

TAX EVASION: FBR ADMITS IT LACKS CAPACITY TO ANALYSE BIG DATA

ISLAMABAD: The Federal Board of Revenue (FBR) has admitted that the tax machinery lacks the capacity to analyse big data to detect tax evasion. According to a report of the FBR, the functional data bridges have been established with provincial revenue agencies and other state departments across the nation such as banks/ NADRA/ SECP/ PITB/ AGPR/ SBP/ I-LINK/ TELCOS, and Punjab Land Record. However, the FBR lacks the capacity to analyse big data to detect tax evasion. It said that the development of ICT infrastructure and a well-resourced data analysis and research unit to integrate and analyse big data with adequate data security can pave the way for enhancing the capacity of the organisation.

The FBR reforms have focused on the integration of third-party databases of NADRA, SBP, AGPR and the provincial governments with FBR's centralized databases and a single system for filing of sales tax returns for the federal and provincial taxes. The FBR has been analysing various reform interventions such as simplification, technological access, facilitation and communication, automation of business processes, effective compliance controls and enforcement of taxpayer obligation and institutional development to increase efficiency and accountability.

The FBR is innovating to maximize the quality and efficiency of its services. In keeping with the Government policy of enhancing automation, the FBR is enhancing its digital services to make them increasingly available to all taxpayers and traders. Realignment of all ICT services with a special focus on security, user interfaces with taxpayers and tax collectors, analytics and a comprehensive Management Information System (MIS) is the need of the hour, the FBR report added.

R 28-3-2023

SHC ISSUES DETAILED JUDGMENT IN PETITIONS PERTAINING TO "INTER-CORPORATE DIVIDENDS"

KARACHI: A taxation appellate bench of High Court of Sindh issued detailed order in dozens of connected petitions pertaining to inter-corporate dividends filed by International Brands Limited, Engro Corporation, Searle Co Ltd, Luck Cement, Y.B Holdings, Thal Industries, Gul Ahmed Textile Mills and others. The bench on Feb 28, 2023 dismissed all these petitions.

The following is text of detailed order:

"The issue before us was the withdrawal of exemption from taxation in respect of inter-corporate dividends. It was the petitioners' case that the exemption ought to perpetuate ad infinitum, notwithstanding the omission thereof in the statute. The respondents disagreed and argued that the exemption remained valid during its tenancy on the statute book and under no stretch of interpretation could it be construed to perpetuate infinitely, especially since the same had consciously been omitted from the statute. The present petitions were advocated to the remit delineated supra 2 and dismissed vide short order, announced in Court at the conclusion of the final hearing on 28.02.2023. These are the reasons for our short order.

1. Factual context: The benefit of group relief was introduced into the Income Tax Ordinance 2001 ("Ordinance") by insertion of section 59B3 ("59B") therein, vide the Finance Act 2004. Through successive amendments the scope of the provision was varied and it remains on the statute book till date. The primary benefit conferred by the provision is surrendering of losses, inter see group companies.

2. The Finance Act 2007 introduced Clause 103A4 ("103A") to the Second Schedule of the Ordinance and provided an exemption from tax to income derived from inter-corporate dividends subject to certain qualifications stipulated therein. In its original verbiage, Clause 103A extended the exemption to income derived from inter-corporate dividends to companies entitled per sections 59AA or 59B, however, vide the Finance Act 2016 the expression "or section 59B" was omitted from Clause 103A. Therefore, since the coming into effect of the Finance Act 2016 the benefit of exemption, in respect of inter-corporate dividends, was consciously withdrawn by the

3. It merits mention that no other issue was placed / agitated before this Court, irrespective of the pleadings in the respective petition

Group relief. (1) Subject to sub-section (2), any company, being a subsidiary or a holding company, may surrender its assessed loss ["as computed in sub-section (1A)"] (excluding capital loss) for the tax year (other than brought forward losses and capital losses), in favour of its holding company or its subsidiary or between another subsidiary of the holding company:

4. Any income derived from inter-corporate dividend within the group companies entitled to group taxation under section 59AA or section 59B subject to the condition that return of the group has been filed for the tax year. CP D 8569 of 2018 & connected petitions Parliament for group companies entitled to group taxation under section 59B of the Ordinance. 4. Petitions were filed; actuated by mere private correspondence of group companies. One group company wrote to another stating its intent to deduct tax and the recipient company predicated its writ petition thereupon. In other instances, show cause notices were issued by the department and instead of submitting to the statutory hierarchy, the petitioners opted to approach this Court directly for adjudication of the issue raised in the respective notices. In either instance ad interim orders were obtained on the first dates of hearing and consequently the collection of public revenue was frustrated. These orders subsisted until 28.02.2023, when these petitions, along with all pending applications, were dismissed. Respective arguments

5. It was the petitioners' case 5 that the exemption 6 ought to perpetuate indefinitely for groups that had been formed per section 59B, in order to take benefit of Clause 103A, prior to Finance Act 2016. It was the crux of their argument that by reorganization as holding company / subsidiaries, in the manner contemplated by section 59B, the petitioners had acquired a vested right, being their entitlement to exemption from taxation in respect of intercorporate dividends, and the vesting of such entitlement may be deemed to be a past and closed transaction so that the withdrawal of the exemption, vide the Finance Act 2016, ought not to have any effect in their instances. 6. It was the Federal Board of Revenue's case 7 that the Parliament was endowed with the authority to confer and withdraw concessions and no case was made out to extend any exemption post omission thereof from the statute book. The learned counsel argued to demonstrate that while the petitioners enjoyed the exemption during its tenancy, however, no vested right existed to perpetuate the exemption perpetually and that also post clear and conscious withdrawal thereof by the Parliament.

Articulated by Mr. Jam Zeeshan, Mr. Khalid Jawed Khan, Dr. Farogh Nasim & Mr. Ovais Ali Shah in seriatim; adopted by the remaining learned counsel for the petitioners.

6. Granted and subsequently withdrawn per Clause 103A of the Second Schedule to the Ordinance.

7. Articulated by Mr. Shahid Ali Qureshi, Dr. Huma Sodher and Mr. Sakhavat Ali; adopted by the remaining learned counsel for the respondents and the learned Assistant Attorney General. CP D 8569 of 2018 & connected petitions

Scope of determination. Heard and perused. It is stated that prior to the Finance Act 2016 the petitioners had morphed into groups, per the contemplation of section 59B of the Ordinance, to avail the benefit so conferred. The benefit of the pertinent exemption from taxation to inter-corporate dividends, vide Clause 103A, subsisted with effect from the Finance Act 2007 till the Finance Act 2016. In order to succinctly adjudicate the petitioners' grievance, the question to be determined by us is whether the petitioners had acquired a vested right, entitled to protection as a past and closed transaction, to enjoy exemption from payment on tax on inter-corporate dividends ad infinitum.

Report of the Task Force: The first argument articulated on behalf of the petitioners was that the omission of the relevant exemption be dis-applied in the instance of the petitioners on the basis of a report of a task force on review of tax laws on holding companies dated 10.03.2007 ("Report"). The petitioners' counsel insisted that pursuant to inferences drawn therein the omission of the relevant exemption in the statute ought to be disregarded. Respectfully, we do hereby express our inability to subscribe to such a proposition as the Report is at best an expression of opinion of the relevant members and under no circumstances could it be construed to override a statute. Mr. Shahid Ali Qureshi rightly defined the Report, at best, as a policy statement and even then it did not proffer any legislative intent. Even if the Report had been a policy statement, although nothing was placed before us to suggest if it ever was, the same could not be given any lawful sanction unless codified in law. It was next argued that the inclusion of the exemption from payment of inter-corporate dividends was an integral constituent of group relief, provided vide section 59B of the Ordinance, and that the said benefit could not be excised during the tenancy thereof. 10. It is apparent that the concept of group relief was inserted in the Ordinance vide the Finance Act 2004 and subsists till date. The exemption in itself was never a constituent of section 59B of the Ordinance and had been 8 Metco Shipbreakers vs. Pakistan reported as 1996 MLD 144. CP D 8569 of 2018 & connected petitions Page 5 of 10 independently conferred vide Clause 103A, subsisting with effect from the Finance Act 2007 till the Finance Act 2016. 11. It is the prerogative of the Parliament to confer and withdraw fiscal benefits, in the interests of the public at large. It is observed that no irrevocable entwining of Clause 103A with section 59B of the Ordinance could be demonstrated before us, hence, the argument that the exemption ought to subsist during tenancy of section 59B found no favor before us.

