

REMAINING PERIOD OF 2022-23: FBR CAN OVERCOME SHORTFALL THROUGH RECOVERY STEPS: FTO

ISLAMABAD: The Federal Tax Ombudsman (FTO) on Friday strongly recommended the Federal Board of Revenue (FBR) to overcome revenue shortfall of Rs 278 billion in 2022-23 by easily recovering evaded sales tax of around Rs 6 billion from steel melters/re-rollers, recovery from other mega scams and expedite pending cases in courts/tribunals.

Sharing a historic order of the FTO against mega scam of steel sector, FTO Dr Asif Mahmood Jah told *Business Recorder* at the FTO Headquarters on Friday that the FBR can overcome massive shortfall in the remaining period of 2022-23 through recovery measures. This requires immediate recovery of nearly Rs 6 billion from steel melters/re-rollers. The recovery from other mega scams and cases pending in high courts/tribunals would considerably reduce the shortfall in tax collection.

In case of mega scam of steel melters/re-rollers, the recoverable amount of Rs 6 billion is only related to Lahore. The inspection has also been completed in Gujranwala. The amount would also be recovered from cases in Islamabad after inspection.

The FTO while concluding an inspection activity under Section 17 of the FTO Ordinance, 2000 has recommended a feasible and conclusive way out to the FBR for affecting recoveries of evaded government revenue by way of misusing the Rule 3(A) of Rule 58H of Sales Tax Special Procedure Rule, 2007. The above levied sales tax was collected through monthly electricity bills on the basis of consumption of electricity. However, subsequently, in the year 2014, sub Rule (3A) was inserted under Rule 58H of the above said Rules, with effect from 04.06.2014.

The purpose behind the above insertion of sub-Rule (3A) was primarily to bring in an ease and convenience in sales tax collection from this sector i.e. steel melters. As a corollary to above, the commissioners were empowered to collect sales tax directly from the steel melters and re-rollers after according necessary adjustments in lieu of collection of sales tax at import stage and by issuing an adjustment/ exclusion certificate in this regard.

However, during currency of the above facilitation scheme, the following glaring discrepancies were noticed first by DG External Audit, then by PAC and finally by FTO Secretariat. In this external troika FTOs investigation findings, highlighting misuse of authority in issuance of exclusion certificates were distinctively clearer and conclusive:

- i. Issuance of exclusion certificates against cheque/ pay order instead of payment in treasury/ to national exchequer.
- ii. Returning of pay orders with illicit motives, to registered persons after issuance of exclusion certificates.
- iii. Pay order of one party were used in favour of STRN of another party.
- iv. Outright violation of concessionary regime i.e. Issuance of exclusion certificates to unregistered person.
- v. Use of pay orders for deposition in treasury for a later period of a registered person.
- vi. Inaction in cases of bounced back cheques.

The inspection team constituted by FTO made strenuous efforts and examined voluminous data provided by Corporate Tax Office, Lahore. For cross check the team also retrieved the relevant data from Lahore Electrical Supply Corporation (Lesco).

According to FTO's findings in the subject inspection, there is a huge gap between number of exclusion certificates issued as per Lesco data and that of CTO, Lahore. Furthermore, the CTO Lahore did not have information regarding amounts deposited in treasury and corresponding CPR numbers, which are of crucial importance. Also, non-production of record in respect of remaining exclusion certificates clearly depicts that the same fall in extremely grey area where instances of maladministration, misuse of authority, ulterior motives are likely to prevail.

According to FTO findings, based on examination of relevant record an amount of approximately Rs 5.5 billion is suspected to be evaded in such cases at the CTO Lahore.

All Steel Units which availed Exclusion Certificate need to be confronted by the FBR and amounts as per ECs must reconcile with the payment of sales tax at the relevant point of time and where ever there is a difference, it needs to be recovered.

Further in order to ensure fast recovery of this apparent loss of Rs 5.5 billion, the FTO has recommended FBR to re-locate the jurisdiction of steel cases from CTO Lahore to LTO Lahore or RTO Lahore for a more independent and effective recovery proceedings. Similarly, any officers/officials having any link in the past, with the cases of steel melters must not be associated or assigned the fresh jurisdiction of said cases.

The FTO has also recommended FBR to recover the loss incurred on priority basis through its investigation arm: Directorate General I&I-IR. Internal investigation on all Pakistan basis, with special emphasis at Lahore, solely aiming at recovery of loss incurred is required probing all cases of exclusion certificates.

