

ARTICLES

Improving voluntary tax compliance

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Punjab Revenue Authority Act, 2012.
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No. SRB-3-4/10/2012, dated June 21, 2012.
S.R.O. 767(I)/2012, dated June 22, 2012.
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C.No.9(1)/2009-CB-90082, dated June 25, 2012.
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Improving voluntary tax compliance

by

Huzaima Bukhari & Dr. Ikramul Haq

The Inland Revenue is here to ensure that everyone understands and receives what they are entitled to and understands and pays what they owe, so that everyone contributes to the UK's needs—**slogan on website of Inland Revenue Service of United Kingdom.**

Unlike many other countries of the world, Pakistan's apex revenue authority Federal Board of Revenue (FBR) has never bothered to launch a well-designed voluntary tax compliance programme. It also failed in creating an effective deterrence in the form of a reliable tax intelligence system—a prerequisite for the success of voluntary tax compliance regime. Resultantly, the number of persons filing income tax returns in Pakistan is pathetically low. During the last many years, FBR has miserably failed to broaden the tax base, counter tax evasion and avoidance, increase the number of return-filers, use modern tax audit tools and tap the real tax potential. The failure of FBR is on two counts; firstly it has failed to collect taxes from where these are actually due thus paving the way for enormous black economy and secondly could not persuade the people for voluntary tax compliance. This has created a malevolent social malady i.e. social injustice where the rich and mighty are enjoying life whereas the overwhelming majority is being pushed below poverty line.

An effective tax audit system is essential to maximize voluntary tax compliance. All the developed tax administrations possess sophisticated tax intelligence systems in place enabling them to enforce voluntary tax compliance. Duplicating a similar system for developing administrations is not optimum due to the lack of basic systems and skilled staff. Countries like Pakistan need a model that combines the best of a developed administration's practices with the flexibility that allows it to be used regardless of the size of an administration and skill of staff.

In Pakistan, the tax reform process remains unrealized dream. In 2004, the World Bank and other international donors provided funding of over US\$ 100 million for various reforms plans. Five-year Tax Administration Reforms Programme (TARP), however, proved to be a great failure despite its extension till 31-12-2011 and more money pouring in from abroad. On the completion of TARP, the World Bank admitted that none of the targets set was completed.

The voluntary tax compliance has been at the core of reform agenda under TARP. But it was disliked by the tax officials from the very beginning. They wanted to retain existing discretionary powers for self-aggrandizement. They were not ready to accept the idea of voluntary compliance backed by strong deterrence audit and tax intelligence

system. Therefore, instead of creating an effective tax intelligence system to enforce voluntary tax regime, they resorted to discretionary audits and frequent amendments. They tried to unsettle the declared versions of taxpayers without having any definite information. They amended the assessments on surmises and conjectures or by indulging in fishing inquiries. They lost a large number of cases in courts as taxpayers successfully challenged abuse of powers under sections 177, 122(5) and 122(5A) of the Income Tax Ordinance, 2001.

Global comparison of tax audit provisions, procedures and practices with those adopted in Pakistan shows that FBR has never bothered to provide a transparent selection process based on any intelligible differentia to provide benchmarks that are intrinsically linked with risk areas. From tax year 2003 onwards, FBR selected cases under section 177 (this section was amended numerous and substantially since its inception) of the Income Tax Ordinance, 2001 without any regard to law and established international principles relating to tax audit. FBR also tried to outsource the tax audit work to chartered accountant firms but the experiment failed miserably.

It is important to highlight that in USA, UK, Euro zone, Scandinavia, Japan, Singapore and many other developed tax administrations, the main emphasis is on selecting cases for audit on the following two bases:

1. Benchmarks are provided for each year on websites before the filing of returns. Any case falling in any of the benchmarks is automatically selected for audit. There is neither any discretion nor any discrimination involved in the audit selection process. It makes the selection process universally acceptable and transparent.
2. Special audit is done in cases where any definite information is generated by computerized tax intelligence system or obtained through an independent source.

In Pakistan, FBR did not provide any transparent method for selection of cases for audit. It created distrust and taxpayers contested audit selection in High Courts invoking Article 199 of the Constitution of Pakistan. In these writ petitions, the vires of law as well as administrative arbitrariness were successfully challenged.

FBR also miserably failed to prioritize its audit resources to focus on key areas of tax non-compliance, tax fraud, high-risk, high income taxpayers and unreported income. On the contrary its audit selection criteria aimed at harassing the existing taxpayers without having any tenable evidence of tax fraud, underreporting or non-compliance against them. Their only fault is that they have claimed refunds, which FBR does not like to pay as it has negative impact on its so-called "record" revenue collection.

The purpose behind any tax audit is always to check potential cases of non-compliance or tax fraud rather than threatening the existing taxpayers or to penalize the persons claiming refunds. The FBR has yet

not come out of conventional methodology of ignoring or protecting the tax evaders and punishing those who file returns though may not be reporting their correct incomes. The priority should have been to first nab the non-filers and then go after those who underreport their incomes. Audit, if not backed by a reliable 'Tax Information Integrated System', will never be effective.

The FBR needs to adopt a rational audit strategy representing a new direction for its compliance effort. The FBR must conduct research and planning to work out a new approach that could focus on high-risk areas of non-compliance. The audit policy of apex revenue authority must aim at new and enhanced efforts on several priority areas, including:

- High-risk, high-income taxpayers.
- Abusive schemes and promoter investigations.
- High-income non-filers.
- Unreported income.
- The National Tax Research Programme.

Increased resources for audits – also known as examinations – should be devoted to these areas, which should be declared as a year of transition and training as new audit cases to be selected from returns accepted under section 120 of Income Tax Ordinance, 2001. The Regional Tax Offices (RTOs) and Large Taxpayers Units (LTUs) must be equipped to handle the new audit assignments in these key areas affecting individuals and businesses. Compliance and widening of tax base efforts should also be reconsidered with starting a national tax research programme at the Directorate General of Research & Training.

The FBR can learn a lot from recent initiative on the part of Internal Revenue Service (IRS) of United States in this direction that reflects part of a broader, agency-wide plan. This strategy places a top priority on pursuing promoters of abusive schemes, shelters and trusts and then identifying participants in these efforts to evade taxes. To address these problems, the IRS has revamped its compliance programs to refocus on problem areas. The IRS is using a full scope of tools and techniques ranging from summons enforcement, injunctions and criminal investigation of promoters to civil audits of participants.

The new audit strategy must reflect the new way of doing business at the FBR as well, but till today it is completely missing. Several of these efforts – such as the National Research Programme and the credit card initiative – need to reflect innovative approaches to tackle long-standing tax problems. And the FBR's reorganization must allow key parts of the organization to work together in ways they didn't previously. For example, the new audit initiative must include similar emphasis for the FBR's collection area. And new levels of cooperation and coordination should be underway on initiatives that involve both civil actions and criminal investigation.

For the five new areas mentioned above, the FBR may direct more examination resources to address these issues. However, the FBR may maintain a presence in other audit areas to maintain core tax administration responsibilities. Additional exam resources can help meet this requirement.

Key areas for the new initiative must include:

High-Risk, High-Income Taxpayers

High-income returns are often more complex and, generally, upper income taxpayers have resources to engage in pass-through entities such as partnerships, trusts and corporations. Even utilising FBR's various matching programmes, income and deductions from such activities are more difficult to verify.

FBR needs to match returns from pass-through entities, the technique does not provide any verification of income reported by the entity itself. Verifying the income on these returns requires an examination. The FBR must start utilising a combination of filters to identify high-risk, high-income returns. The returns selected for desk examination should be those most likely to have unreported income or structured transactions. The idea to examine all of them will be sheer wastage of resources. A structured transaction is one with limited economic benefit and whose primary purpose is to reduce or eliminate a tax liability. Structured transactions are generally done through one or more pass-through returns. The pass-through returns create paper losses that flow back to individual income tax returns offsetting income from other sources. FBR has not even bothered to conduct audit on these lines.

Abusive Schemes and Promoter Investigations

FBR must accelerate efforts to combat abusive schemes and scams on the rise that include:

- **Schemes**, reducing a person's tax liability by claiming inflated expenses, false deductions, unallowable credits or excessive exemptions.
- **Frivolous return arguments**, telling taxpayers that compliance is voluntary or the Constitution does not provide for tax collection.
- **Abusive shelters and trusts**, investments established for the purpose of hiding income from taxation.
- **Employment tax schemes**, employee leasing, paying in cash and filing false payroll tax returns.

Abusive Scheme Groups are being established in each Area and the use of Fraud Specialists must increase. To identify and address promoter activity, a Promoter Lead Development Center needs to be created. The Center must systematically monitor the Internet to identify promoters of abusive activities and develops cases for injunctive investigations.

High-Income Non-Filers

The FBR's efforts to address non-filers must focus on the most egregious and high-risk segments of the population. The non-filer strategy should be pursued on many fronts:

- Re-engineered processes and work streams to improve efficiency and productivity.
- Identification and expedited assignment of the most egregious non-filers.
- Expanded and centralized automated enforcement.
- Outreach and education efforts.

Unreported Income

Unreported income represents the largest component of the tax gap. FBR must develop a new tool for identifying returns with a high probability of unreported income. The new tool can be known as Unreported Income Discriminant Index Formula (UI DIF). Its details can be seen at the website of Inland Revenue Service (IRS) of USA.

All individual returns in USA have traditionally been assigned a DIF score rating the probability of inaccurate information on the return. The new UI DIF score rates the probability of income being omitted from the return. The IRS has customarily used indirect examination methods to identify unreported income but until now has had no systemic method for selecting the returns at highest risk for unreported income. The same method can be used in Pakistan.

UI DIF will give the FBR the ability to systemically identify returns at high risk for unreported income and beginning this fall all returns will receive a UI DIF score in addition to the traditional DIF score.

National Research Programme

National Research Programme (NRP) examinations measures reporting compliance and identify compliance issues. NRP has enabled the IRS to improve the examination selection process. NRP is very different from its predecessor, the Taxpayer Compliance Measurement Program (TCMP) used by IRS earlier. NRP no longer relies heavily on time-intensive, "line-by-line" audits for establishing a baseline measure of reporting compliance. The FBR must learn from IRS experience in this regards.

The FBR has never conducted research on the distribution of errors on returns. Without the information that needs to be gathered through NRP, the FBR will have no ability to direct examinations and other compliance activities with accuracy and precision. With updated information, the NRP effort will prevent thousands of "no change" audits each year. The NRP effort could have reviewed a small, statistically valid sample of individual returns for tax year 2011, less than 2000 returns out of 60,000 business returns filed. The FBR has never thought of such techniques that are prevalent in other parts of the world.

The NRP process should have four main categories:

- **No FBR contact.** About 8,000 returns may be checked relying solely on information already available.
- **Correspondence.** These may be less intrusive correspondence exchanges with taxpayers – rather than the old standard of sit-down audits. About 9,000 returns can be included in this process.
- **Less intrusive audits.** Instead of the old “line-by-line” examination approach, the FBR may gather more information beforehand and focus only on selected parts of approximately 20,000 returns.

In amending the assessments under section 122, the FBR violated all norms of good administration. The new Income Tax Law was promulgated with the tall claim of bringing simplification but it has turned out to be a more complex document susceptible to increased litigation. Section 122 provides unbridled, unfettered and uncontrolled powers to the tax department which are violative of Article 4 and 25 of the Constitution. Absolute powers conferred on tax authorities under this section are bound to corrupt them absolutely. This corruption can be financial as well as intellectual. The power to amend and further amend any order passed is a classic piece of legislation showing how a faulty tax system increases tax burden of the existing taxpayers and leaves unaffected those who are non-filers.

Section 122 has proved to be a lethal weapon in the hands of tax officials who have taken it as a licence to destroy the sanctity of past and closed transactions that constitute taxpayers’ vested right under the law. They are using it in a ruthless manner by finding fault with every order under section 120. This is an open mockery of due process of law enshrined in Article 4 of the Constitution of Pakistan and unashamed violation of basic norms of justice.

This provision of law is being abused by the Taxation Officers under delegated powers whereas the Commissioner cannot delegate his **legal obligation** to apply INDEPENDENT MIND to amend or further amend an assessment order. Powers and functions can be delegated but **legal obligation to apply independent mind** cannot be passed on to another person—2011 PTD 307 [Tribunal]. Where application of a statute is left entirely to the whims and caprice of the executive authority, it offends Article 25 of the Constitution.

The FBR wrongly interpreted the law that assessment completed under the repealed law can be reopened/unsettled under section 122(5) or (5A) as a result of amendments made in section 122 vide Finance Ordinance 2002 and 2003. The apex court in the case of Eily Lilly disapproved the interpretation of FBR, but it started issuing notices in time-barred cases under section 65 and 66A by misinterpreting para 54 of the apex court judgement in Eily Lilly case. This shows the level of understanding of legal principles for FBR’s stalwarts—it is established law that time-barred matters cannot be reopened.

The apex court has held in categorical term that section 122(5) can only be invoked in respect of orders passed after 1st July 2002 in respect of tax year 2003 onwards or for any income year ending on or before 30th June 2002 in the light of section 239(1) and (2) under the new Ordinance. It has no application whatsoever for assessment orders made prior to 1st July 2002, the date on which the new Ordinance was made effective vide SRO 381(I)/2002 dated 15 June 2002, issued by the Federal Government in exercise of powers entrusted by sub-section (3) of section 1 of the new Ordinance. As regards section 122(5A), it can be invoked in respect of orders passed after 1st July 2003 as it was inserted vide Finance Act 2003 prospectively. Secondly it does not cover the orders passed under the repealed Ordinance.

The language of section 122(5) and (5A) casts a heavy burden on the Commissioner to prove that there was:-

1. On the basis of **definite information** acquired from an audit or otherwise:
 - a. any income chargeable to tax has escaped assessment; or
 - b. total income has been under-assessed, or assessed at too low a rate, or has been the subject of excessive relief or refund; or
 - c. any amount under a head of income has been misclassified.
2. The assessment order is **erroneous** in so far it is **prejudicial to the interest of revenue**

The divergence of views that the assessing officer who passed the earlier order should have completed the assessment in a different way cannot be construed as a basis to invoke section 122(5) as it will be a mere change of opinion. The expression **definite information** is defined in sub-section (8) of section 122 to “includes information on sales or purchases of any goods made by the taxpayer, receipts of the taxpayer from services rendered or any other receipts that may be chargeable to tax under this Ordinance, and on the acquisition, possession or disposal of any money, asset, valuable article or investment made or expenditure incurred by the taxpayer”. This is an inclusive definition and literal meaning of the expression is to be relied upon in addition to what has specifically been included. The leading cases elaborating the scope and import of this expression are:

1. *IAC and another v Pakistan Herald Limited* 1997 PTD 1485= (1997) 76 Tax 131 (S.C.Pak).
2. *EFU General Insurance Ltd and others v Federation of Pakistan & Others* 1997 PTD 1693= (1997) 76 Tax 213 (S.C.Pak).
3. *Central Insurance Co. and others v CBR Islamabad* (1993) 68 Tax 86 (S.C.Pak).
4. *Saitex Spinning Mills Ltd v CIT, Zone 3, Lahore* 2003 PTD 808 (H.C. Lah.).

As regards section 122(5A) past and closed transactions cannot be disturbed by merely alleging that assessment order is **erroneous** in so far it is **prejudicial to the interest of revenue**. First of all the Commissioner will have to prove beyond any shadow of doubt that while making the assessments in question the provisions of the repealed Ordinance were incorrectly applied and it also caused loss of revenue.