Discrimination: The petitioners claimed that since Clause 103A, in its original form, extended the benefit to qualifying entities under sections 59AA and 59B of the Ordinance, therefore, excising 59B therefrom amounted to discrimination. 13. Section 59AA extends certain benefits to holding companies and hundred percent owned subsidiaries to be taxed as one fiscal unit. Whereas, no concept of one fiscal unit exists in section 59B, wherein benefits including surrendering of losses is offered to qualifying holding / subsidiary companies. Upon the anvil of intelligible differentia the categorization in each provision is demonstrably mutually exclusive. Therefore, no case for discrimination could be set forth before us. Curative or remedial legislation 14. Clause 103C10 was added to the Second Schedule of the Ordinance vide the Finance Act 2019 and omitted therefrom vide the Finance Act 2021. During the subsistence of this provision, inter-corporate dividends were once again given tax exemption. It was the petitioners' contention that the inclusion of Clause 103C amounted to curative / remedial legislation and it ought to afford such exemption to the present litigants, agitating the matter since omission of Clause 103A vide Finance Act 2016. 15.

The Supreme Court recently had occasion to revisit the issue of curative / remedial legislation in *Fawad Mukhtar*¹¹ and observed as follows: “14. Now, the clause was an exemption and, by definition, an exemption has a beneficial effect. But, as correctly pointed out by learned counsel for the Per Muhammad Ali Mazhar J in *Syed Azam Shah vs. Pakistan* reported as 2022 SCMR 1691; Per Umar Munib Akhter J in *CIR Peshawar vs. Tariq Mehmood* reported as 2021 SCMR 440. 10 Dividend income derived by a company, if the recipient of the dividend, for the tax year is eligible for group relief under section 59B. 11 Per Munib Akhtar J in *Fawad Ahmad Mukhtar vs. CIR* reported as 2022 SCMR 454. CP D 8569 of 2018 & connected department, simply because a statutory provision has a beneficial effect does not mean that it automatically has, or can have, retrospective effect. If this were so, then that would be true for all exemptions, i.e., any exemption added to or inserted in any of the Parts of the Second Schedule could be claimed to have retrospective effect more or less automatically. This can hardly be the correct position in law. Especially in the context of income tax law, it would tend to run counter to the fundamental principle already noted, that each tax year is a separate unit of account and taxation. Of course, the principle is not sacrosanct. It can be overridden by the legislative will. But that must be done either expressly or shown to be the necessary intent of the provision sought to be applied retrospectively. There is nothing in either Clause 103B or the Finance Act, 2010 that expressly gave it retrospective effect. Therefore the taxpayer-appellants have to show that the clause was necessarily intended to have retrospective effect... 19. It will be seen from the foregoing that Clause 103B did not remedy any defect or cure any ambiguity or resolve any problem as regards enforcement or payment of tax on a dividend in specie, for the simple reason that the postulated problem or deficiency simply did not exist. The matter of recovery or enforcement was crystal clear. There was therefore nothing to which the curative, remedial and/or declaratory principles relied upon could attach, so as to give retrospective effect to Clause 103B. The entire premise of the case sought to be made is, with respect, without any conceptual or legal basis.” 16. It has been maintained that remedial and curative legislation is enacted to correct existing law, in the interests of the public. Generally, such legislation is enacted to cure defects in common law or to remedy what the Parliament might consider to be a problem in an existing statute. It is apparent that the plea of the petitioners falls under neither category. If mere initiation of litigation is construed to always render any future variation in law as remedial / curative then the entire premise of fiscal legislation may be imperiled. Mr. Shahid Ali Qureshi convincingly demonstrated that the benefit of exemption from taxation in respect of inter-corporate dividends was extended by the Parliament from time to time and the manifest legislative intent was always for the exemption to subsist only for the period for which it was conferred.

