FBR ACTS TO REDUCE RS2.3TRN LITIGATIONS THRU ADR OPTION

ISLAMABAD: In order to reduce litigations of Rs2.3 trillion in courts, the Federal Board of Revenue (FBR) has decided to approach trade bodies, including chambers of commerce all across the country to utilise the Alternate Dispute Resolution (ADR) option to the optimum level.

According to a document of the FBR to end litigation of Rs2.3 trillion in courts, the Customs Wing of the FBR is putting special emphasis on availing the ADR mechanism under Section 195C of the Customs Act, 1969, for quick and amicable disposable of pending litigation cases.

In this regard, the field formations have been directed to identify cases that are suitable for disposal through ADRCs. The Customs Wing FBR is in the process of reaching out to trade bodies, including chambers of commerce all across the country to utilise ADRC option to the optimum level.

The Customs Operation wing has already set up ADRCs in five cases, with three more in the pipeline and efforts are being made to maximize the use of this mechanism for quick and early disposal of pending litigation cases.

In order to discourage frivolous litigation all chief collectors/director generals have been asked to forward the recommendation for filing of appeals/SCRAs after satisfying themselves to the legality/propriety involved in the questions of law being framed/finding to the board. In order to discourage the filing of appeals/references on frivolous grounds, the field formations have been directed that only sound and specific questions of law, if they so exist, should be raised rather than general questions of law/grounds for filing appeals/references, the FBR added.

25PC GST ON LUXURY ITEMS: FBR WILL MOVE A SUMMARY

ISLAMABAD: The Federal Board of Revenue (FBR) will move a summary to the federal cabinet for imposing a higher rate of 25 percent sales tax on the import of a wide range of luxury and non-essential items. Sources told *Business Recorder* here on Monday that the FBR has obtained the enabling powers of the federal government under the Finance (Supplementary) Act, 2023, to levy 25 percent sales tax on the import of luxury items.

The FBR is now fully empowered to impose 25 percent sales tax at the import stage but the approval needs to be taken from the federal cabinet in this regard. According to the Finance Act, 2023, the federal government may, subject to such conditions and restrictions as it may impose, by notification in the official Gazette, declare that the tax on goods specified in the Third Schedule shall be collected and paid at such higher rate or rates on the retail price thereof, as may be specified in the said notification. Earlier, the FBR has no powers of the federal government to impose 25 percent sales tax through a statutory regulatory order (SRO).

The Finance (Supplementary) Act, 2023, has given such powers to the FBR to impose higher rates of sales tax.

R 28-2-2023

FBR GETS 4.19 MILLION ACTIVE TAXPAYERS IN LAST LIST FOR TAX YEAR 2021

Federal Board of Revenue (FBR) received 4.19 million taxpayers, according to an official document released on Monday. The FBR issued the last Active Taxpayers List (ATL) for tax year 2021. The revenue body carried the name of those individuals or corporate entities, who filed their returns till February 26, 2023. The FBR will now issue new list of Active Taxpayers for the tax year 2022 on March 01, 2023.

The new list will carry the names of those persons who have file their income tax returns by due date or those names, who have filed their annual returns after the due date but with payment of surcharge. The last date for filing income tax return is September 30 for taxpayers including salaried persons, business individuals, association of persons and companies having special year. However, for the companies having normal accounting year are required to file their annual return by December 31.

For the tax year 2022 the last date was extended repeatedly and finally it was concluded by December 15, 2022. Therefore, all those who had filed their return by December 15, 2022 are eligible for the ATL. Meanwhile, those are also eligible, who filed after the due date but have paid the surcharge. Besides, the existing ATL for tax year 2021 is expiring on February 28, 2023.

According to FBR officials, taxpayers who had failed to file income tax return for tax year 2022 would not able to avail benefit of reduced rates of withholding tax from March 01, 2023.

The FBR will issue the new ATL on March 01, 2023 on the basis of income tax returns filed for the tax year 2022 till February 28, 2023. The officials said that the FBR had 4.2 million active taxpayers as of February 20, 2023.

According to the ATL is a central record of online Income Tax Return filers for the previous tax year. It further said ATL is published every financial year on March 01 and is valid up to the last day of February of the next financial year.

For example, Active Taxpayer List for Tax year 2020 was published on March 01, 2021 and will be valid till February 28, 2022. Similarly, Active Taxpayer List for Tax year 2021 will be published on March 01, 2022 and will be valid till February 28, 2023.

The FBR said that a person's name will be part of the current ATL, if the Tax Return filed pertains to the Tax year of the relevant ATL. For example, to be part of the ATL published on March 01, 2021, a person must have filed a Tax return for the Tax year 2020. Similarly, to be a part of the ATL published on March 01, 2022, a person must have filed a Tax Return for the Tax year 2021.

Restriction on including a person's name on ATL, if the person has not filed Tax Return by the due date specified by Income Tax authorities was introduced through Finance Act, 2018. For example, to be part of the ATL published on 1st March 2022, a person must file a Tax Return by the specified due date for the Tax year 2021. However, through Finance Act, 2019 a person's name can be part of ATL, even if the person has filed Tax Return after the due date specified by Income Tax authorities. Furthermore, a surcharge for placement on ATL after due date of filing of Tax Return will be charged as under:

Person	Surcharge (PKR)
Company	20,000
Association of Persons	10,000
Individuals	1,000

A company or an AOP shall be included in the ATL, whose return is not to be filed due to incorporation or formation after 30th day of June relevant to the Tax year pertaining to the ATL. Joint account holders as an entity shall be deemed to be part of ATL if any of the persons in the joint account have met the criteria of being included in the ATL.