R 15-4-2023

FBR URGES CITIZENS TO STAY INFORMED ABOUT THEIR FINANCIAL TRANSACTIONS

The Federal Board of Revenue (FBR) Friday urged citizens to stay aware of their financial transactions, stating that the board holds records of all major financial activities. The FBR emphasized that nobody can remain out of sight anymore, and it is essential for citizens to fulfill their national obligation and conduct businesses transparently by staying on the tax roll.

In a statement, the FBR advised citizens to enroll themselves in the Malomaat portal, which allows them to access information about their tax and financial records held by the board. The data available on the portal is from third-party and in-house sources, including information provided by taxpayers through various statements and declarations, as well as withholding data available in the e-payment system.

The Malomaat portal provides data under different headings, such as withholding data, properties, vehicles, frequent traveling, debit and credit transactions, and educational expenses. FBR has plans to introduce further tabs in the future as it is gradually connecting its data warehouse with important departments and organizations that record significant financial transactions.

The FBR has stated that the information available on the Malomaat portal is continuously updated and refreshed from third-party and in-house data sources. The board has also displayed third-party data regarding existing taxpayers under a menu in their IRIS login, enabling them to access and compare it with their declarations.

The FBR has urged citizens to enroll themselves in the Malomaat portal through an easy process detailed on the portal's homepage. The board has strongly encouraged all citizens to access the available information about them to fulfill their national obligation and conduct businesses transparently, bringing all citizens who are liable to file their tax returns on the tax roll.

PR 14-4-2023

FTO RECOMMENDS RECOVERY OF RS. 5.5 BILLION EVADED REVENUE BY STEEL SECTOR THROUGH MISUSE OF SPECIAL PROCEDURE RULES

KARACHI: The Federal Tax Ombudsman (FTO) has concluded an inspection under Section 17 of FTO Ordinance, 2000 and recommended a way for the Federal Board of Revenue (FBR) to recover evaded government revenue by addressing the misuse of Rule 3(A) of Rule 58H of Sales Tax Special Procedure Rule, 2007.

The Special Procedure Rules were introduced in 2007 to facilitate the Steel Sector, and collection of Sales Tax from steel melters was charged at specified rates under Rule 58H. However, sub Rule (3A) was inserted in 2014 to simplify the Sales Tax collection process. During the facilitation scheme, several discrepancies were noticed, and FTO's investigation findings revealed the misuse of authority in the issuance of exclusion certificates. The FTO team examined voluminous data provided by Corporate Tax Office, Lahore, and retrieved relevant data from Lahore Electrical Supply Corporation (LESCO). FTO's findings suggest that approximately Rs. 5.5 billion is suspected to be evaded in such cases at CTO Lahore.

FTO recommends that FBR should take timely and directional action to recover the loss by reconciling the amounts as per Exclusion Certificates and recovering any differences. FTO also recommends re-locating the jurisdiction of Steel Cases from CTO Lahore to LTO Lahore or RTO Lahore for more effective recovery proceedings, and any officers/officials linked to the cases of Steel melters should not be associated with the fresh jurisdiction of the cases. Finally, FTO recommends internal investigation on all Pakistan basis, with special emphasis at Lahore, solely aiming at the recovery of the loss incurred by probing all cases of exclusion certificates.

CN 15-4-2023

IMPORT COMPANY BUSTED FOR MILLIONS TAX EVASION

LAHORE: The Directorate of Investigation and Intelligence (I&I) Custom busted a company for its involvement in tax evasion in connivance of the Mughalpura Dry Port Lahore officials. According to the Custom officials, an importer was involved in tax evasion of million of rupees. On a tip off, Customs I&I officials stopped a goods consignment for checking which was already cleared by Mughalpura Dry Port. During checking, the I&I officials observed huge amount of tax evasion. The sources told on the condition of anonymity that importers were given benefit by the officials of the collectorate.

According to documents available with The News, Directorate of I&I Custom regional office received information that M/S C Int was involved in evasion of duty and tax on import of home theater appliances and musical instruments such as audio, video sound receiver amplifier, audio video integrated network amplifier along with integrated speaker & woofer system under PCT and deprived national exchequer of huge revenue.

