FBR SETS UP COMMITTEE FOR DEVELOPING SALES TAX RETURN FILING PORTAL

ISLAMABAD: Federal Board of Revenue (FBR) on Wednesday set up a committee for development and designing the single portal for filing of sales tax return at national level.

A notification stated that in pursuance of decision of the Chairman, the committee has been constituted for design and development of the Single Portal for filing of Sales Tax return across different tax jurisdictions with a view to enhance the ease of doing business in the country. The committee comprising of the following officers of FBR and technical resources of PRAL:-

1. Aamer Amin Bhatti Chief (Provincial Taxes), FBR (HQ), Islamabad: Chairperson of the Committee

2. Tariq Iqbal Secretary (Law and Clarification), FBR (HQ), Islamabad: Member

3. Faisal Sulaiman Senior Business Analyst, PRAL, Islamabad: Member

4. Ms. Farheen Azhar Senior Manager (Commercial Projects), PRAL, Islamabad: Member

5. Shahid Sharif Manager (Development), PRAL, Islamabad: Member

The committee shall be at liberty to associate any resource from PRAL and field formations of FBR for consultation with different stakeholders- telecom service providers, tax bars, and Provincial Revenue Authorities (PRAs) as and when required. The committee shall complete the assigned task by June 30, 2023 for implementation of a single sales tax return for the tax period July 2023.

The terms of reference (TORs) of the Committee shall be as following:-

i. To study the As-is Process of filing of sales tax returns of FBR and PRAs;

ii. To identify the similarities and dissimilarities in the sales tax return of FBR and Provincial Revenue Authorities (PRAs), including the business processes, rules and controls therein;

iii. To make consultations with all stakeholders, including but not limited to representatives of the of the tax payers, tax bar associations, and field formations of FBR and PRAs;

iv. To prepare design and supervise software development by PRAL;

v. To conduct user Acceptance Testing with the stakeholders for implementation of the single portal for filing of the Sales Tax returns; and

vi. To implement single return initially for telecom sector as a pilot project across FBR and Punjab Revenue Authority.

PR 15-3-2023

FBR CHAIRMAN DIRECTS IR OFFICES TO ENSURE RECOVERY OF TAX ARREARS

LAHORE: Asim Ahmad, Chairman, Federal Board of Revenue (FBR) has directed offices of Inland Revenue (IR) to ensure recovery of tax arrears.

FBR chairman visited the Large Taxpayers Office (LTO) Lahore a day earlier. During the visit, the chairman held a detailed meeting with the Chief Commissioner and Commissioners of LTO Lahore. Asim Ahmad reiterated his resolve to achieve the budgetary target assigned to FBR and the team of LTO Lahore assured that they will make all-out efforts to attain the desired results despite import compression and challenging market conditions.

The chairman directed the field formations to recover all pending arrears and expeditiously pursue cases pending in courts. During the meeting, revenue collection for the period of July to February 2023 was discussed at length vis a vis targets assigned. A detailed discussion was held on challenges being faced in various sectors along with strategy to be adopted to achieve budgetary target for remaining months of the financial year.

The chairman directed the LTO team to ensure that the new budgetary measures are enforced in letter and spirit. The sugar sector was specifically discussed at length to ensure collection of due taxes in the coming months. Asim Ahmad also discussed problems being faced by the field formations and assured to resolve them as soon as possible.

PR 16-3-2023

IMPORT OF GOODS FROM UZBEKISTAN: FBR ALLOWS CONCESSIONARY/REDUCED RATES OF DUTY

ISLAMABAD: The Federal Board of Revenue (FBR) has allowed concessionary/ reduced rates of customs duty, additional customs duty and regulatory duty on the import of goods from Uzbekistan from March 13, 2023 under the Pakistan—Uzbekistan Preferential Trade Agreement (PTA).

In this connection, the FBR has issued an SRO329(I)/2023 on Wednesday. In some cases, 100 percent exemption of customs duty, additional customs duty and regulatory duty has been allowed on the import of certain goods from Uzbekistan. Under the notification, the imports into Pakistan from Uzbekistan are made in conformity with the Pakistan—Uzbekistan Preferential Trade Agreement Rules of Origin, 2023 as notified by the Ministry of Commerce vide its Notification No SRO 289(I)2023 under the aforesaid Agreement between Pakistan and Uzbekistan, read with Import Policy Order as notified by Ministry of Commerce from time to time.

