FBR CHIEF'S DIRECTIVE TO IR KARACHI OFFICIALS

ISLAMABAD: Chairman Federal Board of Revenue Asim Ahmad has directed the senior Inland Revenue officials of Karachi to enforce/ monitor additional taxation measures taken through the mini-budget for the achievement of the revised upward annual budgetary target of Rs7,641 billion for 2023-23. To review revenue performance for the month of March 2023, a day-long meeting was held at FBR Headquarters by IR Operations wing with Chief Commissioner IR and Commissioners IRs of Large Tax Office (LTO) Karachi which was chaired by Chairman Federal Board of Revenue, Asim Ahmad.

The 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 percent.

R 13-3-2023

ACHIEVEMENT OF REVISED TARGET OF RS7.641TRN: FBR CHIEF ASKS KARACHI TAXMEN TO ENFORCE ADDITIONAL TAXATION STEPS

ISLAMABAD: Federal Board of Revenue Chairman Asim Ahmad has directed the senior Inland Revenue officials of Karachi to enforce/monitor additional taxation measures taken through the mini-budget for the achievement of the revised upward annual budgetary target of Rs7,641 billion for 2022-23. To review revenue performance for March 2023, a day-long meeting was held at FBR Headquarters by IR Operations Wing with Chief Commissioner IR and Commissioners IR of Large Tax Office (LTO) Karachi which was chaired by Federal Board of Revenue Chairman Asim Ahmad.

The 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-on-year growth of 18 percent.

R 12-3-2023

SUBMISSION OF RECORD: FBR ISSUES NAMES/CATEGORIES OF NPOS' BENEFICIAL OWNERS

ISLAMABAD: The Federal Board of Revenue (FBR) has issued names/ categories of the beneficial owners of the non-profit organization (NPOs) for submitting their records to the tax department by December 31, 2023. Through the S.R.O. 229(l) 2023, the FBR has declared the settlor, trustee, founder, promoter and beneficiary as beneficial owners of the NPOs for the purpose of record keeping. Every company and association of person (AOP) already registered with FBR, shall electronically furnish the particulars of its beneficial owners to the Board on or before December 31, 2023 through Board's online system.

Under the Income Tax Ordinance 2001, the "non-profit organization" covers any person other than an individual, which is established for religious, educational, charitable, welfare purposes for general public, or for the promotion of an amateur sport; formed and registered under any law as a non-profit organization; approved by the Commissioner for specified period, on an application made by such person in the prescribed form and manner, accompanied by the prescribed documents and, on requisition, such other documents as may be required by the Commissioner; and none of the assets of such person confers, or may confer, a private benefit to any other person, it added.

According to the S.R.O. 229(l) 2023, in case of non-profit organization as defined under section 2(36) of the Income Tax Ordinance, 2001, the settlor, trustee, founder, promoter, beneficiary, class of beneficiary, as the case may be, will be the beneficial owners of the non-profit organization: Provided that where the beneficiary or class of beneficiary of the non-profit organization is general public, the beneficiary or class of beneficiary of such non-profit organization shall be exempted from the requirement of providing information of beneficial owners. Under Income Tax Ordinance, every company and association of persons shall electronically furnish particulars of its beneficial owners in such form and manner as may be prescribed. Every company and association of persons shall update the particulars of its beneficial owners as and when there is a change in the particulars of the beneficial owners, it added.

R 13-3-2023

FBR ADDS ABOUT 60,000 NEW RETURN FILERS TO WEEKLY ACTIVE TAXPAYERS LIST

ISLAMABAD: Federal Board of Revenue (FBR) on Monday added about 60,000 new income tax return filers to weekly active taxpayers list (ATL).

The FBR issued updated ATL on the basis of income tax return filers for tax year 2022 up to March 12, 2023. The new list carried the names of 3.32 million active taxpayers as compared with 3.26 million active taxpayers in the previous list updated up to March 06, 2023. ATL ensures the taxpayers that they are entitled to get reduced rates of withholding tax on various transactions.

In the previous ATL for tax year 2021 the FBR received 4.19 million taxpayers, who filed their returns till February 26, 2023. 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.

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. According to the FBR, 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 13-3-2023

IGNORING GROUNDS OF APPEALS TANTAMOUNT TO MALADMINISTRATION: FTO

ISLAMABAD: Federal Tax Ombudsman (FTO) has issued an important ruling that the act of non-consideration of all grounds of appeals by the Commissioner Inland Revenue (Appeals) is tantamount to maladministration under the FTO Ordinance.

According to an order passed by the FTO on Saturday, the FTO has expressed concern that a Commissioner Inland Revenue (Appeals) Karachi passed an order arbitrarily against the taxpayer without considering grounds of appeals.