According to documents, the GD No. LAPR-HC-7661 was e-blocked at gate two stage and goods were examined in the presence of importer by a team of directorate. The scrutiny of the documents uploaded in the system and examination report of the directorate revealed that M/S C Int/full name being withheld) Lahore, hoodwinked the authority filing untrue goods declaration under Section 79 of the Custom Act, 1969 by concealing the actual description of the goods to avoid application of correct valuation ruling No 1095/2017 and ruling No 1644/2022. Thus, the importer committed offence under clause (a) and (c) of section 32 (1) of the Custom Act, 1969. Furthermore, during the investigation, the importer failed to substantiate fair transaction value of renowned brands of 'home theater appliances and musical instruments' of Vienna and China origin by importing from third party UAE-based supplier without opening the letter of credit from the scheduled bank and under validation contract.

According to documents, such omission on the part of M/S C Int and Clearance Collectorate resulted in the evasion of duty and taxes amounting to Rs36,154,436 which is recoverable under section 32(2) and 2002 of the Custom Act, 1969. Therefore, these goods were seized under section 168 after issuance of the notice under Section 171 of the Custom Act, 1969.

According to documents, forgoing M/S C Int Lahore has been found instrumental in making short payments/evasion of leviable duties and taxes and caused huge loss to national exchequer. The News contacted to Chief Custom Collectorate Appraisal, Lahore Headquarter Rubab Sikandar and she said that her department takes action within no time if such violation is observed. She shared that the case has been decided by adjudication collectorate on April 7.

TN 15-4-2023

EPO 2022 MODIFIED: ANGOOR ADDA INCLUDED AS CUSTOMS STATION

ISLAMABAD: The government has modified Export Policy Order (EPO) 2022 to include Angoor Adda as customs station, aimed at facilitating trade with Afghanistan. Recently, FBR revealed that export of goods from Pakistan to Afghanistan is taking place from Angoor Adda since it became operational in 2020. Angoor Adda is notified as a Customs Station in terms of FBR's notification of February 12, 1983 amended under SRO 1017 (I)12004 for the following goods or class of goods imported or exported by land: (a) all goods from Afghanistan, and (ii) all goods to Afghanistan except goods on which duty drawback is admissible.

The FBR highlighted that Para 7 of the Export Policy Order, 2022 specifies export to Afghanistan and through Afghanistan to Central Asian Republics wherein it is further provided in Sub-Para (5) that "export shall be allowed only through authorized export land routes, ie, Torkham, Chaman, Ghulam Khan, Qamaruddin Karez and Kharlachi."

The FBR contends that there is a mismatch between the Export Policy Order, 2022 which does not recognize Angoor Adda as a land route for export to Afghanistan and through Afghanistan to Central Asian Republics, whereas FBR's relevant SROs recognizes Angoor Adda as Customs Station for export to Afghanistan except goods on which duty drawback is admissible.

The FBR requested Ministry of Commerce to consider adding Angoor Adda in sub-para (5) of para 7 of the Export Policy Order, 2022 notified on under SRO 544(1) 2022 of April 22, 2022 so that the provision and FBR's notifications become aligned.

Ministry of Commerce, in its summary to the Economic Coordination Committee (ECC) of the Cabinet, contended that Para 7 of Export Policy Order, 2022 specifies the conditions for export to Afghanistan and through Afghanistan to Central Asian Republics (CARS) via land route. As per sub-paragraph (5) of Para 7 of EPO,2022 export via land route is allowed through authorized land routes, ie, Torkham, Chaman, Ghulam Khan, Qamaruddin Karez, and Kharlachi. Federal Board of Revenue (FBR) approached Ministry of Commerce, highlighting that export of goods from Pakistan to Afghanistan is taking place from Angoor Adda since it became operational in 2020.

The FBR further noted that Angoor Adda was notified as a Customs Station in terms of FBR's notified SRO 102(I)/83 amended vide SRO 1017(I)/2004.

Commerce Ministry argues that since Angoor Adda is not included among authorized land routes for export to Afghanistan and to CARS through Afghanistan in EPO, 2022, FBR requested Commerce Ministry to consider adding Angoor Adda in sub-para (5) of Para 7 of EPO, 2022.

The Commerce Ministry stated that since under power conferred by Section 9 of the Customs Act, 1969, declaration of customs stations for clearance of goods of any class of goods imported or exported is the domain of the FBR, therefore, the FBR's recommendation may be considered positively.