In 2003 PTD 808, the Lahore High Court highlighted the sanctity of finalised assessments which cannot be disturbed on mere views, gossips, conjectures or surmises and in a light manner as is being attempted by the Taxation Officers these days through issuing notices u/s 122 indiscriminately, erratically and irresponsibly.

The Sindh High Court in *Shahnawaz (Pvt.) Ltd. Through Director v. Pakistan through the Secretary Ministry of Finance Government of Pakistan, Islamabad* and another 2011 PTD 1558 (H.C.Kar.) held that “It will be seen that the Supreme Court spoke of both “vested rights” and “past and closed transactions”. A detailed analysis of the distinction between the two need not detail us, and it suffices to note that while every past and closed transaction is normally based on, or comprises, a vested right, every vested right is not necessarily a past and closed transaction. Indeed, if rights were required to be placed in ascending order, the ‘scale’ could be said to comprise of ‘bare’ right, a vested right and a past and closed transaction. Ordinarily, a right can be regarded as progressing from a ‘bare’ right to become a vested right and then perhaps even a past and closed transaction. Of course, some rights only become vested rights, and do not go beyond to become past and closed transactions. Others may vest immediately, as soon as they arise or accrue, and then may (or may not) become past and closed transactions. Some rights (though this would be a somewhat rare and unusual situation) may even become past and closed transactions once they accrue, i.e., progress to that category straight from being ‘bare’ rights. As even this brief account shows, some care must be taken to properly analyze the nature of the right under consideration. This is all the more so because (especially in the realm of fiscal statutes) past and closed transactions appear to stand on a footing higher than vested rights. The vesting of a right is to protect the position of the person in whom the right vests, so that his position is not altered to his detriment. If the subsequent change in fact improves his position, he ought not to be denied the benefit of that change. On the other hand, if the scope of section 177 has been broadened or extended, then it is to be applied as it stood in the former position, and not as it stands in the subsequent position. The reason is of course that in this scenario, the vested rights of the taxpayer are being affected to his detriment. Section 177 as it stands in the subsequent position must therefore be aligned with how it stood in the former position, and the section can only be applied to the extent so made possible. Thus, whenever the form of section 177 as a vested right is different from the form it has taken subsequently, when the taxpayer is selected for audit, a comparative exercise must carefully be carried out of

the former and subsequent positions, and the section applied in terms as stated above”.

It is worthwhile to mention that the honourable Supreme Court in *Income Tax Officer v Cement Agencies Ltd* (1969) 20 TAX 1 (SC.Pak) held that: “...even a legislative measure like an Ordinance expressly given retroactive effect could not operate so as to annul a valid and existing judgement as between parties whose rights had been determined and according to law which existed before the new Ordinance was passed.” In another case *Central Insurance Company and Others v CBR* 1993 SCMR 1232 = [1993] 68 TAX 86 (S.C.Pak), it is categorically held by the honourable apex court that in Para 27 that ‘**any subsequent decision after the disposal of the case by the assessing officer cannot be said to be the discovery of a new important matter or of a mistake or an error on the face of record and that mere conflict and divergence of opinion cannot give rise to review of the judgement**’.

These judgements of the honourable apex court confirm that section 122 cannot be used to amend a valid and existing judgement as between parties whose rights had been determined and according to law.

The concept of reopening/revising an assessment order is not new. There can be occasions when an existing order – whether accepted under self-assessment scheme or passed after applying conscious mind by a departmental official – is subject to escapement of income, under assessment, lower rate of tax or excessive relief or is erroneous in so far as it is prejudicial to the revenue—needs to be amended or further amended. Section 122(5) envisages **amendment or further amendment** of an assessment order where the Commissioner **considers** that as a result of “definite information” or examination of record:

- any income chargeable to tax has escaped assessment; or
- total income has been under-assessed, or assessed at too low a rate, or has been the subject of excessive relief or refund; or
- any amount under a head of income has been mis-classified.
- Any assessment order is erroneous in so far it is prejudicial to the interest of revenue

The expression **Commissioner** as appearing in this section when read in conjunction with section 211 clearly provides that although powers and functions can be delegated by the Commissioner, but his legal obligation imposed by the statute itself of applying independent mind cannot be delegated to Taxation Officers. Section 212 reads: “where by virtue of an order u/s 210, a taxation officer exercises a power or performs a function of the Commissioner, such power or function shall be treated as having been exercised or performed by the Commissioner”.

The Commissioner cannot **consider for amendment** any completed assessments through the spectacles of Taxation Officers, who had earlier passed orders as assessing officers. The Commissioner’s statutory power

to invoke sections 122(5) and 122 (5A) after considering the orders by applying his independent mind is not a function that can be delegated under sections 210. How can the Commissioner delegate to a Taxation Officer his own statutory obligations? There is no question of delegation of statutory obligations imposed on the Commissioner u/s 122, which is distinct from functions or powers as envisaged in section 210 of the Ordinance. If a Taxation Officer applies mind on behalf of the Commissioner u/s 122(5) or (5A), he will perform *coram non iudice* functions lacking legal validity.

There are certain basic norms of justice that have to be adhered to in all the judicial and quasi-judicial proceedings. One of the cardinal principles of such basic norms is that **one cannot be a judge of his own cause**. Section 122(5A) as it stands now makes the Commissioner of Income Tax **a judge in his own cause** as first of all he delegates all his powers to a taxation officer and once an order is made by him, he may declare that the delegated officer applied the law incorrectly! What a mockery of 'due process of law' that in fact he is posing as **judge in his own cause**. How can he declare his own orders [though passed by somebody else on his behalf as envisaged in section 211] as incorrect? This would certainly be a wanton breach of the basic norm of the justice that **no one can be a judge in his own cause**. This breach will in fact be violative of 'the right of access to justice' which is an inviolable fundamental right enshrined in Article 4 of the Constitution. This right is equally founded in the doctrine of 'due process of law'—*New Jubilee Insurance Company Limited, Karachi v National Bank of Pakistan, Karachi* PLD 1999 SC 1126.

The 'right of access to justice' includes the right to be treated according to law, the right to have a fair trial and proper opportunity of being heard and the right to have a just and impartial court/tribunal/authority. The term **due process of law**, as elaborated by the honourable apex court in the case of *New Jubilee Insurance Company Ltd* (supra) can be summarised as under:

1. a person shall have notice of the proceedings which affect his rights;
2. he shall be given reasonable opportunity to defend;
3. that the tribunal, court of authority before which his rights are adjudicated is so appointed/constituted as to give reasonable assurance of its honesty and impartiality; and
4. that it is a court/authority of competent jurisdiction.

These are the basic requirements of the doctrine of 'due process of law' that are embodied *inter alia* in Article 4 of the Constitution. It is intrinsically linked with the right to have access to justice which is a fundamental right. This right, *inter alia*, includes the right to have protection against abuse of powers. The Commissioner of Income Tax under section 122(5A) has assumed the role of **a judge in his own**

cause and, therefore, any action under this provision of the new Ordinance amounts to a manifest and blatant violation of the due process of law. Needless to say that this provision as it stands now is unconstitutional in view of Article 4 and 25 of the 1973 Constitution.

The issues of voluntary compliance and amendment of assessments in appropriate cases cannot be seen in isolation. The FBR's inability to enforce proper tax compliance has many reasons. The income tax code itself promotes tax evasion e.g. section 111(4) that gives a free licence to all to not pay a single penny of tax by just arranging remittance of their own untaxed money through normal banking channel at a nominal fee to be paid to a money exchanger in Pakistan. Then there is widespread corruption in society which is antithesis of transparency a basis condition for voluntary compliance. A society where State itself encourages money laundering and routes to ill-gotten wealth voluntary compliance can never be achieved.

The recurrent appearance of amnesty schemes and money whitening instruments/modes show that the State has conceded the failure of its tax machinery in performing its main function of collection of taxes. This nation has become addicted to easy money and such schemes/instruments have become a routine matter for them. The people hooked on ill-gotten wealth/income for the last many years know for certain that after every two or three years, there will be an amnesty scheme giving them a chance to get their income/assets whitened by paying far less an amount than what they would have been required to pay under the normal income tax/wealth tax regime. It is a tragic situation where the entire State apparatus is subservient to those who blatantly manage to hide their income and wealth. It is an ugly joke with those who are paying their taxes honestly at much higher rates than those offered to tax evaders (ranging between 2% to 10%) under such schemes. Can we think of voluntary tax compliance in the face of these ugly realities?

The ugliest face of black money emerges in the corridors of power, political as well as administrative. No country other than Pakistan knows better the dangers of allowing money launderers and drug traffickers to get an upper hand. We are at present not only facing a drug-abusing population of nearly 4 million, mostly young, but also many terrorist organisations, which by themselves are a threat to the government. The fact is that a cartel or a group of cartels have become so powerful that they can work out agreements with terrorists and saboteurs to undermine the authority of the State.

Pakistan has been facing a perpetual crisis of fiscal deficit for the last many decades. Amongst many causes for this malady is the ever-growing size of the underground economy. No serious effort has been made by successive governments, both military and civil, to determine the loss of revenue due to the existence of underground economy, not to talk of devising concrete counter measures to bring enormous untaxed money into the mainstream of economy. Rampant corruption and unprecedented

tolerance towards black money has made Pakistan a State where the very survival of public institutions is at stake at the hands of ruthless forces representing money power.

One of the worst consequences of black money and tax evasion is their pernicious effect on the general moral fabric of society. They put integrity at a discount and place a premium on vulgar and ostentatious display of wealth. This shatters the faith of the common man in the dignity of honest labour and virtuous living. It is, therefore, no exaggeration to say that ill-gotten wealth is like a cancerous growth in the country's economy, which if not checked in time, is certain to culminate in its death. There is a need for a wider plan to document the entire economy once and for all. The present government must remember that half-hearted measures, typical of tax bureaucracy, will not yield the desired results. Firmness, consistence and steadfastness must be shown to counter money launderers, terrorists and tax evaders. Our survival now lies in freeing the society from the clutches of the corrupt.

Encouraging and improving compliance can be achieved by respecting taxpayers' rights and helping them recognise their obligations under the law. Publicity, taxpayer education and support are all essential to achieving these goals. The voluntary compliance can only be achieved through the ways and means discussed above. The reliability of tax machinery, stability of tax laws, low cost of compliance, timely dispensation of justice and respect of taxpayers' rights are prerequisites of this process.

'FBR will need to downward revise tax target for FY12-13'

The Federal Board of Revenue (FBR) will have to revise downward its envisaged tax collection target of Rs2,381 billion for the ongoing financial year 2012-13 in the wake of witnessing a shortfall of over Rs43 billion in last financial year ended on June 30, 2012, senior officials of FBR confided on Monday.

“The basis of the envisaged target for the current fiscal year that started from July 1, 2012 has fallen apart after witnessing a shortfall in achieving the desired target of Rs1,952 billion for 2011-12, a figure on basis of which, the tax target for 2012-13 was finalised to the tune of Rs2,381 billion,” senior officials said.

On assertion of certain quarters of getting advances or stopping refunds to show maximum revenue collection figure in the last financial year, the sources said that in a last ditch effort Asrar Raouf was appointed as DG Operation South. However, this decision was reversed back immediately- just a few days before June 30.

“The provisional collection shows that the FBR has collected Rs1,885 billion and collection of Sindh Revenue Board is Rs24 billion, totaling revenue collection up to Rs1,909 billion,” said the official and added that the overall collection might cross Rs1,912 billion till the finalising of the revenue figures in the next few days.

“We have so far collected Rs1,909 billion including Rs24 billion collected by Sindh Revenue Board (SRB).” The official conceded that it was an “innovative” idea of former finance secretary to incorporate revenue collection of SRB in overall collection as the FBR was not doing the same till March 2012.

When the revenue collection nosedived from April, the collection made by SRB also included into the overall collection on the basis of argument that general sales tax (GST) on services, was part of FBR's collection when the target of Rs1,952 billion had been finalised.

Regarding the revenue target of Rs2,381 billion for 2012-13, the official said that there was a need to separate envisaged target into three categories, including revenue collection of FBR, Sindh Revenue Board and Punjab Revenue Authority (PRA); otherwise, the desired target of Rs 2381 billion seemed irrelevant.

CGT on properties: Meanwhile, FBR has asked chief secretaries of provincial governments to ensure tax collection of Capital Gains

Tax (CGT) on sale of property during the current fiscal year 2012-13.

“Yes, we have sent an official communication to chief secretaries of all provincial governments to enforce CGT on sale of property during the current financial year 2012-13,” a senior official of FBR confirmed on Monday.

In major revenue spinner measures, the government had imposed CGT on sale of property at the rate of 10 percent if it is disposed-off after one year and 5 percent in case of disposing-off after 2 years.

“We expect that the FBR will be able to collect over Rs5 billion with this one revenue measure in FY2012-13,” said the official. He said that it was not possible for the FBR to take into account different stakeholders such as cooperative housing societies, provincial revenue authorities and others, so the decision was taken to send letters to chief secretaries to ensure smooth implementation. – *Courtesy The News*

SECP relaunches amnesty schemes for two months

The Securities and Exchange Commission of Pakistan (SECP) has re-launched the Companies Regularization Scheme (CRS) and Companies Easy Exit Scheme (CEES) for a period of two months in order to facilitate corporate sector, a statement said on Monday.

The CRS will be launched from July 2 to August 31, aiming at providing both the facilities to the companies at the same time, either to get their defaults regularised under Companies Regularization Scheme by making compliance, or benefit from the exit facility under CEES, it said.

The CRS provides defaulter companies an opportunity to file their overdue statutory returns and annual accounts, it said, adding that this scheme is applicable to all unlisted companies.

Initially, in July the overdue documents can be filed with normal filing fee plus one-half of the normal filing fees, as additional filing fee, it said. However, in August, the fees would increase to normal filing fee plus one time additional filing fee, it added. – *Courtesy The News*

Customs duty collection rises by 124 percent

Pakistan Customs has surpassed the revenue collection target by Rs132 billion, as it collected Rs347.38 billion against the target of Rs215 billion assigned for 2011/12.

According to provisional data made available to The News on Monday, the collection of Customs duty registered unprecedented growth of 124 percent to Rs347.38 billion during the last 12 months of 2011/12 against Rs154.57 billion in the preceding fiscal year.

Customs officials attributed this marked performance to effective monitoring of consignments and realisation of duty against valuation."It was an impressive achievement by the authorities because of a number of free trade agreements (FTAs) and realisation of duty and tariff regime by the government," an official at Pakistan Customs said.

The revenue collection at the national level has missed the target assigned for the fiscal year by a wide margin. The collection of the Federal Board of Revenue (FBR) is provisionally stood at Rs1,905 billion against the target of Rs1,952 billion, showing a shortfall of Rs47 billion.

For the year 2011/12, the revenue targets of other inland taxes included direct taxes, Rs745 billion; sales tax, Rs852 billion; federal excise duty, Rs139.97 billion; and Customs duty Rs215 billion.

The total revenue collection, including sales tax, federal excise duty and income tax by Pakistan Customs stood at Rs685.28 billion during the last fiscal year against Rs523.27 billion in the preceding fiscal year.

The collection contributed in sales tax stood at Rs379.53 billion during the year under review against Rs271 billion in 2010/11. Similarly, income tax collection by Pakistan Customs increased to Rs85 billion from Rs65.62 billion, while the federal excise duty also posted a growth to reach Rs57.75 billion from preceding year's Rs32 billion.

