

FBR SHINES AGAIN: COMMENDABLE PERFORMANCE UNDER DIFFICULT CIRCUMSTANCES, SURPASSES BUDGETARY TARGET FOR FEBRUARY 2023

Federal Board of Revenue has once again demonstrated great revenue collection performance during February 2023, despite difficult economic situation. According to provisional figures, FBR collected Rs. 527.3 billion against the target of Rs. 527 Billion during the month of February 2023, exhibiting a growth of 16.3% compared to the same month last year.

Cumulatively, FBR has collected Rs. 4,493 billion in the first eight months of the current financial year against Rs. 3,820 billion collected in the corresponding period of last year depicting a year-over-year growth of 18%. FBR continues to show impressive performance during the third quarter of the current financial year which displays its unwavering commitment towards achieving the revised upward annual budgetary target of Rs. 7,641 billion despite economic challenges.

As per the provisional data, direct tax collection grew at a robust pace of 47% during the first eight months of the current financial year which is reflective of Government's policy of making taxation progressive and equitable through shifting tax burden towards society's wealthy and affluent segments. This consistent growth in direct taxes, particularly those from domestic sources, is, in large part, due to administrative and enforcement measures of the FBR. The contribution of domestic taxes has increased from 49.4% last year to 58.7% during the current year, pointing towards the success of policies aimed at reducing reliance on import duties and taxes.

Furthermore, it is also significant that the collection from Customs Duty has shown an increase of 2% during the month of February 2023 compared to the same month last year. FBR has also stayed on top of addressing exporters' liquidity needs through issuance of Rs. 235 billion in refunds during the first eight months of the current financial year as against Rs.198 billion during corresponding period of last year-a year-over-year increase of 19%.

FBR sincerely appreciates all those taxpayers who diligently fulfilled their national duty of paying due taxes. This would go a long way in achieving the budgetary target and also lauds the endeavors of all field formations and its officers for their untiring efforts and commitment to optimize revenue collection in challenging economic situation. This growth in tax revenues, especially direct taxes, underscores the resolve of the Government and FBR to make Pakistan a thriving, resilient and self-reliant nation which has the will and capacity to withstand the current economic challenges.

FBR PR 1-3-2023

FBR SURPASSES FEB REVENUE COLLECTION TARGET

ISLAMABAD: The Federal Board of Revenue (FBR) has exceeded the assigned revenue collection target of Rs 527 billion during the month of February 2023, according to the updated data released by the FBR on Wednesday. According to the details released by the FBR, the tax machinery has once again demonstrated great revenue collection performance during February 2023, despite difficult economic situation. According to provisional figures, FBR collected Rs. 527.3 billion against the target of Rs. 527 billion during the month of February 2023, exhibiting a growth of 16.3% compared to the same month last year.

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R 2-3-2023

FBR TO SQUEEZE TAXPAYERS FOR GENERATING RS3.15 TRILLION IN FOUR MONTHS

ISLAMABAD: In pursuit of mammoth revenue target of Rs7.64 trillion, the Federal Board of Revenue (FBR) will squeeze taxpayers during four months (March – June) to generate Rs3.15 trillion. According to latest data, the FBR collected Rs4.493 trillion during first eight months (July – February) 2022-2023 as compared with Rs3.82 trillion in the corresponding months of the last fiscal year, showing a growth of 18 per cent.

The FBR said that it continued to show impressive performance during the third quarter of the current financial year which displays its unwavering commitment towards achieving the revised upward annual budgetary target of Rs7.64 trillion despite economic challenges. It further said that it had once again demonstrated great revenue collection performance during February 2023, despite difficult economic situation.

According to provisional figures, FBR collected Rs527.3 billion against the target of Rs527 billion during the month of February 2023, exhibiting a growth of 16.3 per cent compared to the same month last year. As per the provisional data, direct tax collection grew at a robust pace of 47 per cent during the first eight months of the current financial year which is reflective of Government's policy of making taxation progressive and equitable through shifting tax burden towards society's wealthy and affluent segments.

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PR 2-3-2023

FBR PESHAWAR TIGHTENS NOOSE AGAINST TAX EVADERS: EYES THE GOODS BEING SUPPLIED FROM TAX EXEMPT AREAS OF FATA AND PATA TO TAXABLE AREAS

PESHAWAR: Regional Tax Office (RTO) Peshawar, Federal Board of Revenue (FBR) has tightened the noose against tax evaders under the leadership of Chief Commissioner RTO Peshawar Aqeel Ahmad Siddiqui.

Officials concerned told this scribe here on Wednesday said the RTO has established various checkpoints and mobile squads to keep an eye on goods being supplied from tax exempt areas of FATA and PATA to taxable areas under section 40D of the Sales Tax Act, 1990. The officials said the law strictly prohibits business entities of non-tariff areas from selling items to taxable areas without charging the required Sales Tax and FED under the garb of tax exemptions

RTO Peshawar has taken an active role by establishing various checkpoints and mobile squads to monitor goods supplied from tax exempt areas of FATA and PATA to taxable areas under section 40D of the Sales Tax Act, 1990, the officials added.