The FTO order revealed that the FTO office feel that the CIR (Appeals) did not consider all the grounds of the appeals of the appellant/ Complainant and passed orders arbitrarily without considering all the grounds of the appeals. In this backdrop, CIR (Appeals) is found to have not adjudged any grounds of appeals on its merit with the contention that the appellant/ Complainant did not comply with the notices issued by the concerned officer before he proceeded to pass orders under Section 161/205 of the Ordinance. This argument is contrary to law as per provisions of Section 129(1) of the Income Tax Ordinance.

"The act of non-consideration of all grounds of appeals by the Commissioner IR (Appeals) is tantamount to maladministration in terms of the provisions of the FTO Ordinance", FTO ruled. As all grounds of appeals have not been considered, it is a mistake apparent from record liable to be rectified under section 221 of the Income Tax Ordinance, 2001. The CIR (Appeals-VI), Karachi, may rectify this mistake on his own motion as per law or the Complainant may also file miscellaneous application to the Commissioner IR (Appeals-VI), Karachi for rectification as per law.

The arguments of the Complainant; however, were not considered by the Commissioner IR, Appeals VI, Karachi who dismissed the Complainant's appeal vide separate orders with his findings that since the notices issued to the appellant by the concerned officer remained un-complied despite issuance of reminders therefore the Departmental action of passing of the impugned orders by the concerned Assistant/Deputy Commissioner IR call for no interference and he confirmed all the orders.

FTO has recommended the FBR to direct Member-IR(Legal) to ensure that Commissioner IR, Appeals VI, Karachi rectifies the order on his own motion or upon an application filed by Complainant and consider all grounds of appeal as per law and after providing opportunity of hearing.

The FBR should direct the Chief Commissioner IR, RTO-l, Karachi and Director General, Directorate General of Training & Research IR, to arrange for specialized training at DOT, Lahore for the Assistant/ Deputy Commissioner IR, who had passed the impugned orders u/s 161/205 of the Ordinance.

The FBR should also direct the Commissioner IR, Zone-V, RTO-l, Karachi to immediately detach all bank accounts of the Complainant, and the officers, who have violated FBR's instructions, should be reprimanded, FTO order added.

R 12-3-2023

CUSTOM APPELLATE TRIBUNAL ALLOWS APPEAL AGAINST REFUSAL TO ALLOW EXEMPTION TO RBD PALM OIL USED FOR MAKING BIO DIESEL

KARACHI: A two member custom appellate tribunal bench allowed an appeal filed by Bio-tech Energy (Pvt) Ltd against refusal to allow exemption to RBD Palm Oil used for making bio diesel.

The appellant company was represented by renowned law firm Franklin Law Associates. A counsel from appellant company arguing the appeal maintained that goods imported were exempted under Serial Number 25 of the Customs Act 1969. He further submitted that proceedings by the respondent department were hopelessly time barred as instead of 180 days, same were initiated with a delay of over 18 months. The counsel also relied on different case laws in support of his contentions.

The departmental representative however supported the Order in Appeal passed by Collector of Appeals. The bench after detailed hearing allowed the appeal, setting aside Order in Appeal and ordered the department to return the pay order/security deposited against differential amount of custom duty and other levies.

CN 11-3-2023

SS SHEET UNDER PCT HEADING 7219.9090: FBR BODY RULES AGAINST IMPOSITION OF 20PC DUTY

ISLAMABAD: The customs classification committee of the Federal Board of Revenue (FBR) has declared that the Collectorate of Customs Appraisement (East) Karachi has wrongly imposed 20 percent duty on the import of 'Printed Stainless Steel Non-Magnetic Sheet Cut to Size'.

The committee has issued a ruling and endorsed the viewpoint of an importer of Printed Stainless Steel Non-Magnetic Sheet Cut to Size', who have accurately cleared the item at zero-percent customs duty. On the other hand, the Collectorate of Customs Appraisement (East) Karachi has wrongly imposed 20 percent duty on the import of this item.

The Collectorate of Customs Appraisement (East) forwarded a reference for the classification of 'Printed Stainless Steel Non-Magnetic Sheet Cut to Size'.
Brief facts as reported by the referring Collectorate are that importer M/s Subhan Enterprises imported multiple items of Gas Hob and parts, including 'Printed Stainless Steel Non-Magnetic Sheet Cut to Size'. The importer declared the goods as 'SS Sheet' under PCT heading 7219.9090. The Collectorate was of the view that the impugned good on Examination were found to be 'Printed Stainless Steel Non-Magnetic Sheet Cut to Size' and the same were assessable under PCT heading 7321.9000. However, the importer contended that merely cut to sizes and/ or printing/ embossing did not change essential character of the goods being stainless steel sheet and that the same still required further working by machine presses and tools to enable it to be finally a part of Gas Hob; hence, as imported, the same is classifiable under PCT heading 7220 in the light of Explanatory Notes of HS Code 7220 of the Harmonized Coding System.

