

## **NEW TAXATION MEASURES OF NEARLY RS300BN FINALISED**

**ISLAMABAD:** The Federal Board of Revenue (FBR) has finalised proposals for new taxation measures of nearly Rs 300 billion including a one percent increase in the standard rate of sales tax from 17 percent to 18 percent and changes in the withholding tax regime. Sources told *Business Recorder* on Thursday that the approval of the Federal Cabinet would be required before the promulgation of the Tax Laws Amendments Ordinance, 2023.

In budget 2022-23, the net impact of the taxation measures stood at Rs355 billion. Through the amended Finance Bill 2022, taxation measures of over Rs600 billion were taken for 2022-23. Now, it depends upon the government to accept or reject the FBR's new taxation measures of approximately Rs300 billion under the mini-budget.

The FBR recently moved a summary to Finance Minister Ishaq Dar to impose a lower-than-the-standard sales rate of 17 percent on petroleum products which was rejected. The revenue impact of a 17 percent sales tax on petroleum products has been estimated at Rs90-100 billion in the last five months of the current year.

The FBR has worked out the revenue impact of Rs65 billion during Feb-June (2022-23) by increasing the standard rate of one percent sales tax from 17 to 18 percent. Another proposal is to increase the rates of withholding taxes to immediately start generating revenue from the remaining period of the current fiscal year.

The proposal to raise the federal excise duty (FED) on sugary drinks would generate Rs60 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 proposed increase in the rates of capital value tax rates on imported and locally-assembled vehicles has been estimated to generate an additional revenue of Rs10 billion. The proposal to impose a tax on banks' foreign exchange income has been estimated to generate Rs20 billion. The proposed increase in the rate of advance tax on the purchase/sale of immovable property would generate about Rs20-30 billion.

## **UNDUE HARASSMENT BY TAX OFFICIALS: FTO VOWS TO HELP RESOLVE ISSUES RAISED BY TRADERS**

**ISLAMABAD:** Federal Tax Ombudsman (FTO) Dr Asif Mahmood Jah Thursday assured business community that the FTO will take immediate cognizance of complaints regarding undue harassment of traders transporting legally acquired/ tax paid goods by the tax officials of the Federal Board of Revenue (FBR). During the question-answer session after inauguration of the newly established Regional FTO office in Hyderabad by the FTO, the FTO also responded several questions raised by members of business community as well as tax bar. He assured them of wholehearted support of FTO in addressing and resolving their genuine complaints within minimum possible time. He promised that FTO will take immediate cognizance of complaints regarding undue harassment of traders transporting legally acquired/ tax paid goods by the tax officials. He urged the taxpayers to use the facility of lodging complaints under section 33 of FTO Ordinance for immediate redressal of their grievances which bypasses the longer route of lodging written formal complaints. The FTO also spoke to the media and apprised them of the steps being taken by the FTO office for resolution of the issues faced by the aggrieved complainants.

FTO, Dr. Asif Mahmood was accompanied by the FTO Advisors based in Karachi. The officers of IRS and Customs posted in Hyderabad were also present on the occasion. The regional FTO office in Hyderabad has been set up on demand of the taxpayers of the region in order to resolve their grievances against maladministration by the tax officials. Subsequently, the FTO addressed a well-attended gathering of members/representatives of trade bodies including local tax bars in the office of Chamber of Commerce and Industry Hyderabad. He assured the business community that FTO office will redouble its efforts to resolve the issues faced by the taxpayers at their doorstep and creation of a new regional office was a manifestation of this resolve.

FTO highlighted the extraordinary performance of FTO office during the last year which witnessed the number of complaints registered and resolved jumped up to as many as six thousands in number. He also informed the audience that the President of Pakistan lauded the efforts of FTO in promptly redressing the grievances of the taxpayers and very few representations filed against the orders of FTO were accepted by the President during the last year showing the quality of orders issued by the FTO. Chief Commissioner RTO Hyderabad,

Collector MCC Hyderabad and Vice President Hyderabad Chamber of Commerce Industry in their remarks welcomed the setting up of new regional FTO office in Hyderabad which will certainly help redress the grievances of the complainants at the local level and save their precious time. The Director, Customs Intelligence and Investigation customs Hyderabad was also present on the occasion. The session concluded with a vote of thanks to the chair.

