

RUSH TO MEET IMF CONDITIONS: NA, SENATE TAKE UP MINI-BUDGET TODAY - PRESIDENT ALVI HAD REFUSED TO PROMULGATE SUPPLEMENTARY BILL ORDINANCE, ADVISED GOVT TO TAKE PARLIAMENT INTO CONFIDENCE

ISLAMABAD: The government has decided to summon the National Assembly session on Wednesday (today) to take up the mini-budget as per the conditions agreed with the **International Monetary Fund** (IMF). Highly-placed sources told The News Tuesday that a bill containing a package of proposals would be placed before the House for adoption. The bill is likely to be passed in one go in today's sitting.

The bill would be consigned to President Dr Arif Alvi immediately for assent. The sources said the president could hold the bill for 10 days but he had assured Finance Minister Ishaq Dar of giving his assent soon after receiving the bill.

The sources reminded us that certain duties and taxes would be put in place as soon as Federal Finance and Revenue Minister Senator Ishaq Dar would present the bill in the House.

Prime Minister Shehbaz Sharif, who didn't attend the last session, would be present today. The session will commence at 3:30 pm with Speaker Raja Pervaiz Ashraf in the chair. It would be the 47th session of the existing National Assembly. The **government** has been contacting the assembly members on an emergency basis to ensure the maximum presence in the House. The exercise was started Tuesday afternoon soon after the finance minister met the president.

The sources said President Arif Alvi was reluctant to issue an ordinance for enforcement of the mini-budget. He was trying to convey that since the joint sitting of parliament was in session, it wouldn't be appropriate to promulgate a presidential ordinance for fiscal legislation. The sources said the president was reminded that the ongoing sitting of the two houses of parliament didn't come in the way of promulgation of the ordinance. He was told that the ordinance could not be issued while the National Assembly or the Senate was in session but Alvi stuck to his contention. It was later decided that the National Assembly session should be summoned for the purpose. The Finance Bill, approved by the federal cabinet Tuesday evening, would become a part of the legislation after it was passed by the National Assembly. Meanwhile, Leader of the Opposition in the National Assembly Raja Riaz Ahmad has asked his group members to attend the session. Later in the evening, the government decided to summon the Senate session at 4:30 pm.

The sources said the bill would be transmitted to the Senate soon after its passage by the National Assembly. The Senate would condone the period fixed for deliberations through the suspension of the rules of business and return the bill to the National Assembly. The sources said the government had planned to impose new taxes this week. Muhammad Anis adds: The Finance Supplementary Bill, 2023 will be presented in the National Assembly and Senate on Wednesday (today) for approval after the federal cabinet okayed it on Tuesday.

In this regard, the separate sessions of the two houses were summoned after President Arif Alvi refused to promulgate the supplementary bill ordinance in a meeting with Finance Minister Ishaq Dar. The president advised the finance minister to seek approval from the parliament. The National Assembly will meet at 3:30 pm while the Senate session will be held at 4:30 pm. The cabinet meeting was informed about the imposition of additional taxes on luxury items as well as a one per cent increase in the sales tax.

TN 15-2-2023

PAKISTAN SET TO ANNOUNCE MINI BUDGET; SALES TAX RATE MAY RISE TO 18PC

Pakistan is set to announce a mini budget to generate about Rs200 billion additional revenue. The mini budget may be introduced through presidential ordinance ahead of IMF final talks on February 16, 2023.

The government is taking harsh taxation measures on the demand of the IMF to generate more revenue for lower the fiscal deficit. Sources in Federal Board of Revenue (FBR) on Tuesday said that the ordinance may be applicable from February 15, 2023 after cabinet approval. They said that through the new amendments the government had aimed to generate another Rs200 billion. The sources highlighted the major changes in the tax laws including imposition of 0.6 per cent withholding tax on non-filers for making banking transactions. Meanwhile, it is part of proposal to tax the foreign exchange income of the banks. The most important change is enhancing sales tax at 17 per cent to 18 per cent. Furthermore, enhancing fixed federal excise duty on motor vehicles was also under consideration.