Vested right: It was concluded by the petitioners’ learned counsel that the exemption granted thereto vide Clause 103A had to be construed as a vested right in the nature of being past and closed, therefore, no interference in the enjoyment of the exemption was warranted notwithstanding the omission of the relevant exemption. It was insisted that any group constituted in reliance upon the benefit of section 59B of the Ordinance was entitled to the exemption, albeit withdrawn, as de constituting the group would entail hardship and expense. The respondents argued that the Parliament grants and withdraws fiscal exemptions upon consideration of national interests and under no circumstances could any such exemption be construed to be indefinite. CP D 8569 of 2018 & connected petitions. There is ample authority 12 interpreting the remit of rights, vested rights and past & closed transactions, however, a collation edict in such regard is the Division Bench judgment of this Court in *Shahnawaz*. A past and closed transaction is perhaps the highest pedestal of a right, as recognized by *Shahnawaz*. It is settled law that Parliament is aware of statutory positions and undertakes an amendment to alter the status, existing prior to the amendment having taken place. So the Parliament conferred a benefit and subsequently recalled it. The pertinent exemption, vide Clause 103A, was always supplemental to the crux of section 59B and no case has been established before us to consider the alteration of corporate structure to confer any indefinite benefit upon the relevant parties. 19. The petitioners’ learned counsel could not demonstrate that Clause 103A conferred any vested right, in the nature of a past and closed transaction, upon the petitioners; to perpetuate even post omission of the benefit from the statute book. In so far as the issue of hardship and extra expense is concerned, it merits little mention that the same ought not to be relied upon to strike down legislation, in the present case being an omission. Conclusion 20. Section 54 of the Ordinance is clear and it states that no exemption is to be considered in respect of taxation unless provided for in the Ordinance. No exemption in respect of inter-corporate dividends is presently available to the petitioners and while the petitioners availed the benefit of the relevant exemption during its tenancy, however, no case was made out to perpetuate the benefit ad infinitum especially post conscious withdrawal of the said benefit by the Parliament. 12 *Nagina Silk Mills vs. ITO* reported as PLD 1963 SC 322; *East Pakistan vs. Sharafatullah* reported as 1970 PLD SC 514; *CIT vs. EFU Insurance* reported as 1982 PLD SC 247; *G H Shah vs. Chief Land Commissioner* reported as 1983 CLC 1585; *Al Samrez Enterprises vs. Pakistan* reported as 1986 SCMR 1917; *WAPDA vs. Capt. Nazir* reported as 1986 SCMR 96; *Chief Land Commissioner vs. G H Shah* reported as 1988 SCMR 715; *Molasses Trading & Export vs. Pakistan* reported as 1993 SCMR 1905; *Muhammad Hussain vs. Muhammad* reported as 2000 SCMR 367; *Shahnawaz vs. Pakistan* reported as 2011 PTD 1558; *Zila Council Jhelum vs. PTC* reported as PLD 2016 SC 398; *Al Tech Engineers vs. Pakistan* reported as 2017 SCMR 673; *Super Engineering vs. CIR* reported as 2019 SCMR 1111; *H M Extraction vs. FBR* reported as 2019 SCMR 1081; *Anwar Yahya vs. Pakistan* reported as 2017 PTD 1069. 13 Per Munib Akhtar J in *Shahnawaz vs. Pakistan* reported as 2011 PTD 1558 (“*Shahnawaz*”). 14 *Fatima Fertilizer vs. SRB* reported as [(2021) 123 Tax 122 (H.C.Kar.)]; in reliance upon *Pakistan Tobacco vs. Karachi Municipal Corporation* reported as PLD 1967 SC 241; *Chairman District Council vs. Ali Akbar* reported as 1970 SCMR 105; *State Life Insurance Corporation vs. Mercantile Mutual Insurance* reported as 1993 SCMR 1394; *S. Zafar Ejaz vs. Chairman, Steel Mills Corporation* reported as 1998 PLC (C.S.) 777. CP D 8569 of 2018 & connected petitions 21. In view hereof, these petitions were dismissed vide our short order dated 28th February 2023. These are the reasons for our short order.”