Pakistan Customs handled around Rs4.02 trillion worth of dutiable and duty-free goods during the year, which is 19 percent higher than Rs3.368 trillion in 2010/11. In the Federal Budget 2012/13, the government has again assigned the FBR to collect Rs2,381 billion, which would burden all the tax heads during the year.

The assigned target in the Customs duty for 2012/13 is around Rs247 billion, which the Customs officials are hopeful of achieving through enhancing monitoring of imported consignments. –
Courtesy The News

CCP imposes Rs770m fine on banks, 1-Link for cartelization

After proving cartelisation, the Competition Commission of Pakistan (CCP) has imposed a penalty of Rs770 million on banks and 1-Link (Guarantee) Limited for fleecing customers by charging uniform rates on cash withdrawal transaction through the automated teller machines (ATMs), a statement said on Monday. According to the commission's announcement, it has imposed a penalty of Rs770 million, including Rs50 million on 1-Link (Guarantee) Limited and Rs50 million each on its 11 founding member banks and Rs10 million on each of its 17 non-founding member banks for imposing uniform customer charges for Off-Us ATM cash withdrawal transactions in violation of Section 4 of the Competition Act, 2010, it said. When contacted, spokesman for the State Bank of Pakistan (SBP) refused to give any comments. However, the CCP imposed Rs50 million on 1-Link; Rs50 million on each founding members; National Bank of Pakistan, Allied Bank Limited, Habib Bank Limited, Bank Alfalah Limited, Askari Bank Limited, Soneri Bank Limited, NIB Bank Limited, United Bank Limited, Standard Chartered Bank Pakistan Limited, Faysal Bank Limited and Bank AL Habib Limited. It also imposed Rs10 million on each non-founding members; Albaraka Bank Pakistan Limited, Burj Bank Limited, Meezan Bank Limited, Bank Islami, Khadim Ali Shah Bukhari Bank Limited, Habib Metropolitan Bank Limited, The Bank of Khyber, Dubai Islamic Bank Pakistan Limited, JS Bank Limited, Silk Bank Limited, the Bank of Punjab, Samba Bank Limited, Sindh Bank Limited, Barclays Bank PLC Pakistan Limited, Tameer Microfinance Bank Limited, Kashf Microfinance Limited and Summit Bank Limited, excluding Citi Bank, which has not followed the collective behaviour of charging uniform fee for Off-Us ATM transactions, the statement said. However, the commission has granted exemption to the 1-Link agreement entered into by and between founding members and Inter Bank Fund Transfer (IBFT) agreement entered into by and between 1- Link and TPS Pakistan (Private) Limited and ABN AMRO Bank N.V. (now known as Faisal Bank Limited), to the extent of interchange (bankto- bank) fee for automated teller

machines cash withdrawal and IBFT services and also utility bill payment services (UBPS) agreements entered into by 1-Link with the utilities companies, it said. In the preliminary fact finding, it was observed that 1-Link holds 80 percent of the market share in ATM network services in Pakistan and is a consortium of 11 major banks that are also represented on its board of directors, while the other 20 banks are its members. To further assess the matter, the CCP approached the State Bank to inquire about fixing the ATM charges. The SBP, in response, said that the banks are free to determine these charges. Moreover, in response to letters sent to various banks, seeking rationale for uniform rates, two member banks of 1-Link confirmed that they have to comply with the schedule of charges devised by the 1-Link, according to the findings. Therefore, an inquiry committee has been appointed to see whether 1-Link and member banks are engaged in any prohibited activity in terms of Section 4 of the act and asked it to submit a detailed inquiry report. The inquiry report concluded that 1-Link agreement appears to fix Off-Us cash withdrawal charges, which the other network parties / members have acceded to by signing an accession memorandum. The parties pleaded before the commission to grant them exemption in respect of fixed interchange fee for ATM cash withdrawals and IBFT services under Section 5 read with Section 9 of the act. 1-Link also submitted applications in respect of 1-Link agreement and IBFT agreement to seek exemptions. With respect to this, multilateral arrangement of a fixed interchange fee the bench observed that collaboration of 1-Link member banks to the extent of ATM network (1-Link) presents a scenario where banks agree to permit their customers to use their cards at other member bank automated teller machines. With respect to customer charges, during the hearing, the parties maintained that Rs15 for Off-Us automated teller machines cash withdrawal charges being the standardised fee fixed by the SBP, the regulator, was passed on uniformly to the customers in good faith and without any agreement among them. After hearing the parties at length and seeking clarification from the representative of the SBP, the bench held that the central bank prescribed the ceiling of Rs15, considering it affordable for the consumers and sufficiently remunerative for banks. Hence, it was not a fee fixed by the SBP. The bench held that 1-Link member banks are acting in a collective manner by charging a uniform fee to their customers for Off-Us ATM cash withdrawal transactions. The banks, which were

previously not charging have now joined other banks in their practice of charging Rs15, it added. – *Courtesy The News*

Business community demands withholding tax exemption

The business community has demanded that the Federal Board of Revenue (FBR) grant dealers and wholesalers who are already registered with tax departments, an exemption on withholding tax that is deducted by manufacturers “The basic purpose of introducing 0.5 percent withholding tax in the last budget was to document the economy,” said Vice President, Federation of Pakistan Chambers of Commerce and Industry (FPCCI) Shakil Ahmed Dhingra. “However, it is unjust to deduct withholding tax from those who are already in the tax net,” he added.

In the budget 2012-13, the federal government introduced one percent withholding tax to be collected by manufacturers on sales to distributors and wholesalers. However, on the protest of the business community mainly from distributors of pharmaceuticals and fast moving consumer goods, the government slashed the duty to half in the Finance Act, 2012.

The FBR issued a clarification regarding withholding tax, which is adjustable, that every manufacturer is liable to collect withholding tax at the time of sale, of the gross sales to all distributors, dealers and wholesalers. The FBR clarified: “This adjustable withholding tax can be levied on the gross sales to all dealers, distributors and wholesalers, irrespective of whether they are registered or unregistered taxpayers with income tax or sales tax.”

The government introduced withholding tax after the business community refused to provide the national identity cards and national tax numbers of unregistered individuals because of a large informal economy.

The FPCCI vice president said that a number of meetings had been held with the FBR chairman on the issue in which the business community urged the revenue body chief to grant an exemption of withholding tax to registered distributors. “Due to withholding tax deductions a large amount of business community capital will get stuck in refund claims,” said Shakil Dhingra. He added that distributors of various products even run their business below 0.5 percent profit. – *Courtesy The News*

Non-duty paid cigarette makers: additional Rs 6.2 billion ST, FED collected in fiscal year 2012

The successful enforcement campaign of the Directorate General of Intelligence and Investigation Inland Revenue (IR) Federal Board of Revenue against non-duty paid cigarette manufacturers is evident from the fact that Rs 6.2 billion extra sales tax and Federal Excise Duty has been collected from this sector in 2011-12 against same period last fiscal year.

Sources told here on Monday the cigarette sector including local cigarette manufacturers have contributed Rs 65.2 billion in 2011-12 against Rs 59 billion in 2010-11, reflecting an extraordinary increase of Rs 6.2 billion. Despite the fact that one percent special excise duty (SED) was abolished with one percent decrease in sales tax from 17 to 16 percent, the contribution from the cigarette manufacturers has shown an increase of Rs 6.2 billion in 2011-12.

The directorate of intelligence IR has appreciated that the tax contribution of the local cigarette manufacturers of Mardan and Swabi has been doubled during 2011-12 as compared to the corresponding period of last fiscal. The enforcement exercise of the agency has primarily focused the local cigarette manufacturers of Mardanas. However, cases have also been framed against the multinational companies for involvement in evasion of duties and taxes. The directorate of intelligence IR has made it clear to the multinational companies that such big manufacturers are not sacred cow. The multinational companies, whenever be found involved in evasion of duties and taxes, would not be spared and strict action would also be taken against them.

During the enforcement campaign of the agency, over 10 million non-duty paid/smuggled cigarettes sticks have been seized. In the history of Pakistan, this is the largest seizure of the cigarettes' sticks. These sticks included local non-duty paid cigarettes, smuggled cigarettes and non-duty paid cigarettes coming from Kashmir to tariff areas of Pakistan and counterfeit cigarettes. It is a milestone that such a big seizure has been made by the agency during a short span of less than one year. Out of 10 million seized cigarette's sticks, duties and taxes have been deposited on 6.5 million sticks. The recovery of taxes on such non-duty paid cigarettes has positive impact on the revenue.

The seized smuggled cigarettes included 570,000 sticks of pine cigarettes; 100,000 sticks of Japanese cigarette ie Hilite; 30,000

sticks of Marlboro and 490,000 sticks of cigarettes manufactured in the Azad Kashmir.

Under the enforcement exercise, the agency has decided to conduct investigative audit of around 20 leading distributors of cigarettes manufactured by local companies as well as two multinational companies. In one case of Lahore, the agency has unearthed over Rs 160 million evasion committed by distributor of a local manufacturer. With the approval of FBR, the agency has lodged an FIR against the distributor and one person has been arrested. The agency has also seized the bank accounts of the distributor used for business transactions.

The directorate of intelligence IR has also actively engaged in the industry analysis of the tobacco sector. The investigative audit of two Green Leaf Threshing (GLT) Units has been completed whereas the audit of the remaining two GLT units is in the last stage.

The agency has also detected cases where importers have imported raw materials exclusively used in the manufacture of cigarettes. The directorate has found that the importers have sold the raw materials to the un-registered local units. Following seizure made by the agency, the importers have discontinued their supplies to the local un-registered units.

At the same time the directorate of intelligence IR has fully focused on the education of the retailers of the cigarette industry. The educational materials in Urdu language have been distributed to the retailers to educate them about the basis tax laws and compliance at the retail level. Besides, the agency has also seized warehouses of non-duty paid tobacco during the enforcement campaign across the country.

Finance Minister Hafiz Sheikh has appreciated the efforts of the Directorate General of Intelligence and Investigation IR against the illicit trade of tobacco and cigarettes. The appreciation of the FM has been communicated to the FBR. Finance Minister has shown his desire to meet the team of the directorate of intelligence IR which has actively worked and shown remarkable results during enforcement exercise, sources said.

The agency has not received any complaint of corruption by the staff of the directorate during enforcement exercise against the tobacco sector across the country, sources added.

The agency's crackdown against non-duty paid cigarette manufacturers including owners of illegal warehouses of cigarettes/tobacco, sellers of smuggled cigarettes, those involved in business of non-duty paid cigarettes/tobacco has shown remarkable results. Beside basic objective of educating all those involved in cigarette/tobacco business, the national drive against the non-compliant cigarette manufacturers has broadly covered raids on the illegal warehouses of tobacco/cigarettes; investigative audit of the 'Green Leaf Threshing' units, examination of tax record and clearances of KP based cigarettes manufacturers and enforcement of excise laws within the territory of Azad Jammu and Kashmir.

The DG Intelligence IR had established a dedicated unit in Khyber Pakhtunkhawa (KP) for ongoing drive at Peshawar and other areas of the KP. The tobacco industry is KPK based and successful operation in KPK has ensured continuation of the drive in rest of the country.

At the same time, the directorate has already started awareness campaign across the country to educate the manufacturers, wholesalers, dealers and sellers of cigarettes. The purpose of the educational campaign is to inform the cigarette sectors about the basic legal requirements for selling of cigarettes to check evasion of sales tax/FED. The pamphlets and other educational material have been distributed to those operating in the cigarette industry and basic provisions of the law were explained to them on the spot.

Sources said that the 80 percent of the market has been captured by two leading cigarette manufacturers. The remaining 18 percent of the market has been operated by small cigarette manufacturers of KP including AJK. The 18 percent of the market covered 34-40 units including eight cigarette manufacturers in the KP. These eight units of KPK have the advantage of availability of tobacco which is grown in the same province. The said units having 18 percent share of the market have deposited only 0.5 percent of the total taxes deposited by the cigarette industry. The remaining 1.5 percent of the market is flooded with smuggled cigarettes and 0.5 percent market contains counterfeit or fake cigarettes. Thus the focus of the drive is 18 percent of the market of small and medium cigarettes manufacturers of KP where evasion of taxes is taking place. – *Courtesy Business Recorder*

SRB changes its account for taxpayers

The Sindh Revenue Board (SRB) has changed its account from B-02382 to B-02384. This would be the new account which would be functional from July 1 this year. According to a notification issued a few days ago:

“In exercise of the powers conferred by section 72 of the Sindh Sales Tax on Services Act, 2011 (Sindh Act No. XII of 2011), read with the provisions of sub-section (4) of Section 3, sub-section (3) of Section 9 and Section 13 thereof, the Sindh Revenue Board, with the approval of Government of Sindh, is pleased to direct that for the purposes of payment/deposit of Sindh sales tax on services, for which new Account Number has been assigned by the Controller General of Accounts, Pakistan; the following further amendment shall be made in the Sindh Sales Tax Special Procedure (Withholding) Rules, 2011, namely:- In the aforesaid Rules and the Annexure and Forms thereof, for the words and figures 'B-02382', wherever occurring, the figures 'B-02384' shall be substituted. This notification shall take effect from the 1st day of July, 2012.” –
Courtesy Business Recorder

KP and tribal areas" businessmen: income tax relief withdrawn

Incomes of businessmen and traders belonging to Khyber-Pakhtunkhwa and Federally Administered Tribal Areas (Fata) and Provincially Administered Tribal Areas (Pata) have become taxable from July 1 this year after the withdrawal of the Prime Minister's fiscal relief package from the new fiscal.

Sources told here on Sunday that the relief package was not extended.

After the fiscal relief package ended on June 30, the income tax exemption available to the business community of KPK and tribal areas under Clause 126(F) of the Second Schedule of the Income Tax Ordinance 2001 would not be available to the business units concerned. The income tax exemptions was previously available on profits and gains derived by a taxpayers located in these areas.

Businessmen from these areas would now have to file their income tax returns from next September.

Similarly, certain deductions allowed to investors of KPK and Fata/Pata under the income tax law has already been withdrawn.

An income tax exemption was available for a period of three years starting from the tax year 2010.

“This concession shall not be available to manufacturers and suppliers of cement, sugar, beverages and cigarettes,” clause 126F added.

The FBR has to rescind the sales tax and federal excise notifications which granted various exemptions of indirect taxes to businessmen of KPK/tribal areas. Any notified exemption of customs duty available to business units of these areas would be withdrawn.

Due to unknown reasons, time-bound exemptions of sales tax and federal excise duty were not granted under the PM's fiscal relief package.

This package was intended to be available for three years, however, the sales tax and the federal excise duty (FED) portion of the PM's fiscal relief package do not have an expiry date.

At the same time, this scheme has created distortions in the tax regime. The FBR had notified the fiscal concessions through SROs 160 to 165(I)/2010. These SROs are not time-bound and legally exemptions of sales tax and federal excise duty would continue in the KPK and tribal areas unless or until these notifications have been rescinded.

Under these notifications, the sales tax exemption was announced on supply of electric power to manufacturers; 50% reduction in the rate of sales tax on domestic supplies of goods; exemption of excise duty on goods manufactured in Fata/Pata and selected 13 districts of KPK. Therefore, the distortion would be removed by withdrawing all notifications pertaining to sales tax and FED.

Senate has approved a recommendation of the Standing Committee on Finance to allow a two-year extension in the Prime Minister's fiscal relief package.