The sources said that the enhancing excise duty on soft drinks was also under consideration besides the duty enhancement on cigarettes was also likely. They said that imposition of a flood levy is also on the cards. This levy may be imposed on imports at 3 to 10 per cent. However, exports would be exempted from the flood levy.

PR 14-2-2023

FTO TERMS DELAY IN EXECUTION OF ATIRs' ORDERS **'MALADMINISTRATION'**

LAHORE: Federal Tax Ombudsman Dr Asif Mahmood Jah has declared that a delay in implementing the orders of Appellate Tribunals Inland Revenue (ATIRs) by the tax authorities is tantamount to maladministration. Also, he added, the neglect, inattention in administration or discharge of duties and responsibilities fall under the misuse of authority against the legal rights of taxpayers. According to him, there is tendency among the tax department officials of creating fake tax demands against pending refund claims simply to delay the process. He regretted to note that the department officials act arbitrarily by adjusting outstanding refund claims without the consent of taxpayers. All such adverse actions are taken in summary proceedings and most of the decisions are taken by the department without hearing the refund claimants, he added.

According to him, it is further worrisome to note that the department prefers to challenge the orders of the appellant tribunals to the higher courts simply to delay the genuine refund claims of taxpayers despite vacation or controversial orders of department with a direction to delete the additions made against such claims. Dr Jah observed that the department is found adamant to stretch out delays despite directions from the higher forums and most of the taxpayers ultimately approach the office of the tax ombudsman as an opportunity of last resort. He said taxpayers are forced to make various visits to the department while holding court orders in their favour but to no avail, as tax authorities are found least bothered about all such orders. This whole exercise results into the wastage of not only precious time of the taxpayer but also financial resources, he pointed out.

The FTO pointed out that the concerned tax authorities are also found declining to cooperate with taxpayers by stating that the requisite documents are not available with them when a written request is made to examine the assessment record by the taxpayers.

In order to complicate the situation for taxpayers, he said, the department initiates de novo proceedings and withholds refund amounts until the completion of proceedings. Delays are made on flimsy excuses that the department has received court orders late, which has resulted into delay in initiating the investigation proceedings afresh. Sources from the local filed formation of Federal Board of Revenue (FBR) have been pointing during the tenure of former chairman Dr Muhammad Ashfaq Ahmad that verbal directions were issued during the online meetings to create fake demands for withholding refund claims besides carrying out sectoral audits to generate revenue.

This policy of the department had led to flood of litigation against the department, resulting into financial loss to taxpayers as well as the department, he said and added that inattention to court orders is attributed to frequent change in jurisdiction within the field formations and posting/ transfers of officers. Meanwhile, he said, taxpayers are bound to suffer hardships due to the indifferent attitude of the department.

R 15-2-2023

FBR FORMS SPECIAL AUDIT COMMITTEE: IT WILL TAKE ACTION **AGAINST DELAY IN PAYING THE WITHHOLDING TAX**

KARACHI: The Federal Board of Revenue (FBR) has constituted a special audit committee to detect cases of sales tax evasion and fraud.

The committee, established under the Sales Tax Act 1990, will examine the cases sent by the FBR's chief commissioner. It will be mandated to inspect the offices of suspicious taxpayers and investigate forgery in sales tax returns, and assess fake refund documents. It will take action against delay in paying the withholding tax.

According to reliable sources in the FBR, tax commissioners will be required to examine the cases sent and will investigate the cases under Section 38 and 37(2) of the Sales Tax Act 1990. They will then probe those taxpayers showing abnormal profits and suspicious activities.

The committee will also scrutinise the monthly sales tax returns and deal with non-payment of tax, less payment of sales tax and federal excise duty, among other tax related issues.