The importer's request for provisional assessment under Section 81 of the Customs Act, 1969 was acceded to by referring the matter to Classification Committee for determination of PCT heading under Pakistan Customs Tariff.

Several meetings of Classification Committee were held which were attended by the Departmental representative and members of the Classification Committee but no one appeared from the importer side. The representative of the Collectorate reiterated that since the sheets are cut to size and imported with some hob/ range hood parts, therefore, the same are classifiable as parts under PCT heading 7321.9000.

The Committee observed that the impugned goods 'Printed Stainless Steel Non Magnetic Sheet Cut to Size' as imported and presented can be used for multiple purposes, depending upon further work to be done upon them. These sheets do not attain the essential character of being part of Hob or Stove as the same are cut to size flat sheet and no work is done on them to contain holes/ spaces/ compartments for burner/ knob placements. Furthermore, in their present condition and form, these sheets cannot be fitted with or used as part of Hob/ Stove as these are flat sheet, without any holes, ridges, bends, bolts/ screws/ rivets attachments, etc. These sheets need to be worked upon as stated above to make them to be used with Hob/ Stove.

The ruling added that the Committee is of the view that "Printed Stainless Steel Non-Magnetic Sheet Cut to Size' is appropriately classified under PCT heading 7220.9090.

CUSTOMS SETS UP CELL TO MONITOR SUGAR EXPORT

KARACHI: Pakistan Customs has established a special cell at the Port QasimCollectorate to monitor the exports of 250,000 metric tons of sugar from the country. This comes after the government of Pakistan allowed the export of 250,000 metric tons of sugar through an Office Memorandum issued by the Ministry of Commerce last month.
The special cell, located at the Collectorate of Customs (Exports) PMBQ in Karachi, has been tasked with closely monitoring the export of sugar and ensuring that authorized exporters receive proper facilitation.

The cell is also responsible for coordinating between exporters, the State Bank of Pakistan, and the Collectorate, as well as preparing consolidated quota consumption reports. Under the Cabinet's decision, ratified by the Economic Coordination Committee (ECC), a quota of 250,000 metric tons of sugar has been permitted for export, including the previously approved quantity of 100,000 metric tons.
The quota for sugar exports has been distributed among the provinces as follows: Punjab and Sindh receive 61% and 32%, respectively, while Khyber Pakhtunkhwa (KPK) has been allocated a 7% quota.

The State Bank of Pakistan has been directed to update the ECC on sugar exports every fortnight, and the Pakistan Sugar Mills Association (PSMA) has undertaken to ensure that the price of sugar in the domestic market will not exceed Rs. 85-90/kg (ex-mill) for 2021-22 stocks. If the domestic sugar price increases, the Sugar Advisory Board (SAB) will recommend the immediate discontinuation of exports to the ECC. Additionally, no subsidy has been provided to the exporters by the Federal or Provincial governments. The establishment of this cell is a step towards ensuring the smooth export of sugar and will help in regulating the sugar market in Pakistan.

R 12-3-2023

MORE TAX ON LUXURY GOODS LAUDED

KARACHI: Imposing of 25% sales tax on the import and local supply Of luxury items is a wonderful step to discourage the luxury Items and encourage, the austerity, said Ateeq Ur Rahman, economic & financial analyst. He said up to ninety five percent of tax revenue is collected through indirect tax, customs duty and withholding tax winch seems to be enough to meet the revenue collection target of Rs.7.64 trillion inclusive of additional revenue measures Of Rs 170 billion.

Further FBR has issued the updated Sales Tax Act, which revealed that the FBR has replaced 17% Sales Tax with 18%. Moreover FBR has imposed a25% Sales Tax on the import and local supply of luxury items. He said there has to be a difference between essential and non-essential items in the category of luxury Items. “Segregating the list, I think that confectionery, jams, jellies, cornflakes, cereals, pasta, tomato ketchup & Sauces, fish and frozen/ fresh meat are essential items and required to build the local competition and maintain the equilibrium between demand and supply.” Having said that the only request is made to reduce the chargeable number of sale tax; this will help in checking the ballooning food inflation already existing at 37%, added Ateeq.

Government is hereby requested to categorize the minimum tax, encourage the fixed tax and adjustable tax. Sale Tax of anything and one very thing has to be justified when withholding tax, Customs Duty and Indirect taxes are under formation.

R 13-3-2023