Now, therefore, in exercise of the powers conferred by sections 18C & 19 of the Customs Act, 1969, the Federal Government exempted with effect from March 13, 2023 the import into Pakistan from Uzbekistan of the goods to the extent of percentage of exemption from customs duty, additional customs duty and regulatory duty in accordance with the said Agreement.

The concessionary/reduced rates of import duties, additional customs duty and regulatory duty will be applicable on the import of beans of the species; green beans (dry whole); green beans (split); apricots; white chocolate; air conditioners self-contained or split type comprising of inner and outer unit whether or not imported separately (CKD/SKD condition); electrical transformers having a power handling capacity exceeding 10,000 KVA; Boards, panels, consoles, desks, cabinets and other bases for a voltage exceeding 1,000 V and LCD, LED and OLED.

R 16-3-2023

SHC DECIDES ISSUE OF IMPORT LICENSE FEE AFTER 29 YEARS

KARACHI: An appellate bench of High Court of Sindh decided three identical petitions challenging collection of Import License Fee from importers dismissing the same.

The petitions were filed by M.F.M.Y Industries Limited, M/s. Sapphire Textile Mills Ltd and M/s. Gatron (Industries) Limited (in C.P No. D-81 of in 1994-1995).

These Petitions involve a common question of law that whether pursuant to repeal of the Licences and Permits Fee Order, 1979 and promulgation of Import Fee Order, 1993 through SRO 594(I)/1993 dated 17.07.1993, the Petitioners were still required to pay Import Licence Fee on their imports.

The counsel for the Petitioners contended that prior to the repeal of the 1979 Order, any importer who wish to import anything into Pakistan was required to obtain an Import Licence for which requisite fee was required to be paid. According to them after repeal of the said Order and abolishment of the condition to obtain licence, no service was being provided by the Government, therefore, levy and demand of such Import Licence Fee in terms of SRO 594(I)/1993 was illegal and ultra vires to the Imports and Exports (Control) Act, 1950; hence liable to be so declared. They further contended that admittedly fee can only be levied when there is an element of quid pro quo, which is lacking in and therefore any collection of such fee during the period under question was illegal and without lawful authority.

1. One of the learned Counsel also argued that when this fee was being abolished, it was announced by the Finance Minister in his budget speech that the amount of such fee was being merged into Customs Duties, and therefore, any further collection of the same amounts to double taxation service was being provided and the question before us is not that whether such services commensurate with the amount of fee being charged by the Federal Government.

2. The bench after detailed hearing held that this cannot be measured or determined in constitutional jurisdiction; moreover, there is no cavil with the proposition that generally the fee should be relatable to the services rendered by the statutory functionaries; however, fee may be charged for conferment of a benefit or privilege as well.

3. Even otherwise per settled law the fee cannot be restricted only for rendering any material service but if any special benefit is conferred or any privilege is bestowed and for obtaining that privilege or benefit any amount is charged it will fall within the category of fee, the bench held adding that “It is not in dispute that notwithstanding the promulgation of the Import Fee Order, 1993, the Act of 1950 still regulates import and export in the country and thus regulates trade and commerce, whereas such import and export is done by way of an import and export policy which is issued every year taking into consideration the economy of the country and its requirements. At the relevant time, general import and export, unless so provided by law, was prohibited, therefore, when any licence (Annexure B in this matter) to import or export any goods is granted it is a sort of benefit or privilege which is conferred upon such a person.

4 . To the argument that Finance Minister’s speech had announced merger of fee with custom duty, we may say that Insofar as such speeches are concerned, in our view the same are without legal sanctity behind it and the Minister’s speech is of no importance till the policies as highlighted in such speeches are given legal effect or cover by way of Notification or instruction duly issued by the ministry concerned.

5 . Such speeches are usually motivated by political consideration and there is a considerable difference in between such speeches and that of a policy recognized by some statute or enactment.

6 . Here in this case not only a privilege has been extended for permitting import of an item which otherwise could not be done by all, except such permission, but even a service is still being provided, through the Export Promotion Bureau as well as the Bank (which at the relevant time were Nationalized Banks). So in essence, the requirement of quid pro quo stands fulfilled, and the levy of such fee on this touchstone cannot be declared as illegal and without sanction of law. It is further settled that fees realized may not necessarily exactly correspond to expenditure incurred on administration of the Act.