The ECC considered the proposal of Commerce Ministry and included Angoor Adda in its Customs Station. The decision of ECC will be ratified by the Cabinet, in its forthcoming meeting.

R 15-4-2023

FBR NOTIFIES TRANSFERS OF PCS OFFICERS RANGING BS-20 TO BS-17

KARACHI: Federal Board of Revenue (FBR) has notified large scale transfers and postings of PCS officers ranging BS-20 to BS-17 with immediate effect.

Accordingly, Mr. Raza (PCS/BS20) Collector, Collectorate of Customs, Gwadar is assigned the additional charge of the post of Director, Directorate of Transit Trade, Gwadar.

Mr. Yousaf Haider Orakzai (PCS/BS20) is moved from Collector, Collectorate of Customs Enforcement, Dera Ismail Khan to Chief (FATE), FBR (HQ), Islamabad.

Agha Saeed Ahmed (PCS/BS-20) Collector, Collectorate of Customs Appraisal, Quetta is assigned the additional charge of the post of Director, Directorate of Transit Trade, Quetta.

Dr. Karam Elahi (PCS/BS-19) transferred from Chief (OPS)(FATF), FBR (HQ), Islamabad and posted to Collector (OPS), Collectorate of Customs Enforcement, Dera Ismail Khan.

Mr. Muhammad Arshad Khan (PCS/BS-19) Collector (OPS), Collectorate of Customs (Adjudication), Islamabad is assigned the additional charge of the post of Collector (OPS), Collectorate of Customs (Appeals), Islamabad during the mandatory training period of Mr. Faiz Ali (PCS/BS-20).

Mr. Asad Ullah Larik (PCS/BS-19) from Additional Collector, Collectorate of Customs, Jinnah International Airport (JIAP), Karachi to Additional Director, Directorate (HQs), Post Clearance Audit & Internal Audit, Karachi.

Ms. Amna Naeem (PCS/BS-19) from Additional Director, Directorate (HQs), Post Clearance Audit & Internal Audit, Karachi to Additional Collector, Collectorate of Customs, Jinnah International Airport (JIAP), Karachi.

Mr. Ali Ijaz (PCS/BS-19) from Secretary, Federal Board of Revenue (Hq), Islamabad to Additional Collector, Collectorate of Customs, Allama Iqbal International Airport (AIIA), Lahore.

Ms. Hina Gul (PCS/BS-19) transferred from Additional Director, Pakistan Customs Academy (PCA), Karachi and posted to Additional Director, Directorate of Post Clearance Audit (South), Karachi. She will draw her salary against vacant post of BS-19 in Directorate of Internal Audit-South (Customs), Karachi.

Mr. Junaid Mahmood (PCS/BS19) from Deputy Collector, Collectorate of Customs, Gwadar to Secretary, Federal Board of Revenue (HQ), Islamabad.

Mr. Muhammad Akbar Jan Gandapur (PCS/BS-19) from Secretary, Federal Board of Revenue (Hq), Islamabad to the office of Additional Director, Directorate of Intelligence & Investigation-FBR, Quetta.

Mr. Muhammad Hamza Lak (PCS/BS-18) from Deputy Director, Directorate of Customs Valuation, Lahore to the office of Deputy Collector, Collectorate of Customs (Adjudication), Faisalabad.

Mr. Akmal Shahzad (PCS/BS-18) moved from Deputy Director, Directorate of Transit Trade, Quetta to Deputy Collector, Collectorate of Customs Enforcement, Dera Ismail Khan.

Ms. Maleeka Ahmed (PCS/BS-18) from Deputy Collector, Collectorate of Customs, Jinnah International Airport (JIAP), Karachi to Deputy Director, Directorate of Post Clearance Audit (South), Karachi.

Mr. Muhammad Ahmed Rizwan (PCS/BS-18) from Deputy Collector, Collectorate of Customs Appraisement, Port Muhammad Bin Qasim, Karachi to Deputy Director, Pakistan Customs Academy (PCA), Karachi.

Ms. Jaweria Shahid (PCS/BS-18) from Deputy Collector, Collectorate of Customs Appraisement (East), Lahore to the office of Deputy Director, Directorate of Customs Valuation, Lahore.

Mr. Abid Hussain Hakro (PCS/BS-19) Director (OPS), Directorate of Transit Trade, Quetta with additional charge of the post of Director (OPS), Directorate of Transit Trade, Gwadar is posted as Director (OPS), Directorate of Internal Audit-South (Customs), Karachi.

