

THE DIRECTORATE GENERAL OF INTERNATIONAL TAXES, FBR, RECEIVED GLOBAL FORUM'S (OECD) ASSESSMENT TEAM AT FBR HEADQUARTERS IN ISLAMABAD

The Directorate General of International Taxes, Federal Board of Revenue, received Global Forum's (OECD) Assessment Team at FBR Headquarters in Islamabad. The Assessment Team had conducted the on-site visit of Pakistan under Second Round of Peer Review on Exchange of Information scheduled from March 13th to March 16th, 2023. During the on-site visit, the Assessment Team held meetings with different stakeholders of the review including Securities and Exchange Commission of Pakistan, State Bank of Pakistan, Financial Monitoring Unit, Trust authorities under Trust Act, 2020, etc.

The Peer Reviews of Exchange of Information of member jurisdictions are conducted by OECD's Global Forum on Transparency & Exchange of Information for tax purposes. As member of Global Forum, Pakistan is also committed to undergo these Reviews. During the said visit, the Assessment Team appreciated the efforts and hard work put in by Pakistan to streamline the legal and administrative framework of Pakistan in line with the standards of Exchange of Information set by OECD's Global Forum under Terms of Reference (2016). Final Report of the review will be issued after approval from Peer Review Group of Global Forum.

FBR PR 20-3-2023

OECD HIGHLIGHTS DEFICIENCIES IN EXCHANGE OF INFORMATION AGREEMENT

ISLAMABAD: The OECD's onsite inspection team has raised some observations regarding deficiencies in implementing the Exchange of Information agreement and asked the Pakistani side to remove them for the continuation of this agreement.

The secrecy about the exchange of information is the hallmark of the agreement so the FBR has been advised by the OECD team to ensure a more foolproof mechanism for implementing the agreement. In some instances in the past the particulars provided under the OECD exchange of information were used for political purposes, provoking the team to raise observations. Meanwhile, according to the statement issued by the FBR on Monday the Directorate General of International Taxes, Federal Board of Revenue received Global Forum's (OECD) assessment team at FBR Headquarters in Islamabad. They conducted an on-site visit under the second round of peer review on of the Exchange of Information scheduled from March 13th to March 16th, 2023. The assessment team held meetings with different stakeholders of the review including the Securities and Exchange Commission of Pakistan, the State Bank of Pakistan, the Financial Monitoring Unit, authorities under the Trust Act, 2020, etc.

The peer reviews of the Exchange of Information of member jurisdictions are conducted by OECD's Global Forum on Transparency & Exchange of Information for tax purposes. As a member of the Global Forum, Pakistan is also committed to undergoing these reviews. The final Report of the review will be issued after approval from the peer review group of the global forum, it concluded.

FBR CHIEF SEEKS CONSENSUS ON SYSTEM TO DETECT ORGANISED CRIME, TERROR ACTIVITIES

ISLAMABAD: The Pakistan Customs together with partners of the United Nations Countering Terrorist Travel ('CT Travel') Programme and support from the United Nations Office on Drugs and Crime Office (UNODC) country office Pakistan, is hosting a two-day national consultation workshop with all relevant stakeholders in Pakistan on Advance Passenger Information (API) and Passenger Name Record (PNR) system 'goTravel' to support the identification, detection and interception of individuals involved in organised crimes and terrorist activities.

The opening session was presided over by Federal Board of Revenue (FBR) Chairman Asim Ahmad and attended, among others, by Leslie Scanlon, the High Commissioner of Canada, Member Customs (Operations) Mukarram Jah Ansari, Dr. Jeremy Milsom, UNODC Country Representative, Senior Legal Officer from UNCTED Jean-Phillippe Morange along with over 30 representatives from different stakeholders and national agencies involved in border management, policing, policy development, immigration, data management and sharing, passenger processing, facilitation and human rights. Addressing the inaugural session, the FBR chairman stressed the need for broader consultation amongst national stakeholders to ensure a broad-based consensus and support. He also expressed hope that discussion from the roundtable will lead to a better understanding of the 'goTravel' system as well as providing the basis to move forward for deployment of such systems in future. The two-day workshop is aimed at providing a platform for consultation to establish a comprehensive understanding of Pakistan's existing level of API and PNR implementation. It will also focus on legal, operational, and technical capacities, in order to identify specific areas for capacity-building support and technical assistance in this domain. The event would also enable an understanding of the country's requirements and challenges in establishing an operational API and PNR.