7 . In view of here in above facts and circumstances of this case, in our considered view, no case for indulgence is made out as apparently a service though in somewhat different manner as was being provided under 1979 Order; but was still being rendered under the Import Fee Order, 1993; and therefore, the Importers were required to pay the fee in question; hence, these Petitions do not merit any consideration and are hereby dismissed, the judgment said.

CN 15-3-2023

SUGAR SECTOR: FBR CHIEF ASKS SENIOR LTO LAHORE TEAM TO MAXIMISE REVENUE

ISLAMABAD: Federal Board of Revenue Chairman Asim Ahmad, Wednesday, directed the senior management of the Large Taxpayers Office (LTO) Lahore to maximise revenue from the sugar sector and recovery of super tax from high-income earners to meet the revised target of Rs7,641 billion for 2023-23.

In this connection, the FBR chairman visited the office of LTO Lahore on Wednesday and held a detailed meeting on the assigned targets and performance review of LTO Lahore.

The meeting was chaired by the FBR chairman. The meeting held at the LTO Lahore was also attended by the relevant Commissioners of the Inland Revenue LTO Lahore. The first meeting was recently held with the LTO officials at Karachi.

In the second phase of interaction with the LTO Lahore officials, tax authorities also directed the senior Inland Revenue officials of Lahore to enforce/monitor additional taxation measures taken through the mini-budget. Sources told Business Recorder that the Chief Commissioner LTO Lahore gave a detailed presentation to the FBR chairman on the key areas of the achievement of the target from top taxpaying companies.

The strategy to meet the assigned target including enforcement and administrative measures within the territorial jurisdiction of LTO Lahore was also discussed in detail.

The LTO Lahore officials also shared the plan to achieve the assigned monthly target for March 2023. The potential areas of revenue collection and recovery was also presented before the tax authorities. The details of tax payments from major sectors, big corporate entities and multinational companies during the current fiscal year were also discussed during the meeting.

Tax officials also informed the FBR chairman about the recovery of the super tax imposed on high-income earners under Section 4C of the Ordinance of 2001. The super tax was imposed on the profits of wealthy corporations whose earnings exceeded Rs150 million through the Finance Act, 2022.

The government had inserted Section 4C in the Income Tax Ordinance to charge the super tax from 13 specific sectors. The government imposed a super tax on banks, cement, iron and steel, sugar, oil and gas, fertilisers, LNG terminals, textile, automobile, cigarettes, beverages, chemicals, and airlines.

The FBR has collected Rs4,493 billion in the first eight months of the current financial year against Rs3,820 billion collected in the corresponding period of last year depicting a year-over-year growth of 18 percent. Meanwhile, a press release of the FBR said: The board chairman visited the LTO Lahore where he held a detailed meeting with the Chief Commissioner and Commissioners of LTO Lahore. During the meeting, revenue collection for the period of July to February 2023 was discussed at length vis-a-vis targets assigned. A detailed discussion was held on challenges being faced in various sectors along with strategy to be adopted to achieve budgetary target for remaining months of the financial year.

The Chairman directed the LTO team to ensure that the new budgetary measures are enforced in letter and spirit. The sugar sector was specifically discussed at length to ensure collection of due taxes in the coming months.

The chairman FBR reiterated his resolve to achieve the budgetary target assigned to FBR and the team of LTO Lahore assured that they will make all-out efforts to attain the desired results despite import compression and challenging market conditions.

The Chairman directed the field formations to recover all pending arrears and expeditiously pursue cases pending in courts. The chairman also discussed problems being faced by the field formations and assured to resolve them as soon as possible, it added.

‘WEIGHTS AND MEASURES’ FEE: PUNJAB GOVT COLLECTS RECORD TAX REVENUE

LAHORE: The Punjab government has collected record tax revenue of Rs27 million in lieu of ‘weights and measures’ fee through e-Pay Punjab, an online system for payment of government taxes.

The application, developed by the Punjab Information Technology Board (PITB) in collaboration with the Punjab Finance Department, registered 7,000 transactions since ‘weights and measures’ integration with e-Pay Punjab in December 2022. As per the details shared by the PITB on Wednesday, the Punjab Industries Department collects a fee from the owners of petrol pumps, factories and shops for the verification of the standards of ‘weights and measures’. The e-Pay Punjab has also facilitated the process of this fee collection.

Commenting on the achievement, PITB Chairman Faisal Yousaf said that the new services added to e-Pay Punjab would serve to maximise citizen convenience. “At present, citizens can pay 26 taxes of 11 different departments with one click through various channels like internet, mobile banking and ATM using e-Pay Punjab,” he added.