## **SHC REGULATORY DUTY – PETITIONS DISMISS**

KARACHI: Dozens of petitions challenging imposition of regulatory duty on imported goods was dismissed by a custom appellate bench of High Court of Sindh including leading petition no CP-D 5887/2022. The bench announcing a short order also imposed a fine of Rupees 10000 upon each of the petitioner to be submitted in favor of SHC Clinic within 15 days from the date of the order. The bench also ordered that in case of failure Nazir of SHC shall approach NADRA for blocking the CNICs of the petitioners.

The bench also ordered that sureties furnished pursuant to ad-interim orders time to time in respect of listed petitions shall be forfeited in favor of the respondent department. The apex court and high courts have already declared the Regulatory Duty as lawful but with prospective effect. The bench observed that in view of order/decision by apex court these petitions are frivolous, hence dismissed with cost.

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### **RULES FOR CROSS-BORDER TRADE NOTIFIED**

ISLAMABAD: The Customs Department has notified regulations that will govern cross-border trade under the Pakistan Single Window (PSW) system.

The regulations were notified through a customs notification SRO98 of 2023, which will come into effect immediately. These regulations will apply to all users from individuals to commercial and non-commercial entities engaged in cross-border trade.

All persons wishing to conduct a cross-border trade transaction whether imports, exports, or transit must have a valid National Tax Number (NTN) or Free Tax Number (FTN) issued by the Federal Board of Revenue (FBR); Computerised National Identity Card (CNIC).

In case the applicant is a Pakistani national, or a company incorporated in Pakistan having one or more Pakistani nationals as partners or directors should have a Corporate Universal Identification Number (CUIN). An applicant will access the PSW portal and follow the electronic process through the PSW interface. On validation of the information provided, the system will require a cell phone number registered in the name of the person or partner or director whose CNIC has been selected. The numbers registered in the name of the company will not be valid for verification of identity purposes.

The PSW system will issue a system-generated payment slip identity (PSID) to the applicant for payment of a non-refundable subscription fee. Upon successful online, real-time validations of the particulars provided by the applicant, a one-time password (OTP) will be sent to the email address and mobile number of the applicant which will be entered into the system for confirmation of the applicant's credentials. This will be followed by biometric verification from Nadra's e-Sahulat centers, and the PSW system will issue user identity (UID) by electronic means to the subscribers fulfilling the requirements. The UID will be sent to the email address of the applicant along with a link to set a password.

In case of a foreign national, foreign company or local company having no Pakistani owner, partner, or director, the cell phone, OTP, and biometric verifications will be performed in respect of the Pakistani national registered as the principal officer with FBR. However, if no such principal officer has been registered with FBR, a subscription will be issued based on a real-time electronic verification of banking information provided by the applicant from their respective bank.

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## **PUNJAB GOVT COLLECTS RS300B THROUGH E-STAMPING**

LAHORE - The government of the Punjab has collected over Rs 300 billion in revenue through the e-Stamping system since its launch in May 2016 while more than 1.5 million e-Stamp papers have been issued till date. This was told in a progress review meeting chaired by PITB Chairman Faisal Yousaf. PITB Director General (DG) e-Governance Sajid Latif was also present in the meeting. On this occasion, PITB Chairman Faisal Yousaf said, "The e-Stamping system has helped in improving collection and minimising forgery while ensuring transparency and a hassle-free process." The e-Stamping system is one of the flagship projects of the Punjab government executed by PITB in collaboration with the Board of Revenue. The system calculates the value of the stamp paper needed by the buyer automatically. The names of the buyer, seller, and the person from whom the stamp papers are purchased are entered along with their CNIC numbers. After the completion of the process, the buyer acquires the e-Stamp paper in just 15 minutes. The system has also been rolled out in Sindh and KPK by PITB in collaboration with their respective governments and the National Bank of Pakistan.

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