SRB TAXPAYERS FACE ISSUES IN E-FILING

ISLAMABAD: The unilateral amendments to the monthly sales tax return forms by the Sindh Revenue Board (SRB) have hindered the smooth e-filing of returns, said the Karachi Tax Bar Association (KTBA) on Monday. In a statement, the KTBA said that the restriction on debit/credit notes reporting in monthly sales tax returns was causing a delay in compliance for taxpayers to e-file their returns.

In a letter to SRB chairman Wasif Ali Memon, the association mentioned the lacunas of the amendments which were made without any legal cover and resulted in the denial of input tax to registered service recipients with reduced rates. The KTBA demanded that the changes applied to the SRB portal should be reversed to enable the taxpayers to discharge their sales tax liability and e-file their returns promptly.

The statement added that the SRB may follow a similar process of declaring debit/credit notes as enforced by the Federal Board of Revenue (FBR) where debit/credit notes reporting is allowed on a provisional basis and the same notes are reverted if corresponding debit/credit notes are not endorsed by either person in his returns. It further stated that the FBR system also comprises various exceptions for services provided to unregistered persons, adding that possible situations, as a result, may also be considered before implementing any change on the SRB portal.

Dawn 28-3-2023

FBR IMPLEMENTS 'BLUE CHANNEL FACILITY'

ISLAMABAD: The Federal Board of Revenue (FBR) has implemented the "Blue Channel facility" under the Risk Management System (RMS) for scanning of imported consignments through RMS-based selectivity criteria.

The FBR's performance report revealed that the "Blue Channel facility" was introduced in RMS, whereby, the selection of consignments for scanning is made through RMS-based selectivity criteria to achieve the objectives of security and facilitation of trade in light of the WCO SAFE Framework of Standards. The module is successfully operational at Karachi Port and Port Mohammad Bin Qasim. A total of 981 GDs have been processed through blue channel during 2021-22. The system was introduced to augment the non-intrusive inspections.

The report said that the number of processes automated to strengthen (Risk Management System) RMS for facilitating trade. A newer iteration of the predictive analysis Algorithm, namely the Import Risk Evaluation Engine (IREE), based on an updated machine learning cycle was implemented in 2021-22, which has significantly improved the ability of the RMS to selectively target risky consignments leading to an increase in the green channel clearances by nine per cent compared to previous year. On account of intervention, the physical examination of imported goods was decreased by eight per cent for imports and by 11 per cent exports during 2021-22 as compared to last year. With a view to further reduce human-interface in processing of exporter's duty drawback claims selectivity criteria were developed in the RMS, for auto processing/ sanctioning of such claims with direct payments to exporters' bank accounts through State Bank of Pakistan.