As many as 82 vehicles were seized which were carrying different goods, including foam mattresses, paper and paperboard materials, plastic, steel, pipes, and cement, according to data shared with media here on Wednesday. Out of the 82 vehicles, 69 were released after payment of the required sales tax, while 13 vehicles remain under seizure, said the official data shared with the media here. According to the RTO data, the value of goods in these seized vehicles was worth millions of rupees, and consequently sales tax recovered and deposited in the national treasury amounted to around Rs. 12 million.

The officials concerned said that this is not the first time RTO Peshawar has conducted such operations. RTO Peshawar is very active in stopping the smuggling and sales of non-duty paid/counterfeit cigarettes and tobacco, they added. In the last eight months, the data showed that the RTO conducted 13 raids in which almost 23 million sticks of cigarettes, involving Federal excise Duty of more than Rs. 47 million and Sales Tax of Rs. 13 million have been seized.

Furthermore, according to official data, large quantities of prized tobacco worth 1 million have also been seized involving Rs. 444 million in FED. It is noted here that in a ceremony held at Kacha Garhi, Peshawar to counter the illicit trade of non-duty paid cigarettes almost 25 million sticks of non-duty paid/counterfeit cigarettes were set on fire, the value of which was around 90 million PKR. The FED involved was Rs. 52 million and Sales Tax of Rs. 13 million.

The officials concerned said the RTO Peshawar has been making full use of the track and trace system, which is a flagship project of the Federal Board of Revenue (FBR) for stemming the flow of duties and taxes in five sectors, including tobacco. This system has been successfully implemented in various tobacco units of Khyber Pakhtunkhwa, aiding RTO Peshawar in seizing illegal shipments of tobacco and related products, the officials said.

Presently, the officials maintained RTO Peshawar has deputed three mobile squads for surveillance and monitoring duties, with various check posts established at entry and exit points of FATA/PATA, mostly on Motorway.

The RTO said the crackdown on tax evaders is a positive step towards ensuring transparency in the tax system and promoting a culture of compliance.

The officials stressed it is essential that all businesses and individuals contribute their fair share to the national exchequer, as this revenue is critical for the development and progress of the country. Therefore, the RTO Peshawar vowed to continue its strict actions against those who evade taxes, ensuring that the country's economic growth and development remain steady.

'ARBITRARY' NOTICES IRK BEVERAGE FIRMS

LAHORE: Issuance of arbitrary tax notices to the beverage sector firms without referring disputed matters to the valuation committee has irked beverage firms, terming it harassment on the part of field formations of Federal Board of Revenue (FBR). According to sources, such notices are issued by the tax offices to leading beverage firms while deriving the value of concentrate used by them on mere assumptions, conjectures and surmises.

In all such cases, they said the field formations avoid referring the matter to the valuation committee for appropriate determination of value of disputed concentrates used by the beverage firms. They said all such show-cause notices are being issued under the sales tax act, federal excise act and income tax ordinance. The purpose of this exercise is to trap beverage firms into procedural hiccups to extract maxim revenue before the matter is settled in accordance with law. It may be noted that the field formations are found adamant to apply relevant provisions of law wrongly to create fake demands against the beverage firm.

In a recent case, one leading beverage company pursued the issue and requested the Large Tax Office (LTO) Lahore to constitute a valuation committee before carrying out the execution of show-cause notice.

Accordingly, a committee was constituted with a representation both from public and private sectors and two members from Lahore Chamber of Commerce and Industry were added to it to ensure transparency.

The sources said the said valuation committee commenced its proceedings and while it was holding hearings, the department intervened and stopped it to proceed further when it realized that the decision of the committee might go against it. However, the beverage firm kept pursuing the issue at all the relevant forums with a focal point that the law has provided for determination by a valuation committee when value of a concentrate could not easily be ascertained.

The sources said the said beverage firm kept securing decisions in its favor from all the appellate forums and finally it was declared by the higher courts that arbitrary departmental acts without recourse to the valuation committee were violation of relevant laws. It may be noted that the business community has also been agitating in front of Federal Tax Ombudsman (FTO) against the field formations for creating fake demands for arm twisting of corporate tax. It was reported earlier by this scribe that one dairy firm had no option but to hold salaries of employees to pay such a demand few last year.

TEXTILE EXPORTERS: FBR VOWS TO ENSURE SPEEDY REFUND PAYMENTS

ISLAMABAD: The Federal Board of Revenue (FBR), Wednesday, assured textile exporters of restoring speedy payment of sales tax refunds under the “FASTER” system without further delay.

In this regard, the FBR held a meeting with the textile exporters at the FBR headquarters to deliberate and resolve the sales tax-related issues. Leading textile associations, towel exporters, some individual big companies and spinners, etc, participated in the meeting.

The FBR side was headed by FBR Member Inland Revenue (Operations) and the meeting was attended by the Chief Commissioners of Lahore and Faisalabad and officials of Pakistan Revenue Automation Limited (PRAL).