However, the amended Finance Bill (2012-13) and the Finance Act 2012 do not contain any extension in the fiscal relief package, sources added. – *Courtesy Business Recorder*

Enhancing tax base in fiscal year 2013: SRB to register another 2500 companies and individuals

In a bid to enhance provincial tax base, Sindh Revenue Board (SRB) has decided to bring another 2500 new taxable companies

and individuals into tax net. Currently, SRB has about 4,000 registered taxpayer companies and individuals.

At the outset, SRB obtained a list of about 2,500 registered taxpayers from the Federal Board of Revenue while it registered about 1500 taxable companies and individuals during FY12. Official sources familiar with this development told that SRB has decided to enhance its tax net with registering 25,00 more taxable companies and individuals in FY13.

This decision was taken at a high level meeting presided over by SRB Chairman Shakaib Qureshi a few days ago. The meeting had reviewed the list of current registered taxpayers and their paid taxes to SRB, sources said. The meeting had also reviewed the list of about 8,685 service providing companies and individuals of various sectors which can be brought into the sales tax on services net. The list was prepared by the Intelligence and Survey Wing of SRB a few months ago, they added.

Earlier, the Intelligence and Survey Wing had provided the said list of 8,685 companies and individuals of various taxable sectors to the operation wing of SRB so as to start further process in order to get them under the umbrella of sales tax on services, they said.

According to the list the Intelligence and Survey Wing had identified 240 service providing companies and individuals in the sectors of telecommunication and franchises, 213 companies in advertisement, 99 companies in courier, 16 in banks, 33 companies in insurance, 18 in non-banking, only 2 in investment banks and 12 in investment advisory.

The list added that Intelligence and Survey Wing identified only one company in foreign exchange, 46 in stocks, 5 in Modaraba, 12 in brokerage, 514 in hotels, 2,629 in restaurants and cafes, 53 in clubs, 495 in caterers, 54 in terminal operators, 1,142 in custom agents, 41 in stevedores, 337 in construction and 961 in property developers/builders.

The list further mentioned that I&S wing identified 691 service providing companies and individuals in the field of contractual execution, 338 in freight forwarders, 107 in ship chandeliers, 404 shipping agents, 75 CAs and audit sector, 76 contractors, 31 guest houses and 68 forex dealers.

In this connection, Commissioner I&S Wing Sardar Abdul Nabi Thaheem told that the I&S Wing had identified 8,685 service providing companies and individuals from the data provided by

Pral, FBR, E&T and EOBI. He said many companies and individuals have also been identified through the information collected from internet and newspapers. – *Courtesy Business Recorder*

FBR to adopt ATT procedure for clearing Nato supplies

The Federal Board of Revenue (FBR) has decided to implement the same procedure for clearance of the Nato supplies which was laid down for the Afghan Transit Trade (ATT), sources in Pakistan Customs said on Wednesday.

Pakistan a day earlier decided to re-open the key Nato supply routes after the US officially said 'sorry' over the loss of Pakistani soldiers in an air raid at Salala check post located in Mohmand Agency last year.

The ATT rules were issued in June 2011, which were specifically formulated for Afghanistan-bound cargo. "Amendments have been proposed to include Nato and US supplies under the same procedure," said a Customs official, asking not to be named.

Sources said that the decision to implement the procedure was taken in April this year owing to expected approval by the government for reopening of the Nato supplies route.

The official said that all consignments of Nato and US would be cleared through One-Customs Clearance System. "All the consignments of US and Nato supplies would be scanned and documented due to restriction of lethal weapon exports to Afghanistan," the official added.

The Defence Committee of the Cabinet, which met with Prime Minister Raja Pervez Ashraf in the chair on Tuesday, decided that no arms supply would be allowed through the route except for materials and weapons intended for Afghan forces.

Customs officials said that that the draft amended procedure would be sent to the ministries of finance and law for formal approval and the same would be notified by the FBR.

"It will take about two days for issuance of the notification," the official said. "Till then no consignment of Nato will be cleared," he added.

However, about 1,200 containers crossed the border on Wednesday, which had already been cleared by customs authorities but were held up.

Mumtaz Haider Rizvi, FBR chairman, was also contacted regarding the issue but he was not available for comments.

A number of customs officials have expressed surprise over Pakistan's having agreed to release the goods free of cost. Earlier, there were reports that Pakistan would charge a facilitation fee. "About Nato 84,000 containers are presently in Afghanistan," an official said. "In case any fee was imposed, then Rs7.5 billion could be materialised on return of these containers," the official added.

Customs officials said that under the procedure all consignments of transit goods would be inspected to verify the shippers' seal and containers number declared in goods declaration (GD). All containers of transit goods shall be fitted with tracking devices and shall be scanned.

The customs officials said that under the Afghan transit trade rules a 100 percent weight of the transit goods would be carried out at the office of departure and at office en-route. "Five percent of the consignments of transit goods shall be selected for examination through risk profiling or the risk management system. The selected consignment shall be examined hundred percent," according to the procedure.

Under the procedure, assessing officer (AO) would conduct the examination of the transit goods to ascertain its nature, origin, condition, quantity and value with reference to the declarations made in this regard in the transit documents filed with the Customs. The procedure laid down that customs authorities would refrain from routine physical examination of the transport unit and transit goods while on the way from port of entry to port of exit unless an irregularity is suspected in view of explicit tempering of seals or locks of the transport unit or some reliable specific intelligence information. The transport carriers have prepared themselves after the official announcement for re-opening.

"Transport carriers are ready for transportation," said Shams Burney, chairman of the All Pakistan Customs Bonded Carrier Association. "However, no formal announcement made by the customs authorities for filing declaration of goods," he added. – *Courtesy Business Recorder*

Curbing smuggling: FBR intelligence unit sets up two regional bodies

The Directorate-General of Intelligence and Investigation Federal Board of Revenue (FBR) has established two new regional directorates at Rawalpindi and Gwadar to curb smuggling in their specific jurisdictions from July 1 this year. In this connection, the FBR Wednesday issued the territorial jurisdiction of the Headquarters and Regional Directorates of DG Intelligence FBR.

Under the notification, the Directorate of Faisalabad and Regional Offices of Peshawar and Quetta have been upgraded as new Directorates of I&I, FBR. Through this order, the Directorate General I&I FBR has re-defined jurisdictions of its Regional Directorates.

The Directorate General Intelligence & Investigation, FBR has curtailed the jurisdictions of Directorate of I&I, FBR Lahore and Quetta by bringing Civil Divisions Faisalabad, Sargodha, Multan, Dera Ghazi Khan and Bahawalpur (Punjab) under the jurisdiction of newly established Directorate of I&I, FBR Faisalabad and Districts Gwadar, Kech, Panjgur, Lasbela and Awaran (Balochistan), including Pakistan Customs Water's contiguous with the province of Balochistan, under the jurisdiction of Directorate of I&I, FBR Gwadar.

Previously, whole of the Punjab was in the jurisdiction of Lahore Directorate excluding Civil Division Rawalpindi. Now, Directorate of I&I, FBR Faisalabad would deal with Civil Divisions Faisalabad, Sargodha, Multan, Dera Ghazi Khan and Bahawalpur (Punjab).

Moreover, the Civil Division Rawalpindi, Islamabad Capital Territory and Gilgit Baltistan have been become under the jurisdiction of Directorate of I&I, FBR Rawalpindi. The DG I&I, FBR has issued this order as the Federal Board of Revenue vide its Customs General Order No5 of 2012, dated 27TH March, 2012 created two new Directorates of DG I&I - FBR; one at Gwadar and the other at Rawalpindi. Moreover, the Customs General Order also upgraded Regional Office Quetta and Peshawar and Range Office Faisalabad of the Directorate General to the level of Directorates. The above mentioned Customs General Order became effective from July 1, 2012, therefore, the DG I&I, FBR re-defined territorial jurisdiction of its Regional Directorates.

Sources said that the Supreme Court of Pakistan took Suo Moto notice of the ISAF Containers Scam which was detected by

Directorate General Intelligence & Investigation, FBR. The Supreme Court directed the Federal Tax Ombudsman probe the matter. FTO submitted a detailed report to the Supreme Court of Pakistan. The Supreme Court made the report of FTO part of its order passed in the Sou Moto Case No 16 of 2010 (ISAF Container Scam). The report contains certain recommendations for better performance of Pakistan Customs and to minimise the chances of such scams in future. One of the recommendations of the report was that “the Directorate General Intelligence & Investigation needs to be suitably upgraded to act as an effective deterrence against actual and potential tax evaders and their accomplices within the Customs Department”. In order to implement the decision, the FBR issued the Customs General Order No5 of 2012 upgrading the DGI&I, FBR.

It is further learnt that the DGI&I, FBR which is already facing acute shortage of human resource, has assigned the officers of already existing Directorates to look after the work of newly established Directorates. The officers and staff of existing Regional Directorates would look after the work of newly established Directorates till the creation of new for the new Regional Directorates.

Moreover, FBR is examining the proposal of increasing the sanctioned strength of Superintendents (BS-16), Senior Intelligence Officers (BS-15) and Intelligence Officers (BS-14) and Sepoys (BS-5) of DGI&I, FBR.

According to the FBR's order, subsequent upon the establishment of new regional offices and upgradation of Regional Offices, areas of the respective jurisdiction of Headquarters Office and all Regional Directorates of Directorate-General of Intelligence and Investigation FBR has been notified from July 1, 2012.

Directorate of I &I FBR Quetta would have the territorial jurisdiction of the whole province of Balochistan including Provincially Administered Tribal Areas therefore excluding territorial jurisdiction of Directorate of I&I FBR Gwadar.

Directorate of I &I FBR Karachi would have territorial jurisdiction over the whole province of Sindh including Pakistan Customs Waters contiguous with the said province.

Directorate of I &I FBR Peshawar would have territorial jurisdiction over whole province of Khyber Pakhtunkhwa including Provincially Administered Tribal Areas and the Federally Administered Tribal Areas thereof. Directorate of I &I FBR

Faisalabad would have territorial jurisdiction over Civil Division Faisalabad, Sargodha, Multan, Dera Ghazi Khan and Bahawalpur. Directorate of I &I FBR Lahore would cover areas of Civil Divisions Lahore and Gujranwala. Directorate of I&I Headquarters would cover whole of Pakistan including Gilgit Baltistan, Pakistan Customs Waters, the Provincially Administered Tribal Areas and the Federally Administered Tribal Areas of KPK and Balochistan, FBR order added. – *Courtesy Business Recorder*

Tax return forms: experts urge FBR to remove ambiguities

Tax experts have asked the Federal Board of Revenue (FBR) to remove ambiguities in the proposed income tax return forms for companies (IT-1) and individual/AOP (IT-2) for Tax Year 2012 in which certain points need clarification.

In a communication to the FBR here on Wednesday, Waheed Shahzad Butt, a leading Lahore based tax lawyer informed the FBR that certain amendments in the Income Tax Rules, 2002 have been announced under Notifications SRO 727(I)/2012 and SRO 752(I)/2012 wherein proposed income tax return forms for Companies (IT-1) and for Individual/AOP (IT-2) for Tax Year 2012 have been published for the information of all persons likely to be affected. There are certain issues in proposed tax returns which needs clarification/modification. According to the tax expert, the levy of surcharge has been omitted from the proposed tax returns, which is contrary to the clear wording of the law and verdicts of the High Courts.

Income Tax (Amendment) Ordinance, 2011 inserted a new section 4A in the Income Tax Ordinance, 2001 on March 15, 2011. The law categorically says that it is to be paid at the rate of 15 percent of the income tax payable for the period commencing from the promulgation of this Ordinance, till June 30, 2011.

There are certain categories of taxpayers" whose income year is clearly out of the domain of section 4A of the Income Tax Ordinance, 2001 but they are legally bound to discharge this obligation. These taxpayers includes banking companies, insurance companies, multinationals and PE of Non-Residents which close their accounts on December 31 or sugar industries which close its accounts on September 30, while law the categorically says that it is to be paid at the rate of 15 percent of

the income tax payable for the period commencing from the promulgation of this Ordinance, ie March 15, 2011 till June 30, 2011. It also means the period between January 1, 2011 till December 31, 2011 and August 1, 2010 till September 30, 2011 shall also be liable to payment of surcharge under Section 4A, Waheed said. – *Courtesy Business Recorder*

Bringing certain textile sectors into GST net: National Assembly panel decides to invite FBR chief to resolve issue

National Assembly Standing Committee on Textile Industry has decided to invite Federal Board of Revenue Chairman to resolve the issue of bringing services, sizing and power looms sectors of textile chain into GST net. The committee met with Haji Akram Ansari MNA in the chair here on Wednesday. The meeting was scheduled to discuss negative impact of power loadshedding on textile sector, the lost foreign exchange earning sector of the economy.

The committee took serious notice and expressed dismay over the absence of Managing Directors of Pepco and KESC from the meeting despite many invitations. The members of the committee demanded of the chairman to issue summons and even then if they fail to attend meetings, warrants be issued to ensure their presence in the meetings. The committee did not allow the representatives of KESC to represent their chief in the meeting.

Representative of Pepco present in the meeting was not sure when power loadshedding would be eliminated for the textile sector, however, he informed the meeting that some 3000MW power has been added to the system and the demand is mounting from 8 percent to 10 percent annually creating a huge mismatch between demand and supply.

He said whenever additional power is available, the textile sector would be the priority and it would be exempted from loadshedding. Haleem Aslam Malik, Chairman Textile Sizing Association of Pakistan informed the committee that the FBR had earlier issued SRO 238 to impose tax on local sales of the textile sector and 6 percent GST was imposed on spinning sector and 4 percent GST was imposed on processing sector.

However, service sector of the textile industry ie power looms, sizing, hosiery and towels sectors were exempted from GST. Later, the FBR revised the GST regime for textile sector by issuing SRO

1181 and again issued SRO 1125 through which it also extended the scope of GST on sizing and power looms upon sales to unregistered buyers. Sizing sector and power looms have been included in processing sector and rate of GST was revised from 4 percent to 5 percent.

The issue is lingering from last two years and no solutions have come out despite having many rounds of negotiations with tax authorities. The representative from sizing industry informed the meeting that sizing is a cottage industry and should be rescued from this crisis as major portion of the industry is un-registered and a small portion is registered.

He further informed that during a recent meeting with tax authorities a proposed amendment was prepared, however, no progress have been made on the issue and Chairman FBR is not able to meet the representative of the industry due his official engagements. Secretary Textile Industry informed the committee that the FBR authorities are of the view that they intend to document the undocumented sectors. Rashed Godial MNA said without documenting the economy, how could tax collection be improved. He suggested that they should get themselves registered and the facilities available to the registered units. They were also of the view that during the month of Ramazan, the textile sector is likely to face more power shortages, as they government would ensure power supply to the residential sectors especially at Sehri and Iftar timings and would curtail supplies to textile sectors.

Pakistan Apparel Forum representative Javed informed the textile committee that textile units located at Karachi are facing most difficult times as the KESC administration has started disconnecting their power connections upon usage of captive power facility.

KESC is of the view that captive power cannot be used as stand by power supply source and if the textile units are ready to ensure usage of 50 percent power from KESC source then they would not be subject to power disconnection at a time when KESC doesn't have power for supply.

He informed the committee that when they approached Nepra, the Nepra authorities decided the matter against KESC and KESC authorities got stay order from the high court. The next hearing is on August 2, 2012. After getting stay order from high court, the KESC again started disconnecting power connections of the textile

units and hundreds of units are facing notices as well as disconnections in Karachi.

