that FBR had deducted Rs 1,916 million from the account of the Naulong Dam in 2018-19. The amount was actually granted for construction of the dam through PSDP. Due to the deduction the Naulong Dam could not be constructed. So, different fora directed FBR to repay the amount. The FBR chairman, in a previous meeting of the Standing Committee, had said that the amount was being paid to WAPDA and necessary documentation was completed.

The Ministry of Water Resources said that Rs. 1270 million had been paid back to WAPDA but the rest of the amount was yet to be paid. So, the Standing Committee directed that the remaining amount may also be paid to WAPDA, forthwith.

The committee also directed that the FBR chairman to attend the next meeting in person and submit the compliance report. The Standing Committee was informed that distribution of Indus water was made under the supervision of Indus River System Authority (IRSA). But Balochistan is not receiving its due shares. The representative of Sindh said that they had a technical problem at Sukkur because they cannot release water from Sukkur unless a certain level of water is achieved. As Guddu is concerned, they release water at Guddu. But they do not receive the due share of water at Guddu. The Standing Committee was informed by IRSA that there were two solutions; one is for short term and the other is long term. According to the short term solution it was suggested that staff of Irrigation Departments of Sindh and Punjab should sit at Panj Nand, Taunsa and Guddu on a reciprocal basis and they should report the discharge of water and its measurement jointly. Moreover, the reports may also be verified on actual measurement basis from time to time. Whereas, for long run, a Telemetry System is being placed at seven points which shall be helpful for accurate measurement of water discharge.

The Standing Committee was of the view that it is an old issue and it should be addressed by the IRSA, forthwith. So, IRSA should submit a written report to address the issue permanently. Moreover, the Standing Committee directed that installation of telemetry system should be made rapidly.

TN 8-2-2023

FBR TRANSFERS 18 COMMISSIONERS INLAND REVENUE OF BS-20 WITH IMMEDIATE EFFECT

ISLAMABAD: Federal Board of Revenue (FBR) on Tuesday transferred 18 Commissioners of Inland Revenue Service (IRS) in BS-20 with immediate effect and until further orders. The FBR notified transfers and postings of following BS-20 officers:

01. Ishtiaq Ahmed Khan (Inland Revenue Service/BS-20) has been transferred and posted as Commissioner Inland Revenue, (Zone-II) Large Taxpayers Office, Multan from the post of Commissioner, (Audit-II) Large Taxpayers Office, Multan.
02. Ms. Amna Faiz Bhatti (Inland Revenue Service/BS-20) has been transferred and posted as Commissioner Inland Revenue, (Zone-III) Large Taxpayers Office, Lahore from the post of Commissioner, (Audit-II) Large Taxpayers Office, Lahore.
03. Aftab Alam (Inland Revenue Service/BS-20) has been transferred and posted as Commissioner Inland Revenue, (Zone-V) Large Taxpayers Office, Lahore from the post of Commissioner, (Enforcement-II) Large Taxpayers Office, Lahore.
04. Yasir Ali (Inland Revenue Service/BS-20) has been transferred and posted as Commissioner Inland Revenue, (Zone-III) Large Taxpayers Office, Multan from the post of Commissioner, (Audit-I) Large Taxpayers Office, Multan. The officer is also assigned the additional charge of the post of Commissioner-IR (Zone-IV), Large Taxpayers Office, Multan, as per Rules.
05. Qazi Hifzur Rehman (Inland Revenue Service/BS-20) has been transferred and posted as Commissioner Inland Revenue, (Zone-III) Large Taxpayers Office, Karachi from the post of Commissioner, (Audit-III) Large Taxpayers Office, Karachi.
06. Muhammad Majid (Inland Revenue Service/BS-20) has been transferred and posted as Commissioner Inland Revenue, (Zone-IV) Large Taxpayers Office, Lahore from the post of Commissioner, (Legal) Large Taxpayers Office, Lahore.

07. Faisal Rauf Memon (Inland Revenue Service/BS-20) has been transferred and posted as Commissioner Inland Revenue, (Zone-II) Large Taxpayers Office, Karachi from the post of Commissioner, (Audit-II) Large Taxpayers Office, Karachi.

08. Shakeel Ahmad Kasana (Inland Revenue Service/BS-20) has been transferred and posted as Commissioner Inland Revenue, (Zone-IV) Large Taxpayers Office, Karachi from the post of Commissioner, (Enforcement-I) Large Taxpayers Office, Karachi.

09. Masood Akhtar (Inland Revenue Service/BS-20) has been transferred and posted as Commissioner Inland Revenue, (Zone-II) Large Taxpayers Office, Islamabad from the post of Commissioner, (Audit-I) Large Taxpayers Office, Islamabad.

10. Shabih-ul-Aijaz (Inland Revenue Service/BS-20) is currently posted as Commissioner, Commissioner Inland Revenue AEOI Zone, Lahore. The officer is assigned the additional charge of the post of Commissioner-IR (Zone-I), Large Taxpayers Office, Lahore, as per Rules.

11. S. Jaffar Raza Kazmi (Inland Revenue Service/BS-20) has been transferred and posted as Commissioner Inland Revenue, (Zone-VI) Large Taxpayers Office, Karachi from the post of Commissioner, (Legal) Large Taxpayers Office, Karachi.

12. Muhammad Faisal Mushtaq Dar (Inland Revenue Service/BS-20) has been transferred and posted as Commissioner Inland Revenue, (Zone-I) Large Taxpayers Office, Islamabad from the post of Commissioner, (Legal) Large Taxpayers Office, Islamabad.

13. Zia Agro (Inland Revenue Service/BS-20) has been transferred and posted as Commissioner Inland Revenue, (Zone-I) Large Taxpayers Office, Karachi from the post of Commissioner, (Audit-I) Large Taxpayers Office, Karachi.

14. Irfan Ali (Inland Revenue Service/BS-20) has been transferred and posted as Commissioner Inland Revenue, (Zone-IV) Large Taxpayers Office, Islamabad from the post of Commissioner, (Enforcement) Large Taxpayers Office, Islamabad.

15. Naeem Hassan (Inland Revenue Service/BS-20) has been transferred and posted as Commissioner Inland Revenue, (Zone-III) Large Taxpayers Office, Islamabad from the post of Commissioner, (Audit-II) Large Taxpayers Office, Islamabad.

16. Hammal Baloch (Inland Revenue Service/BS-20) has been transferred and posted as Commissioner Inland Revenue, (Zone-V) Large Taxpayers Office, Karachi from the post of Commissioner, (Enforcement-II) Large Taxpayers Office, Karachi.

17. Syed Bahadur Ali (Inland Revenue Service/BS-20) has been transferred and posted as Commissioner Inland Revenue, (Zone-I) Large Taxpayers Office, Multan from the post of Commissioner, (Enforcement) Large Taxpayers Office, Multan.

18. Rana Waqar Ali (Inland Revenue Service/BS-20) has been transferred and posted as Commissioner Inland Revenue, (Zone-II) Large Taxpayers Office, Lahore from the post of Commissioner, (Enforcement-I) Large Taxpayers Office, Lahore.

The FBR has also transferred one IRS officer of BS-18.

19. Ms. Aqsa Ali (Inland Revenue Service/BS-18) has been transferred and posted as Deputy Commissioner Inland Revenue (Benami Zone-I), Islamabad from the post of Deputy Commissioner, Corporate Tax Office, Islamabad.

The FBR said that the Officers who are drawing performance allowance prior to issuance of this notification shall continue to draw this allowance on the new place of posting.