

## **FBR EMPOWERS COLLECTORS TO ISSUE REFUNDS WITHOUT ANY MONETARY LIMIT UNDER SRO 342 OF 2023**

ISLAMABAD: The Federal Board of Revenue (FBR) has empowered the Collectors of Customs to issue refunds of customs duties or charges to the importers/exporters without any specific monetary limit. The FBR issued SRO 342(I)/2023, on Tuesday, to specify the maximum monetary limit of the customs officials for sanctioning refunds.

The FBR has re-defined the powers of the customs officials for the issuance of the refunds of customs duties. Under the new notification, the FBR is talking about the refunds under Section 33 (refund to be claimed within one year) of the Customs Act, 1969. According to the SRO 342(I)/2023, Collectors of Customs would have the authority to issue refunds without any monetary limit.

The additional collectors have been empowered to sanction refunds upto Rs2.5 million.

The deputy collectors have been authorised to sanction refunds upto Rs1 million.

The assistant collectors have been given the authority to issue refunds not exceeding Rs0.2 million.

Under the Customs Act, no refund of any customs duties or charges claimed to have been paid or over-paid through inadvertence, error or misconstruction shall be allowed, unless such claim is made within one year of the date of payment.

In the case of provisional payments made under Section 81 of the Customs Act, the said period of one year shall be reckoned from the date of the adjustment of duty after its final assessment. In the case where the refund has become due in consequence of any decision or judgment by any appropriate officer of Customs or the Board or the Appellate Tribunal or the Court, the said period of one year shall be reckoned from the date of such decision or judgment, as the case may be, it added.

## **COMPUTERISED ARMS LICENCES: FBR ASKED TO CONFIRM SALES TAX CHARGEABILITY**

ISLAMABAD: The Federal Tax Ombudsman (FTO) on Tuesday directed the Federal Board of Revenue (FBR) to confirm the chargeability of sales tax under the Sales Tax Act, 1990, on computerised arms licences, in the form of cards being supplied by the National Database and Registration Authority (Nadra).

The FTO issued an important order here on Tuesday on the chargeability of sales tax by the Nadra. A complaint was filed under Section 10(1) of the Federal Tax Ombudsman Ordinance, 2000 (FTO Ordinance) against inaction on the part of the FBR to take cognisance of the fact that the Nadra, Islamabad, was not charging sales tax on the supply of goods in the form of machine readable passports, vehicle registration cards, and computerised arms licences. The complainant stated that he is registered as an informer and according to him the supply of goods/ services by the Nadra was subject to levy and deposit of sales tax/ FED, but no tax/ duty was being charged by the Nadra. Therefore, the complaint is against the FBR for their inefficiency in taking cognisance of the fact that the Nadra is not charging sales tax on the supply of (i) machine readable passports, (ii) vehicle registration cards, and (iii) computerised arms licenses.

The FTO's findings stated that the Nadra is paying sales tax on the supply of machine readable passports to the Directorate General of Immigration and Passport, Islamabad as the supply of services @ five per cent of value in the light of the ICT (Tax on Services) Ordinance 2001. They are regularly filing sales tax returns as informed by the Large Tax Office (LTO), Islamabad.

The Nadra is charging and paying sales tax @ 17 per cent of value (as goods) of chip-based vehicle registration cards and as per contention of the LTO, Islamabad sales tax is not chargeable on the supply of computerised arms licenses by the Nadra in terms of ICT (Tax on Services) Ordinance, 2001. However, they are silent about the chargeability of sales tax (on goods) under Sales Tax Act, 1990. In the light of elaborate discussion and legal provisions as supra, the Revenue Division is required to examine chargeability or otherwise of sales tax under the Sales Tax Act, 1990 on computerised arms licenses in the form of cards, being supplied by the Nadra, Islamabad to the federal government, and the provincial governments on the analogy of chip-based vehicle registration cards, the FTO order added.