Neptra member present in the meeting informed the committee that stand-by provision contained in the Neptra would explain before the high court on next hearing of the case so as to restrain the KESC authorities from disconnecting the power connections of textile units. – *Courtesy Business Recorder*

Release of containers: FBR tells field formations to make preparations

The Federal Board of Revenue has issued instructions to the field formations to make preparations for the release of the Nato/Isaf containers destined for Afghanistan, it is learnt. Sources said here on Wednesday that the government has not imposed any transit fee on the Nato/Isaf containers.

However, the government may impose existing taxes/fee on Isaf/Nato containers which are presently applicable on transit trade consignments to Afghanistan. This may include scanning fee on each container, service charges on processing of GDs, monitoring of containers using tracking devices and any other applicable fee/charges on transit trade consignments.

Sources further stated that the FBR has directed the relevant Collectorates of Customs including Model Customs Collectorates Quetta and Port Qasim to start making arrangements for the clearance of the consignments of Isaf and Nato. In this connection, a letter of the Ministry of Interior addressed to the Director General Rangers has been faxed by the FBR to the relevant Collectorates of Customs. At present nearly 2,000 containers of Isaf/US and Nato are awaiting clearance at Karachi and the field formations would make necessary arrangements for clearance of the Isaf/Nato containers destined for Afghanistan. The customs authorities would start the process of release of Nato/Isaf containers from Karachi through land routes of Chaman and Torkham to Afghanistan.

Sources said the FBR has also received a letter of the Ministry of Interior addressed to the Director General Rangers. In its letter, the Interior Ministry has asked the DG Rangers to provide proper security to the containers of Isaf and Nato. The letter of the Interior Ministry to the DG Rangers has specifically talked about providing foolproof security to the Isaf/Nato containers, sources added.

The government has brought back all the Isaf/Nato containers from Chaman and Torkham to Karachi and placed them in a secured environment to prevent any incident of stealing or burning. In the past, all Nato containers were called back to Karachi stuck up on way to Chaman and Torkham borders. These containers are loaded with goods to be supplied to the international forces in Afghanistan, but were stuck up as Pakistan disconnected the supply line in the wake of Salala border post attack by Nato forces.

Sources said the FBR had introduced an enabling provision in the Customs Act 1969 to collect transit fee on Isaf/Nato containers. However, an enabling provision ie Section 129A in the Customs Act, 1969 has not been invoked by the FBR. According to the provisions of the Section 129A of the Customs Act, a transit fee may be levied on any goods or class of goods in transit across Pakistan to a foreign territory at such rates as the Board may, by notification in the official Gazette, prescribe, it added.

However, the powers under Section 129A of the Customs Act, 1969 have not been exercised by the FBR. This means that there would be no transit fee on the resumption of Nato supplies to Afghanistan. Presently, there is no official restriction on clearance of Afghan commercial cargo under the Afghanistan Pakistan Transit Trade Agreement (APTTA). – *Courtesy Business Recorder*

FBR to thoroughly scan Nato, ISAF containers

Pakistani authorities will conduct 100 percent scanning of Nato and ISAF containers to prevent the supply of lethal weapons into Afghanistan, Mumtaz Haider Rizvi, chairman of the Federal Board of Revenue (FBR) said on Thursday.

“Scanners have been installed to detect the movement of lethal weapons in Nato and ISAF supplies,” the chairman said while talking to the media at a conference on controlling drugs and crime organised by Pakistan Customs, Collectorate, (Preventive).

He, however, said that normal supplies of arms and ammunition for Afghan forces would continue under the transit trade.

On a query about charges for Nato supplies, he said that so far no charges have been suggested for the clearing of consignments.

Rizvi said that the FBR has issued directives to customs authorities regarding the clearance of Nato-related goods on July

4. "However, no fresh goods declaration (GD) has been filed so far," he added.

Pakistan on Tuesday decided to reopen key Nato supply routes after the US officially said 'sorry' over the loss of Pakistani soldiers in an air raid at the Salala check post located in Mohamand Agency last year.

On Wednesday, about 1,200 Nato containers started movement to cross the border as those were already cleared by customs authorities but were held up.

To a question about the FBR failure to achieve Rs1,952 billion revenue collection target for FY12, the chairman said it was a great achievement of the revenue body to cross Rs1900 billion mark despite floods, energy shortage and stagnation in growth export during the last fiscal year.

He said that so far FBR had collected Rs1,910 billion for the last fiscal year and after finalisation of figures it would reach Rs1,915 billion, which would be record growth of 23 percent over the preceding fiscal year's revenue collection of Rs1,558 billion.

About revenue collection target of Rs2,381 billion set for current fiscal year, Rizvi said that the revenue body was confident to achieve the milestone despite rationalisation in sales tax rate, elimination of the federal excise duty and no new tax in the budget. "The next year revenue target will be achieved through broadening of tax base and effective enforcement," he added.

Regarding tax broadening efforts of the FBR, he said that since March 2011 about 0.6 million taxpayers were identified. The FBR served notices to 65,000 potential taxpayers and about 32,000 of them filed income tax returns.

"The FBR processed 27,000 returns and recovered about Rs5-6 billion against an estimated amount of Rs10 billion," the chairman said.

Earlier, addressing the conference, the chairman said that authorities are facing huge challenge in preventing drugs smuggling.

"Concerted efforts are needed to control the menace," he added. He said that in the budget 2012-13 certain provisions had been inducted to strengthen the customs authorities to combat the crime. – *Courtesy The News*

France hikes taxes to meet budget targets

France's Socialist government hit big business and the rich with tax hikes on Wednesday to ensure the country meets its 2017 balanced budget target as Eurozone growth flags and Italy struggles.

The new government said it would raise 13.3 billion euros (\$16.7 billion) in extra taxes to meet commitments — and campaign promises — on cutting the public deficit and help ease the “crushing” burden of the debt.

In Rome meanwhile, German Chancellor Angela Merkel and Italian Prime Minister Mario Monti were to meet to follow up an EU summit last week, presented as a breakthrough in the debt crisis and which has calmed markets.

The French cabinet approved 7.2 billion euros in tax rises and 1.5 billion euros in spending cuts this year, two days after an audit warned the government it had to find up to 43 billion euros just to meet targets through to 2013.

Next year, tax increases will bring in an extra 6.1 billion euros.

The cabinet levied more taxes on big business, oil companies, banks and high earners, balanced with the more modest spending cuts, after the government won a vote of confidence for its programme in the national assembly on Tuesday.

The plan is to cut the share of public spending from 56.2 percent of Gross Domestic Product this year to 53.4 percent in 2017.

Meanwhile in Italy, official data put the first quarter public deficit at 8.0 percent of GDP, up from 7.0 percent a year earlier, largely because of a rise in borrowing costs.

Quarterly deficit figures in Italy vary widely, partly as a result of the country's schedule of tax collection.

Italy, labouring under a massive total debt burden, aims to cut its public deficit to 1.3 percent this year from 3.9 percent in 2011, and to 0.5 percent next year.

The latest Italian data comes after Monti pushed key labour reforms through parliament just before last week's EU summit, and then got Germany to accept extra help for troubled Eurozone countries.

European stock markets were little changed on Wednesday, marking time after recent sharp gains while the euro was lower as investors waited for a European Central Bank meeting on

Thursday when it is widely expected to cut its key interest rate from 1.0 percent.

The French measures, attacked as a cynical about-turn by the conservative opposition given President Francois Hollande's commitment to growth, also risks upsetting the government's own supporters on the left.

On Tuesday, Prime Minister Jean-Marc Ayrault called for national "mobilisation" to fight a "crushing" and "unprecedented" debt burden, blaming the previous government for adding hugely to the national debt.

The cost of interest on the debt is now the biggest item in the budget, with Ayrault putting the figure at nearly 50 billion euros per year.

France has run deficit budgets since the 1970s.

Ayrault said the French economy would grow by 0.3 percent this year instead of 0.5 percent, and only 1.2 percent next year instead of 1.7 percent as expected when the last government drafted its budget.

France has made commitments to the European Union to reduce the budget deficit from 5.2 percent of GDP last year to 4.5 percent this year, aiming to get down to the EU limit of 3.0 percent in 2013 and balance the budget in 2017.

At Berenberg Bank, senior economist Christian Schulz termed the growth assumptions optimistic and said the government was delaying "necessary spending cuts."

He said: "None of the policies announced by the new government so far address the serious structural problems France is facing."

The country "needs a more flexible labour market and significant shrinking of the public sector to unleash the great potential of the private sector and regain lost competitiveness," he said.

On Wednesday, the latest Markit PMI surveys, key leading indicators of economic trends, pointed down, and the data for France, while steadying, was in line with a contraction of the economy in the second quarter.

Another Eurozone government, a new conservative-led coalition in Greece, is to soon present its programme, under pressure from the International Monetary Fund, European Union and European Central Bank to stick to its commitments made in return for their help.

Officials from the troika are to visit Greece shortly to see if the country is making enough progress on its budget and structural reforms to warrant the release of the next slice of bailout funds under a second rescue which also involved a huge private sector debt write-down.

The head of the European Commission task force in Greece, Horst Reichenbach said that the audit, a regular progress report, "is of utmost importance."

Greece needs new funds to pay its running costs in the next month and deputy Finance Minister Christos Staikouras said: "The economic situation is critical."

Prime Minister Antonis Samaras won the recent election with a strong commitment to meet the bailout terms but Greece is expected to try to renegotiate some of the conditions.

Eurozone finance ministers are due to meet on Monday to follow up last week's EU summit with talks on the details of the accords struck which provide for unprecedented direct aid for the banks, especially in Spain and possibly Ireland.

The summit also agreed that official rescue funds would not take precedence over private investors if the question of who would be reimbursed first arose. – *Courtesy The News*

Revenue target likely to be missed by Rs 37 billion: FBR chief

The Federal Board of Revenue (FBR) is likely to miss its revenue collection target for tax year 2011-12 by Rs 37 billion, Chairman FBR Mumtaz Haider Rizvi said on Thursday. He was talking to media during an international conference on "Control Drugs - Control Crimes" organised by Pakistan Customs at a local hotel.

He said that the board was expecting to collect Rs 1,915 billion against revenue collection target of Rs 1,952 billion for tax year 2011-12. Despite natural calamities, economic meltdown and other factors, the FBR has so far collected Rs 1,910 billion and expected to collect nearly Rs 5 billion more till the closing of the current fiscal year, he said.

Terming the revenue target of Rs 2.381 trillion for current fiscal realistic, Rizvi said that the board could achieve the said mark through broadening of tax base. Moreover, the FBR chief said that the board had identified 600,000 new potential taxpayers and

issued 65,000 notices. Of the total, he said, 38,000 persons had responded positively and filed tax returns.

He said the board had so far processed 27,000 returns and generated an additional revenue of Rs 5 billion through this exercise. He hoped that the exercise to broaden the tax net would create a positive impact of Rs 10 billion on national exchequer. He said that the FBR would not allow any Nato and Isaf container to leave ports without proper scanning, adding that 100 percent container scanning would avert the possibility of smuggling of prohibited items.

He said the war against drugs and organised crime was basically the war for the survival of humanity and global powers should focus on this war as well. Highlighting the crucial role of Pakistan Customs, he said that Pakistan was one of the major transit countries through which drugs were smuggled around the world.

“Keeping in view these facts, we have incorporated certain provisions in the Finance Act 2012 to strengthen Pakistan Customs to combat this challenge in a better way,” he maintained. The conference was attended, among others, by diplomats from more than 40 countries, a team from Foreign Law Enforcement Community (FLEC), members of Pakistani law-enforcement agencies, officers of Pakistan Customs and representatives of the business community.

Collector Customs, Preventive, Khawar Farid Maneka said that drug cartels needed to be eliminated. He said that the solution to the problem did not lie in catching individual carriers, but to eliminate big fish via a more co-ordinated approach. Although the country has moved a long way towards a drug-free society, a lot more needed to be done to increase seizure rates which currently ranged between 6 and 7 percent of total drug production worldwide. – *Courtesy Business Recorder*

Service providers: FBR allows SRB full access to customs data

The Federal Board of Revenue has allowed Sindh Revenue Board (SRB) to have full access to its data relating to customs regarding the sales tax matters of service providers. Official sources told BR that the FBR has given this authorization to SRB on its request. The concerned officials of the provincial services tax collection body had requested the FBR to allow access a few months back.

The FBR has allowed SRB in writing - a copy of which is available with *Business Recorder* - that "After due deliberations the Board is pleased to authorise SRB to have access to the following custom data: a. list of licensed customs agents (available with MCC (appraisalment Karachi). b. number of GDs filed by these agents in a given time period.

As regards the other data related to shipping agents, stevedores, ship management services, freight forwarding agents, ship chandlers, port/airport operators, etc, the SRB may like to contact the relevant agencies directly for the requisite information. This letter has been issued with the approval of the Chairman FBR, the letter stated.

Sources said that authorization of access has been given by the FBR on a condition that SRB and Pral would not divulge, share, reveal, exchange or give away the information or part of the information to any person, entity or organisation except the competent court of law.

Member (legal and co-ordination) SRB Mumtaz Ahmed told that this is very good decision taken by the FBR in response to SRB letter. Now we will monitor service providers" related customs matters very well with the data of FBR. He said the SRB is striving for the collection of sales tax on services and for the registration of new taxpayers with the help of the FBR.

The FBR had already allowed SRB to share all kinds of data regarding the taxpayers which has benefited SRB in tax collection and data-compiling as well, he added. To a question, Mumtaz replied that with the data of FBR regarding customs, SRB would definitely increase its tax collection and would register more people and companies related to services of customs. But we can't say how much tax collection would be increased with the help of FBR, he added. – *Courtesy Business Recorder*

Interconnection charges: telecom companies seek exemption from sales tax

The Federal Board of Revenue is examining a request of telecom companies seeking exemption of sales tax on interconnection charges under section 65 of the Sales Tax Act, 1990. Sources told here on Thursday that the FBR is analysing the legal aspects of the issue in the light of section 65 of the Sales Tax Act.

The companies have pleaded their case that sales tax is not applicable on the interconnection charges. If sales tax is being levied, then it should be adjusted and should be applicable from July 1, 2012. The FBR is examining the issue and no notification has been issued in this regard, official added. The draft of the notification is based under the provisions of section 65 of the Sales Tax Act, 1990 which proposes that the FED in sales tax mode should not be collected prior to July 1, 2012.

Under section 65 of the Sales Tax Act, if in respect of any supply the Federal Government is satisfied that inadvertently and as a general practice: Firstly, the tax has not been charged in any area on any supply which was otherwise taxable, or according to the said practice the amount charged was less than the amount that should have actually been charged.

Secondly, the registered person did not recover any tax prior to the date it was discovered that the supply was liable to tax and thirdly, the registered person started paying the tax from the date when it was found that the supply was chargeable to tax. It may, by a notification in the official Gazette, direct that the tax not levied or short levied as a result of that inadvertent practice, shall not be required to be paid for the period prior to the discovery of such inadvertent practice. – *Courtesy Business Recorder*

Gradual rollout of WEBOC allowed

The Federal Board of Revenue (FBR) on Thursday allowed gradual rollout of Web-Based One Customs (WEBOC) clearance system at Model Customs Collectorate (MCC) Exports, Karachi, Air Freight Unit, Karachi and MCC Appraisalment, Karachi including import cargo cleared at Al-Hamd International Container Terminal.

In this connection, the FBR has issued instructions to the Collectors of Customs here on Thursday. According to the FBR's instructions, the Board has allowed gradual roll-out of WEBOC system to MCC Exports, Karachi (all export cargo currently cleared through "One Customs" from East Wharf, West Wharf, and Off-dock terminals), MCC Appraisalment, Karachi (all import cargo currently cleared through One Customs at Al-Hamd International Container Terminal initially as project and subsequently to the other ports and categories of Goods Declaration handled by the Collectorate), and Air Freight Unit, Karachi, FBR's instructions added.