Mr. Omar Shafique (PCS/BS-19) from Additional Collector, Collectorate of Customs Appraisement (East), Custom House, Karachi to Additional Collector, Collectorate of Customs Enforcement, Quetta.

Syed Fazal Samad (PCS/BS-19) from Additional Collector, Collectorate of Customs Appraisement, Quetta to Additional Director, Directorate of Internal Audit-North (Customs), Islamabad.

Mr. Aftab Ullah Shah (PCS/BS-19) from Additional Collector, Collectorate of Customs Enforcement, Quetta to Additional Director, Directorate of IPR Enforcement (Central), Lahore.

Mr. Muhammad Shahzad Khan (PCS/BS-19) from Deputy Director, Directorate of Reforms and Automation (Customs), Karachi to Additional Collector, Collectorate of Customs Appraisement, Quetta.

Choudhary Fahad Bashir (PCS/BS-18) from Deputy Director, Directorate of Intelligence & Investigation, FBR, Karachi to Second Secretary (Legal Customs), Federal Board of Revenue (HQ), Islamabad.

Mr. Muhammad Sarfraz (PCS/BS-17) from Assistant Collector, Collectorate of Customs Appraisement, Quetta to Assistant Director, Directorate of Post Clearance Audit (South), Karachi.

Mr. Baz Gul (PCS/BS-17) from Assistant Director, Directorate of Transit Trade, Quetta to Assistant Director, Directorate of Internal Audit-South (Customs), Karachi.

Mr. Shehryar Waseem (PCS/BS17) from Assistant Collector, Collectorate of Customs Enforcement, Quetta to Assistant Director, Directorate of Reforms and Automation (Customs), Karachi.

Mr. Muhammad Fand Jamil (PCS/BS-17) transferred from Assistant Director, Strategic Control Division, Ministry of Foreign Affairs, Islamabad to the office of Assistant Director, Directorate General of National Nuclear Detection Architecture (NND), Islamabad.

Ms. Fareeha Afzal (PCS/BS-17) from Assistant Director, Directorate of Post Clearance Audit (South), Karachi to Assistant Collector, Collectorate of Customs, Islamabad International Airport, Islamabad.

Mr. Ali Hassan Raza (PCS/BS-17) from Assistant Collector, Collectorate of Customs Enforcement, Dera Ismail Khan to the office of Assistant Collector, Collectorate of Customs Enforcement, Peshawar.

Ms. Saba Iltaf (PCS/BS-17) moved from Assistant Collector, Collectorate of Customs Enforcement, Custom House, Karachi to Assistant Collector, Collectorate of Customs Appraisement, Port Muhammad Bin Qasim, Karachi.

Mr. Imtiaz Ahmed Afridi (PCS/BS-17) moved from Assistant Collector, Collectorate of Customs Enforcement, Dera Ismail Khan to the office of Assistant Collector, Collectorate of Customs Appraisement, Peshawar.

FBR PROMOTES BS-18 OFFICERS INTO BS-19 WITH IMMEDIATE EFFECT

KARACHI: Federal Board of Revenue (FBR) has notified the promotion of 24 BS-18 officers of Pakistan Customs Service (PCS) to BS-19 on temporary basis against DTL vacancies in their service subject to reversion to lower posts upon joining of original incumbents of the posts. The promoted officers include:

1. Mr. Omer Bin Zafar Chattha
2. Syed Shoaib Raza
3. Mr. Ali Ijaz
4. Ms. Hina Gul
5. Mr. Muhammad Shahzad Khan
6. Ms. Nazia Saleem
7. Ms. Sobia Kiran
8. Mr. Tausif Aman
9. Mr. Junaid Mahmood
10. Mr. Naveed-ur-Rehman
11. Syed Ali Akbar Zaidi
12. Mr. Amjad Hussain Rajper
13. Dr. Tahir Iqbal Khattak
14. Mr. Amanullah Soomro
15. Mr. Asfand Yar Khan
16. Mr. Amjad Aman
17. Ms. Sanam Qureshi
18. Mr. Sajid Ali Baloch
19. Ms. Zamzam Aman
20. Mr. Kaleemullah
21. Mr. Usman Tariq
22. Mr. Imran Afzal
23. Mr. Muhammad Akbar Jan Gandapur
24. Mr. Shahzad Liaqat Ranjha