During FY 2021-22, 72 per cent rebate claims were processed through green channel and currently the rebate payment through green channel has reached to 83.5 per cent. With a view to comply with standard 3.25 of the Revised Kyoto Convention, pre-arrival/ pre-clearance system was introduced in FY 2020-21. This has also allowed for conformity vis-à-vis Article No.7 of Trade Facilitation Agreement (TFA). During 2021-22, a total 14,172 consignments have been cleared before arrival of goods at ports. A system based assessment of goods declarations has been introduced through "Virtual Assessment" module which is based on strict selectivity criteria to achieve the objectives of faceless assessment and quick clearance of consignments.

A total number of 1109 GDs have been processed through virtual Assessment during FY 2021-22. In order to further reduce the risk of the illegal import and exports of banned items, the module of RMS on manifest has been implemented, wherein the RMS shall run on manifest as well as on Goods Declaration by the trader, the FBR report added.

REFUND SETTLEMENT: FTO ASSAILS UNILATERAL ORDERS AGAINST TAXPAYERS

LAHORE: The Federal Tax Ombudsman (FTO) has maintained that passing any order related to refund settlement by tax authorities without providing an opportunity of hearing to taxpayers is tantamount to maladministration, said sources. It is not only a manifestation of maladministration but also contrary to the law and legal procedure, they added. It may be noted that the department wastes no opportunity of challenging the jurisdiction of the FTO when a taxpayer lodges a complaint against non-issuance of refund claim, which in most of the cases prove misconceived, especially when the department passes orders for settlement of refund claims without providing an opportunity of hearing to a taxpayer.

They said a perusal of all such departmental orders reflects that not a single correspondence is placed on record and the refund amount is reduced unilaterally without providing opportunity of hearing to taxpayers in line with the Income Tax Ordinance.

The sources said the issue of unilateral determination of refunds has become more visible since the e-filing returns of income by taxpayers. When a taxpayer claims his refund online, the income tax authorities calculate it unilaterally without providing an opportunity of hearing to the taxpayers, which leads to controversies by and large and matters fall in the office of the FTO for a speedy redressal. It is worth noting that the present FTO Dr Asif Mahmood Jah has been proactive in resolving refund matters in a record number in the shortest possible time. President Dr Arif Alvi has also acknowledged the fact in his recent remarks during a function at the presidency last week.

A large number of private sector entities have preferred to get their refunds through the office of FTO throughout the country which has put the department into an awkward position. Therefore, most of the replies from the department suggest challenging the proceedings at the forum of FTO. The department is of the view that since the impugned orders is appealable under the Income Tax Ordinance; therefore, the FTO should not intervene on a mere complaint from a taxpayer.

However, the office of FTO extends its jurisdiction on account of procedural discrepancy in the impugned order and prefers to continue with hearing of the same on the touchstone of maladministration. The office of FTO had received 7000 complaints during 2022, 6500 of which were disposed of and refund claims with Rs7 billion were decided and payment to the aggrieved taxpayers was ensured as well.

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FTO ISSUES DIRECTIVES TO FBR, SBP IN TIMELY COMPLETION OF EXPORT REBATES

Federal Tax Ombudsman (FTO) has issued directives to relevant authorities to ensuring timely completion and credit of rebates to exporters. The FTO issued order in a complaint filed by an exporter of handmade leather for footwear based in Multan, who stated that despite lapse of four years his rebate claims were not repaid.

In his findings, the FTO remarked that delay in disposal of export rebate claims by the customs authorities since 2019 was tantamount to maladministration. He ordered the Federal Board of Revenue (FBR) to direct the Collector, Collectorate of Customs (Export) Karachi, Allama Iqbal International Airport, Lahore and Islamabad Airport, Islamabad to dispose of pending export rebates expeditiously by completing the necessary verification as per law, within 30 days.

The FTO further directed the Assistant Director, Foreign Exchange Operations Department, State Bank of Pakistan Multan/ Manager Allied Bank Limited, Nawan Shehr Branch Multan to keep track of the completion of verification process in the WeBOC in order to ensure timely credit of export rebate to the complainant.