A formal inauguration ceremony of the indigenously developed Web-Based One Customs (WEBOC) clearance system would be held here on Friday (July 6) at Customs House Karachi. It is learnt that the inauguration of the WEBCO at Karachi International Container Terminal (KICT), Pakistan International Container Terminal (PICT) AND Port Qasim would be held at Karachi.

FBR Chairman Mumtaz Haider Rizvi and senior customs officials would attend the ceremony. The senior representatives of the Karachi Chamber of Commerce and Industry (KCCI), customs clearing agents, terminals operators, shipping agents and representatives of business and trade would participate in the ceremony. The WEBOC has been successfully running for the last 6-7 months at the KICI and PICT and around one year at Port Qasim.

Once the training and connectively issues would be resolved, the FBR intends to rollout the system at the Export Collectorate Karachi, Air Freight Unit (AFU) Karachi and other collectorates. At present, Syed Tanveer Ahmed Project Director WEBOC and Director Risk Management Unit (RMU) have successfully implemented the new customs clearance system. At the same time, the RMS has become fully functional and a new team has finalised the RMS.

Under Director RMS Syed Tanveer, the new RMS has started functioning by incorporating necessary modules in the new customs clearance system. Presently, 15-20 percent consignments cleared through the WEBOC have been examined against 100 percent under the manual clearance system of One Customs. –
Courtesy Business Recorder

SRB to introduce its automation system in Sindh Bank

Sindh Revenue Board (SRB) has prepared its own automation system including the bank-portal which is likely to be introduced in Sindh Bank for the collection of sales tax on certain services shortly. Currently, SRB is getting complete technical assistance from Pakistan Revenue Automation Limited (Pral) for the collection of sales tax on services.

All 42 authorized branches of National Bank of Pakistan are using Pral's system. SRB would also extend contract with Pral soon for the new fiscal year 2012-13, sources claimed. Sources familiar with

this development told that Information Technology (IT) experts of SRB have made the automation system including bank-portal like Pral in the first week of June 2012.

Former Chairman SRB Nazar Hussein Mehar had also announced creation of SRB's own automation system during a conference titled "Sales Tax on Services - Lessons learnt and way forward," held at a local hotel on May 9, 2012, they said. SRB had to introduce its own system from FY-13 but it could not do this due to some technical reasons so now, SRB is likely to introduce its own system in Sindh Bank, they said.

SRB and Sindh Bank are likely to reach an agreement soon for authorisation of some bank branches in various areas of the province. This initiative had been taken by the head of Sindh Bank who visited SRB head office to enter an agreement for authorisation of some bank branches, they added. When contacted, Chairman SRB Shakaib A Qureshi told that he is monitoring each and very section of SRB minutely. – *Courtesy Business Recorder*

FBR issues new IT-5 form for immovable property sellers

The Federal Board of Revenue (FBR) has made it mandatory for the sellers of immovable property including plots, flats, buildings and agricultural land etc to submit a new application form ie IT-5 to the registering/transferring authorities for sale/transfer of the property/land.

In this connection, the FBR on Thursday issued IT-5 form ie an application to the registering/transferring authorities for sale/transfer of immovable property. According to the new form, the sellers, buyers and Registering/Transferring Authority of Immovable Property (such as plots, buildings, flats, agricultural land, etc) can pay withholding tax u/s 236 of the Income Tax Ordinance 2001 and get a Computerised Payment Receipt (CPR) issued by NBP/SBP.

Experts explained that the FBR had introduced a new Form IT-5 for sellers of property. It is an application to the Registering/Transferring Authority for sale/transfer of immovable property, wherein the seller of property shall pay 0.5 percent withholding tax under newly introduced section 236C of the Income Tax Ordinance, 2001, which is sort of advance income tax on sale or transfer of immovable property.

The registering or transferring authority would have to make four copies of the IT-5 form. The original copy would be retained by the registering/transferring authority and the remaining three copies be distributed among seller, buyer and concerned Regional Tax Office of the FBR. The last copy to the RTO would enable the BR to know about the property transaction for the imposition of capital gain tax on the immovable property.

The registering or transferring authorities would have to ensure that withholding tax u/s 236 of the Income Tax Ordinance 2001 has been paid by the sellers and one copy has been sent to the Regional Tax Office concerned. Through Finance Act, 2012, Capital Gain tax on immovable property has been introduced for the first time, which definitely works as an additional revenue generating measure. The gain on sale of such property within two years of acquisition shall be taxed in the laid down manner: Where the holding period of immovable property is up to one year, the rate of tax would be 10 percent and where the holding period of property is more than one year but less than two years, the rate of tax would be five percent.

By virtue of this amendment through Finance Act, 2012, gain on sale of immovable property becomes taxable under the head capital gain however immovable properties sold beyond holding period of two years would bear the character of capital assets but are not taxable.

Similarly, another withholding tax provision has also been introduced through Finance Act, 2012 ie, Section 236C of the Income Tax Ordinance, 2001. As per newly introduced provisions of the law, any person responsible for registering or attesting transfer of any immovable property shall at the time of registering or attesting the transfer shall collect from the seller or transferor advance tax at the rate specified in Division X of Part IV of the First Schedule.

Sources said the move appears to be a strong documentation measure at the part of FBR to collect data from most undocumented sector for which certain particulars have been sought from the buyer and seller of immovable property. At the time of sale/purchase transaction of immovable property, following particulars shall be filed by both ends (buyer/seller):- name of seller/owner, CNIC/NTN/PP of seller, name of buyer, CNIC/NTN/PP of buyer, location and particulars of property such as whether it is commercial, residential or agricultural and status

of property like, building, flat, plot or land, value of property and tax computation, like, date of purchase of property and date of sale/transfer. Sale price and whether sold within a period of two years from the date of purchase and withholding tax calculation etc. – *Courtesy Business Recorder*

FBR refuses to accept jurisdiction of international court

The Federal Board of Revenue (FBR) has refused to accept the jurisdiction of the International Arbitration Court in a dispute with Kuwait-based logistic company over an automated clearance system.

“A team representing the board has pleaded before the international arbitration court that it has no jurisdiction over the issue,” Mumtaz Haider Rizvi, chairman of the FBR said on Friday at an official launch of Web-Based One Customs (WeBOC), an in-house automated customs clearance system. “We have presented our point of view and we are waiting for judgment,” FBR chairman said. The International Centre for Settlement of Investment Dispute (ICSID), an institute of the World Bank, had initiated arbitration in a dispute between the FBR and M/s Agility, a Kuwait-based logistic company over the previous automated clearance system, which was adopted by Pakistan Customs.

Agility, which owned the software to run Pakistan Automated Customs Computerized System (PaCCS), lodged the case on March 28, 2011 over no response by the FBR for resolving payment issue. PaCCS was rolled out as pilot project in 2005 at various terminals in Pakistan.

WeBOC, which replaced the PaCCS, initially started as a pilot project at Qasim International Container Terminal (QICT) in April 2011. The system further expanded at the Karachi International Container Terminal (KICT) and the Pakistan International Container Terminal (PICT) in December 2011 and January 2012, respectively.

FBR chairman said that WeBOC was a home-grown product and developed by skilled officials of the Pakistan Customs and the Pakistan Revenue Automation (Private) Limited (PRAL). He said that the country managed to secure huge foreign exchange reserves due by replacing the clearance system. “An amount of \$240 million would have been paid to a foreign company if the authorities adopted the previous system,” he added.

Rizvi said that about 70 percent of country's imports and exports were cleared through the new system. "It is a fully-automated system and no cost was incurred on developing the system," he added. FBR chairman said that the present system had a strong Risk Management System (RMS) for clearing the consignment.

"This feature was not available in the previous system," he added.

On a query about reopening the Nato supply routes by Pakistan, he said that there would be no additional burden on the clearance system.

The FBR chief said that WeBOC will be implemented at all clearance terminals across the country in phases.

At the opening ceremony, Amir Khan Marwat, Chief Collector, Model Customs Collectorate (MCC) South said that the WeBOC was developed under immense pressure especially when customs authorities had been receiving threats that the foreign company could stop the clearance operation at any time, which would result in a fiasco.

He said that as a member of the World Trade Organization and World Customs Organization, Pakistan adopted best international practices in developing the online cargo clearance system.

"Automation of trade consignment clearance was the basic aim while developing the system," he added.

Earlier, Syed Tanveer, Project Director WeBOC, said that the system started after incorporating necessary modules in the new clearance system. "Presently 15 to 20 percent consignments cleared through the WeBOC are being examined against 100 percent under the manual clearance system of One Customs," he added. – *Courtesy The News*

SRB fails to set up appellate tribunal

Though, Sindh Revenue Board (SRB) has completed its maiden fiscal year successfully with achieving the target of Rs 25 billion (collection of sales tax on services), the provincial tax collection body could not set up its own appellate tribunal where taxpayers could submit their appeals regarding tax matters, it emerged here on Friday.

Informed sources told that SRB authorities had moved a summary to Sindh Chief Minister Syed Qaim Ali Shah for the approval for setting up appellate tribunal in September 2011. The tribunal is

the need of about 4,000 registered taxpayers of SRB as if taxpayer feels any problem regarding tax matters he/she can submit his/her appeal at the tribunal for the hearing, they said.

After the approval of the summary, SRB had to set up appellate tribunal in order to exercise the functions conferred by Sindh Sales Tax on Services Act 2011, they said. The tribunal would consist of a chairperson and such other judicial and accountant members. The SRB would propose names of qualified persons for said posts and would send to the Chief Minister Sindh again for final approval, sources said while quoting the Sindh Sales Tax on Services Act 2011.

According to details, a person may be appointed as a judicial member of tribunal, who would be qualified to be a judge of high court and remained a judge of district court for at least 5 years, they said. A person may be appointed as an Accountant Member of appellate tribunal, would be an officer of SRB/FBR equivalent in rank of Commissioner (Appeals) SRB/FBR having at least three years experience as Commissioner SRB, sources added.

Notwithstanding anything contained in sub-section (4), the government may, for three years from the day Sindh Sales Tax on Services Act 2011, comes into effect, appoint any person who has worked for a minimum of three years in FBR or Provincial Excise and Taxation Department in rank not below the BPS-20 for 5 years in aggregate or as collector of Sales Tax (Appeals) under sub-section (b) of section 30 of the Sales Tax Act 1990 for 3 years with service of at least 5 years in BPS-20 as an Accountant Member of Appellate Tribunal, sources added.

The government shall appoint a member of appellate tribunal as chairperson of tribunal and except in special circumstances, the person appointed should be a judicial member. The powers and functions of appellate tribunal shall be exercised and discharged by benches constituted from members of the tribunal by chairperson of tribunal, sources informed.

Subject to sub-section (7), a bench shall consist of not less than two members of the appellate tribunal and shall constitute so as to contain an equal number of judicial and accountant members or so that the number of members of one class does not exceed number of members of other class by more than one. Notwithstanding anything contained in sub-sections (7) and (8), the chairperson may constitute as many benches consisting of a single member as he may deem necessary to hear such cases or class of cases as

government may by order in writing, specify, sources further informed.

The chairperson or other member of appellate tribunal authorized in this behalf by Chairperson may sitting singly, dispose of any case where amount of tax or penalty involved does not exceed Rs 5 million. When contacted, SRB Chairman Shakaib A Qureshi said he is new here and he is looking into the affairs of SRB one by one. He said that though, number of appeals is very low at SRB but the appellate tribunal is necessary. I would take up the issue with competent authorities and the tribunal would be established very soon, he claimed. – *Courtesy Business Recorder*

Border areas: FBR grants anti-smuggling powers to Rangers, FC

The Federal Board of Revenue has granted anti-smuggling powers to Pakistan Rangers and Frontier Corps stationed in Balochistan, Khyber Pakhtunkhwa and Federally Administered Tribal Areas (Fata) to carry out co-ordinated operations against the smugglers in the border areas.

In this connection, the FBR has issued an SRO.797(I)/2012 here on Friday. According to the notification, the LEAs like Pakistan Rangers and Frontier Corps would conduct anti-smuggling operations on borders up to June 30, 2014. The officials of the LEAs have been given the authority to exercise powers of Customs Act 1969. Sources said that the officers of the LEAs would exercise powers of section 158 of the Customs Act to search the suspected persons carrying smuggled goods.

They can also exercise powers to screen or X-ray bodies of the suspected persons. The powers under section 166 of the Customs Act to summon persons to give or produce evidence would also be available to these officers. Senior officials of the law enforcement agencies can even exercise powers of arrest available under section 161 of the Customs Act. Through the notification, the Board has entrusted the officers of the Pakistan Rangers, Frontier Corps (Balochistan, Khyber Pakhtunkhwa and (FATA) operating within their respective jurisdictions, the functions of officers of Customs under the provisions of the Customs Act.

The functions shall be limited to 20 kilometers of the international borders. The functions of the law enforcement agencies shall exclude the city Municipal limits, Customs areas, Customs

stations, ports, Borders Customs stations, international Airports and Bonded warehouses, etc. The Pakistan Rangers and Frontier Corps shall not check any bona fide passenger's baggage and goods cleared from any Customs area. They shall exercise due care and ensure that these functions are not used to the detriment of trade, imports and exports and to harass the general public; and;

The seized goods shall be dealt with under the relevant provisions of the Customs Act, 1969. As per notification, officers not below the rank of non commissioned officer within their respective jurisdictions can exercise specific powers of the Customs Act including section 158; 160(1) and (2); 168(1) and (3); 172(1) and 174 of the Customs Act.

The officers not below the rank of junior commissioned officer within their respective jurisdictions can exercise specific powers of the Customs Act including section 161(3), (4), (5), (6) & (7); 165(1) and section 166 of the Customs Act. The Commissioned officer within their respective jurisdictions can exercise certain powers of the Customs Act including section 159(2); 160(6); and 163(1) and (4). The Commandant within his jurisdiction can exercise specific powers of the Customs Act ie section 157(2) of the Customs Act. –
Courtesy Business Recorder

Information about seller of immovable property: FBR to implement new system

The Federal Board of Revenue would implement a new system at the level of Regional Tax Offices (RTOs) for collection of information about each and every seller of immovable property who has deposited 0.5 percent withholding tax and submitted IT-5 form to the registering/transferring authorities.

Sources told here on Friday that the responsibility of payment of 0.5 percent withholding tax in banks under newly introduced section 236C of the Income Tax Ordinance, 2001 rests with the sellers. Being the withholding agent, the registering/transferring authorities would only communicate the copy of the IT-5 form to the relevant RTOs.

However, it is not the responsibility of the registering/transferring authorities to deposit the withholding tax in the banks. The sellers would deposit the withholding tax in the banks. The FBR would not declare registering/transferring authorities as defaulters for non-submission of data to the RTOs. On the other hand, the FBR

will implement an effective system in the RTOs so that each and every property transaction recorded by the registering/transferring authorities should be communicated to the FBR for collection of the capital gains tax (CGT).

Through Finance Act, 2012, Capital Gain tax on immovable property has been imposed. The gain on sale of such property within two years of acquisition shall be taxed in the laid down manner: Where the holding period of immovable property is up to one year, the rate of tax would be 10 percent and where the holding period of property is more than one year but less than two years, the rate of tax would be 5 percent.