The FBR officials quoted the example of a textile exporter who got an excessive amount of sales tax refund of 25 percent of the exports and later the unit refunded the excess amount to the Board. The FBR officials informed the exporters that the refund payment orders (RPOs) will be issued for the period of January 2023 for payments to be made in February 2023. Exporters objected that the payments of sales tax refunds have been delayed by the system since January 2023 due to system glitches and technical issues. Exporters claimed that the system was temporarily non-operational for the issuance of the refunds under the “FASTER” system even in cases where Annex-H (stock statement) was submitted with the monthly sales tax returns.

The FBR and the exporters discussed the issue of the threshold of 12 percent of sales/ exporters for the purpose of payment of sales tax refunds. The FBR has conveyed to the exporters that why the value addition of exporters is different from one sector to another. Both sides discussed the issue of value addition to be increased from 10 to 20 percent, whereas, it was mutually agreed on 15 percent.

The FBR has conveyed to the exporters that the threshold of 12 percent of sales/ exports. The FBR has established a help desk for resolving grievances of exporters for filing of Annex-H (stock statement) of the sales tax return for claiming refunds under the FASTER system.

According to a tweet of the FBR, the FBR is committed to resolving the problems of exporters to enable them to enhance the country’s exports. The board has invited all textile exporters to resolve the refund issues to relieve the cash flow burden, the FBR added. Additionally, the FBR has not stopped short of taking care of exporters’ liquidity problems and has issued refunds of Rs208 billion during the first seven months of the current financial year as against Rs183 billion during the corresponding period of last year which is 14 percent more than the previous year’s issued refunds.

CHARGES ON STUCK CARGOES WAIVED OFF: ECC

ISLAMABAD: The Economic Coordination Committee (ECC) of the cabinet has approved a uniform procurement price of wheat crop 2022-23 at Rs3,900/40 kg, and decided to waive off all the charges of storage of stuck up containers, cargos at Karachi Port Trust.

The ECC meeting presided over by Finance Minister Ishaq Dar on Wednesday approved hybrid model of Ramzan Relief Package (targeted and un-targeted) subsidy on 19 items budgeted Rs5 billion and uniform tariff for K-Electric at par with XWDISCOS 1st Quarter 2022-23 and second quarter 2021-22. On a summary moved by the Ministry of Energy (Power Division) regarding uniform tariff for K-Electric at par with XW-DICSOS 2nd Quarter 2021-22, the ECC approved tariff rationalisation for K-electric by way of adjustments on the consumption of July 2022 to September 2022 and to recover from consumers from March 2023 to May 2023, respectively. This would result in an impact of tariff increase of Rs1.5547/unit with recovery period of three months.

On another summary moved by Ministry of Energy (Power Division) on uniform tariff for K-Electric at par with XWDISCOS 1st Quarter 2022-23, the ECC allowed tariff rationalisation by way of adjustments for K-electric on the consumption of February to March 2023 and to recover from consumers in March-2023 to April 2023 respectively. This will result in an impact of tariff increase of Rs3.21 per unit with recovery period of two months.

The ECC also considered another summary of Ministry of Energy (Power Division) and approved the proposal regarding enhancement of surcharge for financial year 24 to cover federal government obligations towards power producers. Further, these surcharges for fiscal year 2024 will also be applied to K-Electric consumers to maintain uniform tariff across the country.

The ECC considered a summary tabled by the Ministry of National Food Security and Research regarding procurement price of wheat crop 2022-23 and after a detailed discussion approved a uniform procurement price of wheat crop 2022-23 at Rs3,900/40kg.

Ministry of Industries and Production presented a report on the logistic plan of PASSCO for in-land transportation of imported wheat 2022-23. The ECC considered and noted the report.

The ECC considered a summary submitted by Ministry of Maritime Affairs and approved Karachi Port Trust (KPT) Board Resolution regarding waiving off all the charges of storage on the stuck-up containers/ cargo landed help up at Karachi Port as a result of non-retirement of Letter of Credits and remittances of foreign exchange subject to condition that demurrages charges on each case beyond Rs5 million will be waived off after getting certification from SBP. The ECC further directed to submit a report on magnitude and amount of cleared consignments on monthly basis.

The ECC also approved Technical Supplementary Grants/ Supplementary Grants which included; (i) Rs200 million in favour of Ministry of Housing and Works for execution of development schemes- road from Lalmosa to Noona Wali Bhago and Malwana with link infrastructure Tehsil Kharian, (ii) Rs429.436 million in favour of Ministry of Housing and Works for development schemes of district Kasur, (iii) Rs702.9 million in favour of Ministry of Housing and Works for execution of schemes in Punjab province under sustainable development goals achievement programme, (iv) Rs12 million in favour of Ministry of Interior for National programme for Improvement of Water courses Phase-II in ICT; (v) Rs20 million in favour of Ministry of Interior for National programme for enhancement command areas in Barani areas of ICT, (vi) Rs1,112.04 million in favour of Ministry of Interior for project implementation letter of HQ FC (South) and HQ FC (North) KP.