TN 21-3-2023

JAN, FEB 2023: FBR PAYS RS45BN TO EXPORTERS DESPITE SLOW FASTER SYSTEM

ISLAMABAD: The Federal Board of Revenue (FBR) has never stopped payment of sales tax refunds under the FASTER system during the months of January and February 2023, but paid Rs 45 billion to the exporters despite slow processing system.

In a brief to the Senate Standing Committee on Finance on Monday, the tax authorities informed the sanctioning of FASTER refunds has remained slow but never been stopped in the month of January 2023. In the month of February 2023, due to system upgradation by the Pakistan Revenue Automation Limited (PRAL), the taxpayers have faced difficulties in filing of their refund claims which are being fixed and subsequently issues have been resolved. The FBR was responding to the query of the Finance committee whether the sales tax refunds were stopped since January 6, 2023 under the Sales Tax e-Refund System (FASTER).

The FBR has dispelled the impression created by certain exporters that the refund payments under the FASTER system has been total stopped during January and February 2023. The FBR informed the committee that the FASTER refunds were disbursed in routine in the month of January 2023 and February 2023. During January 2023, Rs 25.6 billion has been paid to the claimants through the FASTER stream and in the month of February 2023, Rs 19.3 billion has already been paid to the refund claimants. According to the FBR's latest data, the FBR has paid a total amount of refunds of around Rs 45 billion during January 2023 and February 2023. As far as non-FATSER system is concerned, the FBR has paid refunds of Rs 1.4 billion to the exporters under the non-FASTER system during February 2023.

The FBR documents further revealed that the total amount of pending refund claims of Dawlance Pvt Ltd from tax year 2014 to 2022 stood at Rs 1,081 million. The company has been assured by the FBR that all refund payments will be issued as soon as the verification process is completed.

R 21-3-2023

AJK: POSTS TO BE SET UP TO STOP TAX EVASION

Islamabad: The AJK government has taken a decision to set up check posts on the routes connecting Azad Jammu and Kashmir (AJK) with Pakistan to prevent tax evasion. AJK Prime Minister Azad Kashmir Sardar Tanveer Ilyas has removed Asim Shaukat, the commissioner of Inland Revenue Department, says a press release. The Federal Board of Revenue (FBR) and the Inland Revenue Department of Azad Kashmir have agreed to end evasion of federal excise duty and sales tax on cigarettes. After the removal of Shaukat, the impression that action will not be taken against strong people has also been weakened. AJK Prime Minister Sardar Tanveer Ilyas has appointed Asim Shaukat as OSD. The FBR, in a meeting with the CBR, has set up check posts on the routes entering Pakistan from Mirpur, Bhimber and Muzaffarabad in the Area of Pakistan. Officers and small staff are also being called from the FBR so that the two FBR and CBR together can eliminate the evasion of federal excise duty and sales tax on cigarettes.

TN 21-3-2023

STEEL INDUSTRY: FBR ASKED TO INTRODUCE INTERIM TAX RELIEF MEASURES

ISLAMABAD: The steel industry has asked the Federal Board of Revenue (FBR) to urgently introduce interim tax relief measures to ensure availability of steel scrap till issue of letters of credit (LCs) is resolved.

In this connection, Afaq Ahmed Qureshi, Member Inland Revenue (Policy) FBR has been requested to temporarily reduce withholding tax to 0.25 percent on scrap supplies and one percent extra sales tax on supply from non-registered scrap dealers till resolution of the issue of the LCs by the State Bank of Pakistan (SBP).

The industry has informed the FBR Member that the steel industry is facing crisis like situation and is moving towards closure due to non-opening of LCs. As a result, at this point in time, the import of scrap has come to grinding halt which is paralyzing the production activities of steel sector. The steel industry is largely dependent on imported raw material because the availability of steel scrap through local source is about 1.5 metric tons (MTs) whereas the total demand is nearly 6-7 metric tons.