Similarly, another withholding tax provision has also been introduced through Finance Act, 2012 ie, Section 236C of the Income Tax Ordinance, 2001. As per newly introduced provisions of the law, any person responsible for registering or attesting transfer of any immovable property shall at the time of registering or attesting the transfer shall collect from the seller or transferor advance tax at the rate specified in Division X of Part IV of the First Schedule. The 0.5 percent withholding tax under newly introduced section 236C of the Income Tax Ordinance, 2001 is sort of advance income tax on sale or transfer of immovable property. –
Courtesy Business Recorder

Tax exemption on income derived from OPF Welfare Fund

The Federal Board of Revenue (FBR) has granted exemption from tax on income derived from Welfare Fund of Overseas Pakistanis Foundation (OPF) created under Rule 26 of the Emigration Rules of 1979 from the tax year 2003. The FBR issued a notification In this regard on Friday.

According to the notification, exemption would be available to income for any tax year commencing from tax year 2003, derived from the Welfare Fund crated under Rule 26 of the Emigration Rules, 1979 except the income generated by the aforesaid Fund through commercial activities.

Following is the text of the SRO819 (I)/2012 issued here on Friday: “In exercise of the powers conferred by sub-section (2) of Section 53 of the Income Tax Ordinance, 2001 (XLIX of 2001), the federal government is pleased to direct that the following further amendment shall be made in the Second Schedule to the said ordinance, namely:

In the aforesaid Schedule, in Part-I, after clause (65) the following new clause shall be inserted, namely: “(65A) Income for any tax year commencing from the tax year 2003, derived from the Welfare Fund created under rule-26 of the Emigration Rules, 1979 (made under section 16 of the Emigration Ordinance, 1979 (XVII of 1979), except the income generated by the aforesaid Fund through commercial activities,” it added. – *Courtesy Business Recorder*

Fraudulent withdrawal of sales tax refund: NAB obtains remand of accused

National Accountability Bureau (NAB) Khyber Pakhtunkhwa on Friday obtained 14 days physical remand of the accused Sufi Ikram Elahi, Chief Executive M/S Kabir Aluminium Private (Ltd), allegedly involved in fraudulent withdrawal sales tax refund thus causing a colossal loss of Rs 471.63 million to the national exchequer.

The accused had been absconder since 2006 along with his close family members and was arrested from Lahore Airport while travelling from UAE to Pakistan by FIA immigration staff on a tip-off from the Income Tax Department on Thursday night (July 05). He was handed over to NAB KP authorities for further investigations. In the past, NAB had made all-out efforts to get him extradited from UAE. On Friday, judge Accountability Court No 4, Peshawar handed over the accused to NAB KP for 14 days physical remand. Efforts for the arrest of other accused in the case are underway to ensure full recovery. – *Courtesy Business Recorder*

Illegal 'composite audit' notices issued by FBR: FTO

There is no 'composite audit' provision of sales tax, federal excise duty and income tax in the Income Tax Ordinance 2011, Sales Tax Act 1990 and Federal Excise Act 2005, exposing illegal notices of 'composite audit' issued to the registered persons by the Federal Board of Revenue's (FBR) field formations.

This important order has been issued by Dr Muhammad Shoaib Suddle Federal Tax Ombudsman (FTO) on a recent complaint No 24/ISD/ST(08)/242/2012. The FTO has clearly ruled that there is no cavil with the proposition that the Commissioner IR is competent under Section 177(1) of the Income Tax Ordinance, 2001, to issue notice for audit. However, while exercising this power, he cannot invoke the said provision of other laws. Both

Sales Tax and Federal Excise laws have independent sections for audit proceedings; their consequences are different and they cannot be subjected to the provisions of Income Tax law. There is no provision of 'composite audit' available in Income Tax, Sales Tax or Federal Excise laws.

The action of Commissioner IR, Regional tax Office (RTO), Islamabad, to issue notice for 'composite audit' covering sales tax and federal excise matters simultaneously with the complainants of Income Tax affairs being without jurisdiction, and also in violation of the Sindh High Court (SHC) judgement. This tantamount to maladministration defined as under Section 2(3) of the FTO Ordinance, 2000.

The FTO has recommended the FBR to withdraw notices issued for conduct of 'composite audit' in the Complainant's case within 15 days and report compliance within five days thereafter. The complainant is aggrieved on the Commissioner IR, RTO, Islamabad's letter, informing him that his case had been selected for 'Composite Audit' for tax year 2010. He was further informed by the Assistant Commissioner Audit, Zone-I, RTO, Islamabad to produce the relevant record relating income tax, sales tax and federal excise. The complaint was sent for comments to Secretary, Revenue Division, in terms of Section 10(4) of the FTO Ordinance 2000. In response, the FBR forwarded comments by Commissioner IR, Zone-I, Islamabad.

During the hearing, the authorised representative (AR) submitted that the mode of selection of composite audit by the Commissioner IR, RTO, Islamabad, was unjustified, illegal and in violation of the principles laid down by the superior courts. There was no provision of composite audit in the Income Tax Ordinance, 2001, Sales Tax Act, 1990, or Federal Excise Act, 2005. He further submitted that the judgement of Hon'ble Sindh High Court (2011 PTD 1558) had been followed by the Hon'ble Federal Tax Ombudsman while deciding the complaint No 572/Lhr/IT(449/1157/2011).

He further contended that even otherwise the RTO, Islamabad, did not have the jurisdiction in the case to issue notice for conducting audit of sales tax and federal excise matters as the same lay with the Large Taxpayers Unit (LTU), Islamabad. He finally prayed that the impugned notice of selection for composite audit be vacated. The departmental representative (DR) submitted that the Commissioner IR, RTO, Islamabad, was competent under Section 177(1) of the Income Tax Ordinance, 2001, to select any case for

audit falling in his jurisdiction including the case of the complainant.

He further submitted that the notices for audit were issued on merit and in line with the criteria laid down by the FBR. He also submitted that the matter in hand was beyond the scope and jurisdiction of Hon'ble FTO as per Section 9(2) (b) of the FTO Ordinance, 2000.

As regards Departmental objection in terms of bar laid down in Section 9(2)(b) of the FTO Ordinance 2000, the matter has been examined and the objection found to be misconceived. Assessment of income per se is not the moot point in the complaint. Rather, the method adopted to determine the Complainant's income for purposes of levy of income tax and sales tax simultaneously through conduct of a 'composite audit' is what is complained against. The 'composite audit' method exposes the Complainant to double jeopardy. The departmental objection in this regard is rejected, being without merit, FTO maintained.

The contention of the Complainant that the Commissioner IR, RTO, Islamabad, did not have the jurisdiction to issue the notice of audit for Sales Tax and Federal Excise was conceded by the DR, stating that for audit proceedings of Sales Tax and Federal Excise, the LTU, Islamabad, had the jurisdiction, FTO added. – *Courtesy Business Recorder*

S.R.O. 767(I)/2012, Islamabad, the 22nd June, 2012.– In exercise of the powers conferred by section 19 of the Customs Act, 1969 (IV of 1969), the Federal Government is pleased to direct that the following further amendment shall be made in its Notification No. S.R.O 565(I)/2006, dated the 5th June, 2006, namely:–

In the aforesaid Notification, in the Table, against S. No. 149 in column (1), against entry (2) in column (3), in column (5), for the figure “15”, the figure “10” shall be substituted.

C.No.4(11)ST-L&P/2011 Islamabad, the 25th June, 2012

SALES TAX GENERAL ORDER NO. 32/2012

Subject: **Amendment in STGO 17/2007 dated 13-09-2007 – allowing facility of zero-rating on supply of gas.**

In exercise of powers conferred by clause (d) of section 4 of the Sales Tax Act, 1990, the Federal Board of Revenue is pleased to make the following further amendments in its Sales Tax General Order No. 17 of 2007 dated 13th September, 2007, namely:–

In the aforesaid General Order, in the table, after serial number 1100 in column (1) and the entries relating thereto in columns (2), (3) and (4), the following new serial numbers and the entries relating thereto shall be **added**, namely:–

S. #	Name of Unit	Registration No.	Consumer No.
1101	M./S Shouaib Usman Textile Industries (PVT) LTD	0403511105482	98875900007
1102	M/S Shahzad Textile Mills Ltd	0308520200791	34892506701

C.No.4(3)ST-L&P/2011 Islamabad, the 29th June, 2012

SALES TAX GENERAL ORDER NO. 33/2012

Subject: **Amendment in STGO 16/2007 dated 13-09-2007 – allowing facility of zero-rating on supply of gas by SSGCL.**

In exercise of powers conferred by clause (d) of section 4 of the Sales Tax Act, 1990, the Federal Board of Revenue is pleased to make the following further amendments in its Sales Tax General Order No. 16 of 2007 dated 13th September, 2007, namely:–

In the aforesaid General Order, in the table, after serial number 996 in column (1) and the entries relating thereto in columns (2), (3) and (4), the following new serial number and the entries relating thereto shall be **added**, namely:–

S. #	Name of Unit	Registration No.	Consumer No.
997	M/S Ihsan Sons (PVT) Limited	0301300500137	6711831000(1)

C.No.4(10)ST-L&P/2011 Islamabad, the 30th June, 2012

SALES TAX GENERAL ORDER NO. 34/2012

Subject: **Amendment in STGO 07/2007 dated 13-09-2007 – facility of zero-rating on supply of electricity.**

In exercise of powers conferred by clause (d) of section 4 of the Sales Tax Act, 1990, the Federal Board of Revenue is pleased to make the following further amendments in its Sales Tax General Order No. 07 of 2007 dated 13th September, 2007, namely:–

In the aforesaid General Order, in the table, after serial number 1300 in column (1) and the entries relating thereto in columns (2), (3) and (4), the following new serial number and the entries relating thereto shall be **added**, namely:–

S. #	Name of Unit	Registration No.	Consumer No.
1301	M/S Galazy Knitwear (PVT) LTD	1200520901946	BL 002296 LA 766441
1302	M/S Sattar Industries	1700073012611	AP 085427

C.No.3(7)ST-L&P/2011 Islamabad, the 30th June, 2012

SALES TAX GENERAL ORDER NO. 35/2012

Subject: **Amendment in Sales Tax General Order o. 03/2004 dated 12th June, 2004.**

The Federal Board of Revenue is pleased to direct that in Sales Tax General Order No. 03/2004 dated 12-06-2004, para 30, 31, 32, 33, 34, 35, 36, 37 and 38 shall be substituted as under, namely:–

“(N) **BLACKLISTING AND SUSPENSION OF REGISTRATION**

31. In order to ensure that the Large Taxpayers Units (LTU) and Regional Tax Offices (RTO) follow a uniform policy for suspension and blacklisting of sales tax registered persons under section 21(2) of the Sales Tax Act, 1990 read with Rule 12 of the Sales Tax Rules, 2006, and for subsequent proceedings in such cases, the Federal Board of Revenue is pleased to make the following procedure:

SUSPENSION

32. Where a Commissioner, having jurisdiction, is satisfied that a registered person has issued fake invoices, evaded tax or committed tax fraud, registration of such person may be suspended by the
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Commissioner through the system, without prior notice, pending further inquiry. The basis for such satisfaction may *inter alia* include the following:

- (a) Non-availability of the registered person at the given address;
- (b) Refusal to allow access to business premises or refusal to furnish records to an authorized Inland Revenue Officer;
- (c) Abnormal tax profile, such as taking excessive input tax adjustments, continuous carry-forwards, or sudden increase in turnover;
- (d) Making substantial purchases from or making supplies to other blacklisted/suspended persons;
- (e) Non-filing of sales tax returns.
- (f) On recommendation of a commissioner of any other jurisdiction.
- (g) Any other reason to be specified by the Commissioner.

33. The suspension of registration shall take place through a written order of the Commissioner concerned, giving reasons for suspension. This order shall be endorsed to the registered person concerned, all other LTUs/RTOs, the FBR/PRAL computer system, the STARR computer system and the Customs Wing computer system for information and necessary action as per law.

34. A registered person who does not file sales tax return for six consecutive months shall be suspended by the system without any notice.

35. In cases, where the buyers and suppliers of any such person, whose registration is being suspended, belongs to another LTU/RTO, and these buyer/suppliers are also required to be suspended, the Commissioner shall intimate the Chief Commissioner of the concerned LTU/RTO in whose jurisdiction such buyers/suppliers fall, in writing explaining the complete facts of the case and the reasons on the basis of which these buyers/suppliers are to be suspended, to initiate proceedings for suspension/blacklisting of the buyers/suppliers.

36. No input tax adjustment/refund shall be admissible to the registered person during the currency of suspension. Similarly, no input tax adjustment/refund shall be allowed to any other registered persons on the strength of invoices issued by such suspended person (whether issued prior to or after such suspension), during the currency of suspension.

37. The Commissioner shall, within seven days of issuance of order of suspension, issue a show cause notice (through registered post or courier service) to the registered person to afford an opportunity of hearing within 15 days of the issuance of such notice clearly indicating that he will be blacklisted in case:

- (a) there is no response to the notice.
- (b) has not provided the required record
- (c) has not allowed access to his business record/premises.
- (d) any other reason specified by the commissioner.

38. In case show cause notice is not issued within 07 days of the order of suspension, the order of suspension shall become void *ab initio*.

38A. In case of non-availability of the suspended person at the given address, the notice may be affixed on the main notice board of the LTU/RTO.

38B. On receipt of the reply to the notice and after giving an opportunity of hearing to the registered person, if the Commissioner is satisfied, he may order for revoking of suspension of the registered person.

BLACKLISTING

38C. In case, after giving an opportunity of hearing, the offence is confirmed, the Commissioner shall issue an appealable self-speaking order for blacklisting of the registered person, and shall proceed to take legal and penal action under the relevant provisions of the Act.

38D. The order of blacklisting shall contain the reasons for blacklisting, the time period for which any refund or input tax claimed by such person or by any other registered person on the strength of invoices issued by him from the date of his registration shall be inadmissible, and recovery to be paid or penalties to be imposed.

38E. The order of blacklisting shall be issued within 90 days of the issuance of the notice of hearing. In case, the order of blacklisting is not issued within this time period the suspension of registered person shall become void *ab initio*.

38F. Copies of the order shall be endorsed to the registered person concerned, all other LTUs/RTOs, the FBR/PRAL computer system, the STARR computer system and the Customs Wing computer system. Each LTU/RTO shall circulate all such lists to their refund sections, audit section and other concerned staff to ensure that the order is implemented in letter and spirit by all concerned.