TR 15-2-2023

FED ON CIGARETTES DOUBLED

ISLAMABAD: The government has started the implementation of the mini-budget late Tuesday night by doubling the Federal Excise Duty on cigarettes from Feb 14, 2023. The FBR has issued an SRO 178(I)/2023 on Tuesday night. It is learnt that FBR has started charging an increased rate of 18 percent sales tax at the import stage. According to the notification, under the first slab of cigarettes, locally produced cigarettes if their on-pack printed retail price exceeds Rs 9000 per 1000 cigarettes, the rate of the federal excise duty would be Rs 16,500 per thousand cigarettes. Under the second slab, the locally produced cigarettes if their on-pack printed retail price does not exceed Rs 9,000 per thousand cigarettes, the rate of the FED would be Rs 5,050 per thousand cigarettes, the notification added. Sources told *Business Recorder* on Tuesday that after approval of mini-budget of Rs 170 billion by the federal cabinet, the government is empowered to impose regulatory duties and additional customs duty (ACD) on the import of luxury/non-essential items through statutory regulatory orders (SROs) with immediate effect without waiting for the signing of the Tax Laws Amendment Bill 2023 by the President.

The Federal Board of Revenue (FBR) is legally empowered to issue notifications to change duty structure at the import stage after approval from the cabinet. Usually, the sales tax and excise measures are applicable from the next day of the assent given by the president. The tariff rationalization can be done through notifications, they added.

R 15-2-2023

SHC ALLOWS PETITION FOR RELEASE OF GOODS AGAINST SECURING OF DEMURRAGE CHARGED BEFORE NAZIR

KARACHI: A plea for provisional release of items detained due to non-payment of demurrage charges filed by Sanva Electric Co was allowed by a custom appellate bench of High Court. The bench earlier heard counsel from Franklin Law Associates who submitted that delay was not on account of any fault with the petitioner company but with the custom department who have issued a delay detention certificate in terms of section 14 A (2) of the Custom Act 1969.

The counsel for the terminal operator contended that vires of said provision has been challenged before High Court of Sindh and a restraining order is in field. It was pointed out that CP-D 4867 of 2103 filed by some of the container terminals was dismissed by the judgment dated 6-1-2020. The counsel for terminal operator when confronted with the said fact submitted that an appeal is pending before the apex court and some ad-interim order is operating in favor of terminal operators. The bench observed that such order is operative inter-parties and is not an order rem whereas the provision of section 14-A is on Statute.

The bench after detailed hearing held that no purpose will be served if the consignments kept detained at the port. The bench then ordered release of consignment subject to securing of disputed amount of demurrage be secured before the Nazir of the Court by way of a bank guarantee or Pay Order. The Nazir was directed to encash the same and invest in some profitable scheme. The fate of the amount so paid was connected to the final order of the apex court.

CN 14-2-2023

SHC SUSPENDS ORDER OF DJ MALIR AGAINST COLLECTOR JIAP CUSTOMS, OFFICERS, NOTICE ISSUED FOR MARCH 14

KARACHI: Justice Omar Sial of High Court of Sindh suspended operation of an order passed in criminal petition filed under Section 22-A passed by District & Sessions Judge Malir directing DG F.I.A to order inquiry against Collector of Customs Jinnah International airport.

Collector Muhammad Nadeem Memon, Arsalan Bashir, Mohsin Shehzad and Miss Arbeen officers of Pakistan Customs were nominated in the case. The case was filed by two passengers of foreign origin from whom US \$ 40000 were detected by ASF staff through scanner. ASF handed over the passengers namely Pharadon Suwannapratra and Miss Chanida Judepetjan to Pakistan Customs which then after due legal process seized the currency equivalent to Rupees 8,989,200. A show cause was also issued and adjudication proceedings were underway while the accused person filed the criminal complaint alleging that currency was taken out by custom officials who also maltreated them and gave threats of dire consequences. The petition was allowed with direction to DG F.I.A for a probe. Khalid Rajpar Advocate appearing for the custom officers challenged the order on ground that accused official were not heard by the Sessions court.

The learned single judge after hearing preliminary arguments ordered issuance of notices to respondents for March 14 while suspending the impugned order till next date of hearing.

CN 15-2-2023