Other problem faced by the documented long steel manufacturers is that the local scrap supplies are totally undocumented and all dealers operating are unregistered with the FBR. They mostly supply scrap to FATA/PATA which is a non-tax area. The large steel producers, which are documented sector, cannot buy steel scrap from these sources due to following taxation laws:

(i); Very high 9.5 percent withholding tax (WHT) on supplies due to the fact that all such dealers are non-registered.

(ii); Levy of 5 percent extra sales tax as all these dealers are non-registered with FBR sales tax department.

Both of these levies have practically outclassed large steel producers from local buying. The steel sector has been reluctant to use of local scrap due to the fact that due to bad quality of local scrap, it consumes additional electricity in melting/ and other process. However, at this stage, the industry has no other option but to use the local scrap.

To ease the situation and make it viable for the long/ documented Steel industry to operate, the industry has urged the FBR to take following measures for interim period till opening of LCs by banks:

Firstly, the withholding tax on scrap supplies to be 0.25 percent from non-registered dealers.

Secondly, the extra sales tax to be one percent of supply from non-registered scrap dealers and thirdly, the cash purchases to be allowed from non-registered scrap dealers till opening of scrap LCs by the bank. Realising the gravity of the situation, the FBR authorities should consider the said proposals and take the needful measures on urgent basis, documented steel sector added.

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FBR OFFICES TO OBSERVE EXTENDED WORKING HOURS FOR MARCH COLLECTION

ISLAMABAD: Federal Board of Revenue (FBR) on Tuesday directed offices of Inland Revenue to observe extended working hours for revenue collection of March 2023. In a letter sent to Chief Commissions Inland Revenue of large taxpayers offices (LTOs), medium taxpayers office (MTO), corporate tax offices (CTOs) and regional tax offices (RTOs) directed opening of offices for collection of duties and taxes on March 30 and 31, 2023. According to the notification, the FBR directed all LTOs, MTO, CTOs and RTOs to remain open and observe extended working hours till 6:00 PM on Thursday, March 30, 2023 and till 8:00 PM on Friday, March 31, 2023, to facilitate the taxpayers in payment of duties and taxes.

The FBR directed chief commissioners IR to establish liaison with State Bank of Pakistan (SBP) and authorized branches of National Bank of Pakistan (NBP) to ensure transfer of tax collected by these branches to the respective branches of State Bank of Pakistan on the same date to account for the same towards collection for the month of March 2023. It further stated that chief commissioners IR may instruct only those officers/officials who are involved in taxpayers' facilitation, return filing, collection and recovery of tax to observe extended working hours.

PAKISTAN CUSTOMS HOSTS TWO-DAY CONFERENCE ON CRIME PREVENTION

ISLAMABAD: Pakistan Customs is organizing two-day conference on prevention of crime including terrorist activities. A statement issued on Tuesday stated that Pakistan Customs together with the partners of the United Nations Countering Terrorist Travel ('CT Travel') Programme, and with support from the United Nations Office on Drugs and Crime Office (UNODC) Country Office Pakistan, is hosting a two-day National Consultation Workshop with all relevant stakeholders in Pakistan on Advance Passenger Information (API) and Passenger Name Record (PNR) system 'goTravel' to support the identification, detection and interception of individuals involved in organized crimes and terrorist activities.

The opening session was presided over by Chairman Federal Board of Revenue (FBR) Asim Ahmad and attended, among others, by Her Excellency Leslie Scanlon, the High Commissioner of Canada, Member Customs (Operations) Mukarram Jah Ansari, Dr. Jeremy Milsom, UNODC Country Representative, Senior Legal Officer from UNCTED Jean-Phillippe Morange alongwith over 30 representatives from different stakeholders and national agencies involved in border management, policing, policy development, immigration, data management and sharing, passenger processing, facilitation and human rights. While addressing the inaugural session, the Chairman FBR stressed upon the need for a broader consultation amongst the national stakeholders to ensure a broad-based consensus and support. He also expressed hope that discussion from this Roundtable will lead to a better understanding of the 'goTravel' system as well as providing the basis to move forward for deployment of such systems in future. The two-day workshop is aimed at providing a platform for consultation to establish a comprehensive understanding of Pakistan's existing level of API and PNR implementation. It will also focus on legal, operational, and technical capacities, in order to identify specific areas for capacity-building support and technical assistance in this domain. The event would also enable an understanding of the country's requirements and challenges in establishing an operational API and PNR.

PR 21-3-2023