

FBR UNVEILS UPDATED ST AND FED LAWS

ISLAMABAD: The Federal Board of Revenue (FBR) has issued the updated Sales Tax Act, 1990 and Federal Excise Act up to February 23, 2023, to incorporate amendments made in the sales tax law through the Finance (Supplementary) Bill, 2023.

The FBR, on Tuesday, issued the amended Sales Tax Act, 1990 and the Federal Excise Act up to February 23, 2023. The review of the updated Act revealed that the FBR has replaced 17 percent sales tax with 18 percent. The updated Act said that 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.

The Act has specified 18 percent sales tax on the import and supply of potassium chlorate along with Rs967 per kilogram. The 18 percent sales tax would be applicable on the import of mobile phones exceeding US\$ 200 but not exceeding US\$ 350. The 18 percent sales tax would be applicable on the import of mobile phones exceeding US\$350 but not exceeding US\$500. Mobile phones exceeding the value of US\$500 would be subjected to the 25 percent sales tax. As per the revised Federal Excise Act, a 10 percent excise duty would be applicable on sugary fruit juices, syrups and squashes, waters whether or not containing added sugar or artificial sweeteners excluding mineral and aerated waters. Under the amended Federal Excise Act, locally-produced cigarettes if their on-pack printed retail price exceeds Rs9,000 per 1,000 cigarettes, the rate of FED would be Rs16,500 per 1,000 cigarettes. Locally-produced cigarettes if their on-pack printed retail price does not exceed Rs9,000 per 1,000 cigarettes, the rate of duty would be Rs5,050 per 1,000 cigarettes.

R 8-3-2023

ST ON LUXURY ITEMS RAISED TO 25%

ISLAMABAD: The federal cabinet has allowed an increase in the sales tax (ST) on luxury items to 25%, meeting yet another condition of the International Monetary Fund (IMF) for the revival of its loan programme for the country.

The cabinet gave approval through circulation of the summary. The new rate would be applied from March 1, it was learnt on Tuesday. The items on which the sales tax had been raised, included imported mobile phones, chocolate juices, carpets, cosmetics, tissue papers, dog and cat food, fish, footwear, fruits and dry fruits, furniture, ice cream, jam, jelly, leather jackets, shampoo, sunglasses, ketchup, travelling bags and suitcases, weapons, pasta, musical instruments, frozen meat, doors and window frames, decoration articles, home appliances, sanitary and bathroom equipment, crockery and corn flakes etc.

TR 8-3-2023

REAL ESTATE AGENTS, OTHERS: FBR TO IMPOSE PENALTIES IF SUSPICIOUS TRANSACTIONS NOT REPORTED TO FMU

ISLAMABAD: The Federal Board of Revenue (FBR) will impose sanctions including penalties on real estate agents, jewelers, dealers in precious metals/ stones and accountants, if they failed to report suspicious transactions to the Financial Monitoring Unit (FMU) or conduct customer due diligence.

The FBR has issued Monetary Penalty Recovery Regulations-2023 through an S.R.O. 290 (I) 1 2023 here on Tuesday. According to the FBR's notification, the FBR is AML/CFT regulatory authority in respect of its reporting entities, that is to say real estate agents, jewelers, dealers in precious metals and precious stones and accountants who are not the members of the Institute of Chartered Accountants of Pakistan and the Institute of Cost and Management Accountants of Pakistan.

The FBR will impose sanctions, including monetary and administrative penalties to the extent and in the manners as may be prescribed, upon their respective reporting entity, including its directors and senior management and officers, who violate any requirement in sections 7(l), 7(3) to 7(6) and 7 A to 7H of the said Anti-Money Laundering Act, 2010 and any rules or regulations made there under. The penalty would also be imposed on those who fail to comply with the TFS (targeted financial sanctions) regulations and whereas any person aggrieved by the imposition of sanctions under this clause may prefer an appeal in such manner and within such period to such authority as may be prescribed. Under the AML Act, every reporting entity shall conduct customer due diligence (CDD) in the prescribed manner. However, penalty would be imposed on real estate agents, jewelers, dealers in precious metals/ stones and accountants, who would be failed to carry out the suspicious transactions.

The FBR being the AML/ CFT regulatory authority in respect of its reporting entities has notified that only the procedure with regard to recovery of the income tax as prescribed in Chapter XVI of the Income Tax Rules,2002, with necessary modifications, including the following, consistent with the provisions of the Anti- Money Laundering Act, 2010 and rules and regulations made there under shall apply for recovery of the monetary and administrative penalties imposed under the AML/CFT Sanctions Rules, 2020 as if therein, FBR added.

FBR RESTORES 'FASTER' SYSTEM

ISLAMABAD: The Federal Board of Revenue (FBR) Tuesday restored "FASTER" system for speedy payment of sales tax refunds to exporters. [The FASTER system was non-operational since January 2023. On Tuesday, the FBR started issuing electronic refund payment orders (e-RPOs) to the exporters and pending refunds up to February 20 would be issued and directly credited into the exporter's bank accounts, officials added.

R 8-3-2023

SHC DISMISS PETITION BY COAL IMPORTER, DEMAND FOR EIF, FI DO NOT INFRINGE ANY RIGHT OF AN IMPORTER HOLDS

KARACHI: An appellate bench of High Court of Sindh (SHC) dismissed a constitutional petition filed by AMIA Energy which imported 54,700 Metric tons of coal for Hub Power Plant questioning non entertaining of Goods Declaration unless these are supported by Electronic Information (EIF) or Financial Instrument (FI) issued by a bank.

The petitioner company sought indulgence of court for release of its consignment which is stuck up at the Pakistan International Bulk Terminal (PIBT) and incurring demurrage and detention charges and accumulated loss as calculated by the petitioner was over Rupees one billion. The counsel for the petitioner company maintained that Customs Act 1969 is a special law and it does not require filing of EIF or FI as a condition precedent for the purpose of clearance of goods, therefore non entertaining GDs of the petitioner amount to mala fide and beyond lawful authority. The counsel further argued that coal do not fall in prohibitory list.

The bench heard all the parties including competitor coal importing companies as well as regulator i.e State Bank of Pakistan. Upon perusal of record the bench also found that M/s Glonvore International FZE, UAE is owned by wife of one of the petitioners namely Kashif Aslam, thus transaction is a suspicious one, the supplier company has no history of previous business. The bench held that petitioner do not came to the court with clean hands. The bench further ruled that petitioner's claim for waiver of the EIF requirement has no basis in law and that petitioner has not identified any legal right as to why the waiver shall be given. The bench further held that the matter involves serious disputed questions of facts which cannot be determined while proceedings under Article 199 of Constitution of Pakistan.

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