Bank account held in the name of a minor shall be considered part of ATL if the parents, guardians of the minor or any person who has deposited money in minor's account are deemed to have met the criteria of being included in the ATL. The late filers of Income Tax Return for Tax Year 2021 can pay "Surcharge for ATL" as defined under section 182(A) of Income Tax Ordinance 2001 by clicking on Tax Payment Nature "Misc" head in the PSID. Only after the payment of surcharge will the name of the late filer become part of ATL, the FBR added.

PR 27-2-2023

INVESTORS RUE PENDING TAX REFUNDS OF RS93BN

KARACHI: The pending tax refunds of multinational companies operating in Pakistan have grown to Rs93 billion, up 15 per cent from October 31, 2022, when the representative body of foreign investors last took up this matter with the revenue collection authority.

A tax refund is a payment to the taxpayer after it has paid to the government more tax than it owes. Businesses have routinely accused tax authorities of collecting and withholding more-than-due taxes in order to meet their revenue targets.

The Overseas Investors Chamber of Commerce and Industry (OICCI) recently shared with the Federal Board of Revenue (FBR) an exhaustive list of tax refund claims, seen by *Dawn*, while demanding that the process should be “institutionalised”. “We understand the Federal Board of Revenue (FBR) has paid Rs208bn refunds between July 2022 and January 2023, including (a) few of our members that have reported partial settlement of their income tax refunds,” OICCI said in its letter to FBR Chairman Asim Ahmad.

Tax refunds should be made through a “first in queue and first to be paid” system, according to M. Abdul Aleem, secretary general of OICCI, which represents over 200 foreign investors from 35 countries and 14 sectors of trade and industry.

The list of tax refund claims shows the most affected entity is the Hub Power Company Ltd. Its outstanding income and sales tax refunds amounted to Rs9bn. K-Electric is second on the list with outstanding sales tax refunds of Rs8.6bn. Claims by Frieslandcampina Engro Pakistan Ltd, Engro Polymer and Chemicals Ltd and Procter and Gamble Pakistan Ltd amount to Rs6.4bn, Rs3bn and Rs2.4bn, respectively. More than 57pc of all outstanding refund claims are of income tax while the rest belong to the sales tax category. “We request you to direct the concerned FBR commissioners to review all the pending refund cases and arrange for early settlement of the legitimate claims to ensure that all the old cases are amicably resolved,” Mr Aleem said.

DHL SUSPENDS ‘IMPORT EXPRESS PRODUCT’ IN PAKISTAN FROM MARCH 15

KARACHI: DHL, a global logistics company, announced on Monday to suspend some of its operations partially in Pakistan due to restrictions on outbound remittances by the government.

DHL Pakistan has informed its customers that it is suspending ‘Import Express Product’ and restricting outbound shipments to a maximum weight of 70kg per shipment for all customers billed in Pakistan from March 15.

The company said the last pick-up date would be March 14 and shipments picked up on or before this date would still be delivered. Amid fast-dwindling foreign exchange, the PMLN-led coalition government and the State Bank of Pakistan have imposed restrictions on outward remittances for foreign companies operating in Pakistan.

“The remittances sent by DHL Pakistan cover the cost of DHL’s international aviation, hub, gateway and last-mile delivery incurred through our global network for the shipments sent/received by valued customers, the courier service provider said, adding that this constraint has made it unsuitable for DHL Express to continue providing the full product offering in Pakistan. The company said it is in regular contact with the Pakistani authorities to allow pending remittances to resume the full suite of services in the country at the earliest.

Meanwhile, Businessmen Group (BMG) chief Zubair Motiwalla said the government should settle the grievances of DHL amicably as exporters need the foreign courier service for sending their samples to foreign buyers. Jawed Bilwani, Chief Coordinator of Pakistan Fashion Apparel, said “we usually send textile samples which are necessary to secure future orders.”

However, some exports of goods like surgical items are made from Sialkot while some packaging items are also exported from Lahore via DHL. The trading community usually brings in imported items from various countries, he added.

The government is not allowing dollar outflow while foreign shipping lines have also warned of suspending their operations in Pakistan as banks had stopped remitting freight charges to them due to the unavailability of dollars. Profit repatriation on foreign investment stood at $220m in 7MFY23 as compared to over $1bn in the whole FY22.

Dawn 28-2-2023

FEDERAL GOVERNMENT ORDERS RESHUFFLE OF MEMBERS, CUSTOM APPELLATE TRIBUNAL MEMBERS TRANSFERRED

KARACHI: The Federal government has ordered postings/transfers of Judicial Members of Customs Appellate Tribunals. According to a notification issued on 23-2-2023 Mr Abdul Jabbar Qureshi, Judicial Member, Karachi was posted at Islamabad Bench II, Attique Piracha from Islamabad to Lahore Bench II, Hafiz Ansar-ul-Haq from Bench II Lahore to Bench I at Karachi, Naveed-ul-Haq from Bench II Karachi to Bench I, Mazhar Ali from Bench I Lahore to Custom Appellate Tribunal Bench II, Karachi.

All these Member Judicials in BPS 21 were posted and transferred immediately. It is worth mentioning that transfers were ordered after complaints against proceedings at Karachi benches.

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