

TAXPAYER URGES FTO TO INITIATE ACTION AGAINST TAXMEN FOR FAILING TO IMPLEMENT RECOMMENDATION

ISLAMABAD: In an unprecedented case, a taxpayer has filed an application before the FTO for starting defiance proceedings against the concerned tax officers for not implementing the recommendations of the FTO, whereas, the FTO record indicates that the complaint has borne fruit.

The background facts are that a Lahore-based taxpayer had filed a complaint for a refund of excessive sales tax collected by Customs. In the order of the FTO dated 12 March 2020, it is mentioned that the department vide letter dated 03 March 2020 has informed that a sales tax refund has been sanctioned to the complainant taxpayer. It was further mentioned in the FTO's order that the grievance of the taxpayer has been redressed by the department with the intervention of the FTO office and the complaint having borne fruit is accordingly disposed of and the file is consigned to record.

However, as per the representation of the taxpayer despite of lapse of more than three years and dozens of follow-up visits the refund payment has not been made. When contacted, the counsel of the taxpayer Shahid Jami explained that the application for starting proceedings for defiance of recommendation as well as contempt was filed on 17 March 2023 and no action has been initiated by the FTO Secretariat as they are in a fix what to do as FTO order dated 12 March 2020 says that refund has been sanctioned and the file is closed. Jami observed that the file was closed prematurely in disregard of the procedure of actual payment of the refund.

As per Rule 34A of the Sales Tax Rules 2006 where excess sales tax has been collected by the Customs at the import stage the concerned Collector will sanction sales tax refund and send the sanction order to the concerned Commissioner of Inland Revenue for actual payment. Under sub-rule (5) on receipt of such sanction order from the Customs Collectorate by the concerned officer-in-charge in RTO or LTU, he shall make the entry of the sanction order in the Computerized System, and after obtaining permission of the Commissioner concerned, generate RPO of the sanctioned amount for electronic transmission to CSTRO. Jami stated that though Collector customs, Karachi sent the refund sanction order to the Commissioner Inland Revenue, Zone II, LTO, Lahore yet the Officer In charge of the Refund Division has not generated the RPO for electronic transmission to CSTRO with the result that the taxpayer has not been paid refund amount even after more than three years of the order of the FTO stating that complaint has borne fruit and closed the file. Jami observed that advisers of the FTO being senior retired officers of the very department should be well versed with the applicable law and should not have closed the FTO file until obtaining confirmation from the taxpayer that the refund amount has been credited to the bank account. Jami urged that the FTO should take suo motu notice and revise his order under Section 14(8) of the FTO Ordinance and initiate defiance and contempt proceeding against the concerned officer at LTU, Lahore for delaying for over three years payment of sanctioned refund. He further urged that CPD short courses should be held for the advisers of the FTO to enhance their competence and to ensure uniformity as conflicting orders are passed on the same issue.

CIGARETTE BRANDS OF MULTINATIONAL FIRMS: FBR CHIEF INFORMS SENATE BODY ABOUT 'HISTORIC' INCREASE IN FED

ISLAMABAD: Chairman Federal Board of Revenue (FBR) Asim Ahmad said on Wednesday that the government has made historic increase in the Federal Excise Duty (FED) on cigarette brands of the multinational companies as compared to raise in the FED rates on brands manufactured by local tobacco sector.

The FBR chairman informed the Senate Standing Committee on Finance on Wednesday that anti-smuggling efforts have been reinforced and the FBR has made 811 seizures in which 61 million sticks of smuggled cigarettes were seized during 2022-23.

The committee members asked the FBR chairman to clarify the impression that the local industry has been squeezed. What are the steps taken for protection of the local tobacco industry against the multinational companies in the country? Asim Ahmad informed that the government has not made major increase in the Tier-II slab of the FED which covers low brands of cigarettes. However, major increase in the FED on cigarettes was made for the brands manufactured by the multinational companies. In case of cigarette brands of multinational companies, locally produced cigarettes if their on-pack printed retail price exceeds Rs 9000 per 1000 cigarettes, the rate of the federal excise duty would be Rs 16,500 per thousand cigarettes. However, the FED on brands of local companies, the locally produced cigarettes if their on-pack printed retail price does not exceed Rs 9,000 per thousand cigarettes, the rate of the FED would be Rs 5,050 per thousand cigarettes, he said.

The FBR chairman stated that the FBR and tax authorities of Azad Jammu and Kashmir have signed an agreement on the exchange of information. There was a trend of shifting of manufacturing units to the AJK territory to avoid taxes. The AJK government has decided to implement the track and trace system at the manufacturing units located at the Azad Kashmir. He stated that the taxation structure on cigarettes is still lowest in the region. The World Health Organisation (WHO) has recommended indirect taxation of 75 percent of the retail price of tobacco. Therefore, we have still not reached the level of taxation as desired by the WHO.

The FBR chairman added that three companies have fully implemented the track and trace system. Now, 1-2 more companies have signed an agreement with the FBR for installation of the system. The matter was in litigation at the Islamabad High Court (IHC) and judgment has been reserved. It is a breakthrough that the stay has been vacated and now the remaining companies would install the track and trace system at their manufacturing premises.

COLLECTION OF GOVT DUTIES, TAXES: BANKS TO OBSERVE EXTENDED HOURS ON 30TH & 31ST

KARACHI: The State Bank of Pakistan (SBP) Wednesday announced all branches of banks and field offices of SBP Banking Services Corporation (SBP-BSC) will observe extended banking hours on 30th and 31st March, 2023.

In order to facilitate the taxpayers in payment of Government duties and taxes, it has been decided on the request of Federal Board of Revenue (FBR) that all branches of banks including National Bank of Pakistan (NBP) and field offices of SBP Banking Services Corporation (SBP-BSC) shall observe extended banking hours until 04:00 PM and 06:00 PM. on 30th and 31st March, 2023 respectively for collection of government taxes through ADC's Over-the-Counter (OTC) facility.

NIFT will arrange a special clearing at 06:00 PM on 31st March, 2023 (Friday) for the same day clearing of payment instruments deposited at NBP's authorized branches for customs collections.

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