The complainant has also been advised to ensure submission of required documents in cases of certain GDs as shown in the WeBOC enabling the department to complete the verification process.

The complainant pointed out that since first export in 2019, he had not received rebate claims as per the Good Declaration in WeBOC/Pakistan Single Window (PSW) after lapse of more than four years. The complainant also filed complaints in WeBOC complaint management and trade facilitation system. The complainant has prayed for issuance of rebate claims amounting to Rs3.27 million.

FBR UNVEILS NAMES OF 3.41 MILLION ACTIVE TAXPAYERS

According to the announcement made on Monday, the Federal Board of Revenue (FBR) has released its latest active taxpayers list (ATL), which includes the names of 3.41 million individuals and companies. The ATL is a record of taxpayers who have filed their tax returns and paid their taxes on time, and is updated regularly by the FBR.

The release of the ATL is an important step in promoting tax compliance in Pakistan, as it recognizes and rewards individuals and companies who fulfill their tax obligations. Being included in the ATL can also have various benefits, such as facilitating access to credit, government contracts, and other opportunities.

The FBR has been working to increase tax compliance in Pakistan in recent years, and has introduced various measures to encourage taxpayers to file their returns and pay their taxes on time. The release of the ATL is one such measure, which aims to incentivize tax compliance by recognizing and rewarding those who do. Overall, the release of the latest ATL by the FBR is a positive step towards increasing tax compliance in Pakistan and promoting a culture of transparency and accountability in financial matters.

In the previous ATL for tax year 2021 the FBR received 4.19 million taxpayers, who filed their returns till February 26, 2023. As per the tax laws and regulations in Pakistan, the deadline for filing income tax returns varies depending on the type of taxpayer and their accounting year.

For taxpayers such as salaried persons, business individuals, association of persons, and companies having a special accounting year, the deadline for filing income tax returns is September 30th of each year. This means that the tax return must be filed and taxes paid by this date to avoid penalties and fines. On the other hand, companies having a normal accounting year are required to file their annual income tax return by December 31st of each year. This gives them an additional three months to prepare and file their tax return, compared to taxpayers with a special accounting year. It is important for taxpayers to comply with the deadlines for filing income tax returns to avoid penalties and interest charges. Failing to file a tax return on time can also lead to legal issues and restrictions on certain business activities.

Overall, the deadline for filing income tax returns in Pakistan depends on the type of taxpayer and their accounting year, and it is important for all taxpayers to ensure that they file their tax returns and pay their taxes on time to avoid any issues with the tax authorities. 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 be able to avail benefit of reduced rates of withholding tax from March 01, 2023.

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.

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FBR TRANSFERS FOUR SENIOR OFFICIALS

ISLAMABAD: Faiz Ahmad, a top Customs official and Director General, Directorate General of Intelligence & Investigation Federal Board of Revenue (FBR), has been given new assignment as Director General, Directorate General of Intellectual Property Rights (Enforcement), Islamabad.

In this regard, the FBR has issued a notification for the transfers and postings of senior Customs officials on Monday. According to the notification,

Faiz Ahmad (Pakistan Customs Service/BS-21) would now be stationed at Lahore. Syed Shakeel Shah (Pakistan Customs Service/BS-20 Director General, (OPS) Directorate General of Reforms & Automation (Customs), Islamabad has been given new assignment as Director General, (OPS) Directorate General of Intelligence & Investigation, FBR, Islamabad.

Muhammad Sadiq (Pakistan Customs Service/BS-21) Director General, Directorate General of IPR (Enforcement), Islamabad has been transferred and posted as Deputy Director General, Directorate General of National Nuclear Detection Architecture (NNDA), Islamabad.

Muhammad Junaid Jalil Khan (Pakistan Customs Service/BS-21) Deputy Director General, Directorate General of National Nuclear Detection Architecture (NNDA), Islamabad has been given new assignment as Director General, Directorate General of Reforms & Automation (Customs), Islamabad.

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