S.R.O. 801(I)/2012, Islamabad, the 30th June, 2012.— In exercise of the powers conferred by sub-section (1) of section 71 of the Sales Tax Act, 1990, read with clauses (9) and (46) of section 2, sections 3 and 4, sub-section (2) of section 6, section 7, section 7A, clause (b) of sub-section (1) of section 8, clause (a) of sub-section (2) of section 13, sub-sections (2A)

and (3) of section 22, section 23 and section 60 thereof, the Federal Government is pleased to direct that the following further amendments shall be made in the Sales Tax Special Procedure Rules, 2007, namely:—

In the aforesaid Rules, —

- (a) in rule 58H,-
 - (i) in sub-rule (1), for the word “eight” the word “seven” shall be substituted;
 - (ii) in sub-rule (2), in the proviso, for the word “eight”, the word “seven” shall be substituted; and
 - (iii) in sub-rule (4), for the words “six thousand seven hundred” the words “five thousand eight hundred and sixty-two” shall be substituted,-
- (b) in rule 58Ha,-
 - (i) in sub-rule (2), for the figure “1900”, the figure “1663” shall be substituted; and
 - (ii) in sub-rule (3), for the figure “51,822”, the figure “45,458” shall be substituted;
- (c) in rule 58I,-
 - (i) in sub-rule (1), for the words “seven thousand three hundred and forty-nine”, the words “six thousand four hundred and forty-seven” shall be substituted;
 - (ii) in sub-rule (2), for the words “eight thousand three hundred and eighty-seven”, the words “seven thousand three hundred and fifty-seven” shall be substituted;
 - (iii) in sub-rule (3), for the words “nine thousand six hundred and fifty-one” the words “eight thousand five hundred and twenty-six” shall be substituted;
 - (iv) in sub-rule (4), for the words “seven thousand seven hundred and forty”, the words “six thousand seven hundred and seventy-two” shall be substituted;
 - (v) in sub-rule (5), for the words “one thousand and forty”, the words “nine hundred and ten” shall be substituted; and
 - (vi) in sub-rule (6), for the words “nine thousand six hundred and fifty-one”, the words “eight thousand five hundred and twenty-six” shall be substituted and for the words “one thousand and forty”, the words “nine hundred and ten” shall be substituted; and
- (d) in rule 58K, in the Table, in column (1),-

- (i) against S.No. 1, in column (4), for the figure “54,264” the figure “47,600” shall be substituted;
- (ii) against S.No. 2, in column (4), for the figure “585” the figure “514” shall be substituted; and
- (iii) against S.No. 3, in column (4), for the figure “42,188” the figure “36,638” shall be substituted; and
2. This Notification shall take effect on and from the 1st day of July, 2012.

S.R.O. 802(I)/2012, Islamabad, the 30th June, 2012.— In exercise of the powers conferred by section 61 of the Sales Tax Act, 1990, the Federal Board of Revenue is pleased to direct that the following further amendments shall be made in its Notification No. S.R.O. 308(I)/2008, dated the 24th March, 2008, namely:—

In the aforesaid Notification, for the table, the following shall be substituted, namely;—

“S. No.	Description	Repayment-cum-Drawback rate
(1)	(2)	(3)
		For export made against invoices issued with immediate effect.
1.	Ingot or billets other than imported or of Pakistan Steel Mills or Peoples Steel Mills.	Rs.6,447 per metric ton.
2.	Mild steel re-rolled products manufactured from ingots and billets other than imported or Pakistan Steel Mills or of People Steel Mills.	Rs. 7,357 per metric ton.
3.	Mild steel re-rolled products manufactured from imported billets or billets of Pakistan Steel Mills or People Steel Mills.	Rs. 8,526 per metric ton.*.

2. This Notification shall take effect on and from the 1st day of July, 2012.

C.No.4(54)ITP/2012

Islamabad, the 30th June, 2012

INCOME TAX CIRCULAR NO. 01/2012

Subject: Clarification regarding Section 153A of the Income Tax Ordinance, 2001 inserted through Finance Act, 2012.

The Finance Act, 2012 has inserted a new Section 153A of the Income Tax Ordinance, 2001 whereby every manufacturer has to collect withholding tax @ 0.5% at the time of sale, of the gross sales to all distributors, dealers and wholesalers. It is clarified that this adjustable

* Apparently the word “of” missing.
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withholding tax is leviable on the gross sales to all dealers, distributors and wholesalers irrespective of whether they are registered or unregistered taxpayers with Income Tax or Sales Tax. The gross sales will be inclusive of Sales Tax and Federal Excise Duty and any trade discount shown on the invoices or bills. Retailers or final consumers will however not be liable to withholding tax under this section. Commission Agents from whom tax under section 233 has been withheld shall also not be liable to collection of tax under section 153A.

C.No.4(1)ST-L&P/2011

Islamabad, the 2nd July, 2012

SALES TAX GENERAL ORDER NO. 36/2012

Subject: **Amendment in STGO 10/2007 dated 13-09-2007 – allowing facility of zero-rating on supply of electricity.**

In exercise of powers conferred by clause (d) of section 4 of the Sales Tax Act, 1990, the Federal Board of Revenue is pleased to make the following further amendments in its Sales Tax General Order No. 10 of 2007 dated 13th September, 2007, namely:–

In the aforesaid General Order, in the table, after serial number 284 in column (1) and the entries relating thereto in columns (2), (3) and (4), the following new serial numbers and the entries relating thereto shall be **added**, namely:–

S. #	Name of Unit	Registration No.	Consumer No.
285	M/S Naveena Industries Limited	1204520900291	30156120005401U
286	M/S. Masood Fabrics Limited	0407590700282	30151231585402U

No.PAP-Legis-2(135)/2012/713, the 27th June, 2012.– The Punjab Revenue Authority Bill 2012, having been passed by the Provincial Assembly of the Punjab on 21 June 2012, and assented to by the Governor of the Punjab on 26 June 2012, is hereby published as an Act of the Provincial Assembly of the Punjab.

THE PUNJAB REVENUE AUTHORITY ACT 2012

ACT XLIII OF 2012

[First published, after having received the assent of the Governor of the Punjab, in the Gazette of the Punjab (Extraordinary) dated 27 June 2012.]

An

Act

to provide for the establishment of Punjab Revenue Authority.

Preamble.— Whereas it is expedient to reform and modernize the system of taxation, to provide assistance to tax payers, to promote compliance with fiscal laws, to establish a progressive and professionally efficient tax management organization, and to provide for ancillary matters;

It is enacted as follows:—

Chapter I **PRELIMINARY**

1. Short title, extent and commencement.— (1) This Act may be cited as the Punjab Revenue Authority Act 2012.

(2) It extends to whole of the Punjab.

(3) It shall come into force on such date as the Government may, by notification, specify.

2. Definitions.— In this Act—

- (a) “Advisory Council” means the Advisory Council of the Authority;
- (b) “Appellate Tribunal” means the Appellate Tribunal established under the Act;
- (c) “Authority” means the Punjab Revenue Authority;
- (d) “Chairperson” means the Chairperson of the Authority;
- (e) “committee” means a committee of the Authority;
- (f) “employee” means a person in the employment and service of the Authority;
- (g) “Federal Board of Revenue” means the Federal Board of Revenue established under the Federal Board of Revenue Act 2007 (*IV of 2007*);
- (h) “fiscal law” means the law of the Punjab relating to tax, duty or charge including stamp duty, excise duty on alcoholic liquors, opium and other narcotics, land revenue, sales tax on services, taxes on agricultural income, motor vehicles, immovable property and entertainments, capital gains tax on immovable property, capital value tax, asset tax, tax on professions, trades, callings or employment or such other law imposing any tax, levy, duty, fee, charge or surcharge as the Government may specify;
- (i) “Government” means Government of the Punjab;
- (j) “member” means any person appointed as a member of the Authority;
- (k) “person” includes—
 - (i) an individual;
 - (ii) a company or association of persons;
 - (iii) the Federal Government;

- (iv) a Provincial Government;
- (v) a local authority or local government; and
- (vi) a foreign government, a political subdivision of a foreign government, or an international organization;
- (l) “prescribed” means prescribed by the rules or regulations;
- (m) “Public Account” means the Public Account of the Province in terms of Article 118 of the Constitution of the Islamic Republic of Pakistan;
- (n) “Provincial Consolidated Fund” means the Provincial Consolidated Fund in terms of Article 118 of the Constitution of the Islamic Republic of Pakistan;
- (o) “regulations” means the regulations framed under the Act; and
- (p) “rules” means the rules made under the Act.

Chapter II

PUNJAB REVENUE AUTHORITY

3. The Authority.— (1) The Government shall, by notification, establish an Authority to be called the Punjab Revenue Authority.

(2) The Authority shall be a body corporate, having perpetual succession and a common seal, with power to enter into agreements, acquire, hold, manage and, subject to sub-section (3), dispose of property and to sue and be sued in its name.

(3) The Authority shall not dispose of any immovable property except with the prior approval of the Government and through competitive bidding.

(4) The Authority shall consist of the Chairperson and not less than four members to be appointed by the Government in such manner and on such terms and conditions as may be prescribed, and until so prescribed as may be determined by the Government.

(5) No person shall be appointed as the Chairperson unless he possesses—

- (a) a master’s degree from a recognized University;
- (b) ample knowledge of tax systems in Pakistan; and
- (c) twenty years work experience, including five years’ experience in tax administration or financial management.

(6) The qualifications, experience and other requirements for appointment as Secretary or a member shall be such as may be prescribed.

(7) The Government may designate a member as senior member.

(8) If the office of the Chairperson is vacant or the Chairperson is absent or is unable to perform the functions of the Chairperson owing to any cause, the senior member shall perform the functions of the Chairperson but, if at any time, the office of senior member is also vacant or the senior member is absent or is unable to perform the functions of the Chairperson owing to any cause, the Government shall make such temporary arrangements for the performance of the duties of the Chairperson as it may deem fit.

4. Secretary.— (1) The Chairperson, on the recommendations of the Authority, shall appoint Secretary of the Authority on such terms and conditions as may be prescribed, and until so prescribed as may be determined by the Government.

(2) The Secretary shall perform such functions as may be prescribed or as may be assigned by the Chairperson or the Authority.

(3) In the performance of his functions, the Secretary shall be responsible to the Chairperson.

5. Powers and functions of the Authority.— (1) The Authority shall exercise such powers and perform such functions as are necessary to achieve the purposes of this Act.

(2) Without prejudice to the generality of the powers mentioned in sub-section (1), the Authority shall have powers to—

- (a) administer and collect such taxes, duties and other levies as are assigned to the Authority under a fiscal law;
- (b) implement, with the approval of the Government, the tax administration reforms;
- (c) promote voluntary tax compliance;
- (d) implement comprehensive policies and programmes for education and facilitation of taxpayers, stakeholders and employees to improve the quality of the performance of the Authority as a service oriented entity;
- (e) adopt modern effective tax administration methods, information technology systems and policies to consolidate assessments, improve processes, organize registration of tax payers, widen the tax base, and make departmental remedies more efficient including enforcement of, or reduction or remission in duty, penalty or tax, in accordance with the relevant fiscal law;
- (f) improve productivity through a comprehensive and effective human resource strategy;
- (g) identify and select a transparent manner, qualified work force on such terms and conditions and in such manner as may be prescribed;

- (h) grant such performance based additional allowances or incentives and rewards to the employees and members of the Authority as may be prescribed;
- (i) take appropriate measures including internal controls to combat corruption in the organizations under the Authority and to provide checks to ensure that the integrity of the employees is verified periodically through applicable procedures and the said verification shall constitute one of the criteria for purposes of grant of incentives and consideration for promotion;
- (j) direct or advise, where necessary, investigation or inquiry into suspected duty or tax evasion and tax or commercial fraud;
- (k) introduce and maintain a system of accountability of performance, competence and conduct of the employees;
- (l) implement the mandate and provisions of a fiscal law if so authorized by such law;
- (m) establish, with the approval of the Government, a foundation for the welfare of the present and retired employees and their families, and for creating, establishing, organizing and assisting them in the social and cultural facilities;
- (n) frame regulations, policies, programmes, strategies in order to carry out the purposes of the Act;
- (o) set up mechanism and processes for remedying the grievances and complaints of the tax payers;
- (p) develop a website and adopt, in the prescribed manner, electronic communication in respect of all taxation matters such as e-filing, e-payments, e-notice, e-notification, digital imaging, protocols or agreements;
- (q) practice transparency and public participation as a norm for all its processes and policies;
- (r) review the existing fiscal laws and suggest improvements, if necessary;
- (s) forma committee and assign or delegate functions to the committee; and
- (t) perform such other functions as may be prescribed or are incidental to the above functions or assigned by the Government.

(3) Subject to the provisions of this Act and the relevant fiscal law, the Authority may, where appropriate, issue notifications, circulars and instructions for the enforcement of any of the provisions of the Act or any other fiscal law administered by the Authority.

6. human resource management.– (1) The Authority may, in respect of its employees–

- (a) develop and implement human resource management policies;

- (b) assess, identify, create, increase, decrease or designate or re-designate posts and prepare and execute the internal job posting regime;
- (c) lay down qualifications and criteria for the posting of employees against specialized or available posts;
- (d) implement a transparent and objective evaluation process to determine that an employee is qualified for posting against a specialized or available post;
- (e) make assessment of integrity and proficiency of the employees for purposes of evaluation, posting, promotion, transfer or other incidental matters;
- (f) transfer, select or post any employee against any post on the basis of transparent criteria of selection in any entity administered by the Authority;
- (g) take action, issue orders, regulations, guidelines, code of conduct to achieve the purposes of this Act;
- (h) appoint, with or without remuneration, such advisers, commissioners, consultants, experts, interns, liaison officers and other staff as may be prescribed;
- (i) fix, with the approval of the Government, an honorarium or remuneration for the services rendered by advisers, consultants, experts, fellows, interns, officers and staff of the Authority, liaison officers and other staff engaged by the Authority; and
- (j) impart the requisite training to its employees for purposes of better tax administration.

(2) Notwithstanding anything contained in this Act, an appointment of a person to a post in the Authority shall not confer any right on such person to continue to serve in the said post.

7. Meetings.— (1) The Authority shall meet at least once in a month but the Chairperson may, at any time, call a meeting of the Authority.

(2) The Authority shall conduct its meetings, take decisions and keep record of the proceedings of the meetings in such manner as may be prescribed, and until so prescribed as may be determined by the Authority.

8. Validity of proceedings.— No act, proceeding, decision or order of the Authority or a committee of the Authority shall be invalid by reason only of the existence of vacancy or any defect in the constitution of the Authority or a committee.

9. Data bank.— (1) The Authority shall create and maintain a data bank containing information from third parties necessary to achieve the purposes of this Act.

(2) The Authority shall use the data, amongst other things, to increase the taxpayers' base, ensure accuracy of information, financial analysis and to evaluate the performance of the employees.

(3) The Authority may share its data with, or request for data from, the Government or any of its statutory body, law enforcement entity or utility company, stock exchange, State Bank of Pakistan, banks, financial institutions or other organizations including any ministry, body or authority of the Federal Government or of any other Province.

10. Properties and assets to vest in the Authority.— (1) All properties, assets and records transferred to, or purchased or acquired by, the Authority and all intellectual property rights arising from technical or professional reports, analysis, or system, written, prepared or developed by the employees of the Authority or procured by the Authority shall vest in the Authority and shall be the property of the Authority.

(2) The Authority may create its own logo, insignia, stationary, forms, returns, challans and online communication mechanism.

11. Authority may impose any fee or charges.— The Authority may, with the approval of the Government, levy any fee or charges for provision of additional or enhanced facilities to the taxpayers, or may direct reimbursement of such cost or expense as is incurred by the Authority on that account.

Chapter III **ADVISORY COUNCIL**

12. Advisory Council.— (1) There shall be an Advisory Council of the Authority consisting of the following:—

- (a) Minister for Finance of the Government;
- (b) Chief Secretary of the Government;
- (c) Chairperson;
- (d) Secretary to the Government, Finance Department;
- (e) Four private members to be nominated by the Government from amongst the eminent economists, tax experts, bankers, chartered accountants, representatives of Chambers of Commerce and Industry or civil society organizations; and
- (f) any other member co-opted by the Authority.

(2) The Advisory Council shall be an advisory body of the Authority and shall propose to the Authority appropriate recommendations and guidelines pertaining to policy, planning, reforms, budget and any other matter referred to it by the Government.

(3) Minister for Finance of the Government and, in his absence the Chief Secretary, shall be the Convener of the Advisory Council.

(4) The Advisory Council shall perform its functions in such manner as may be prescribed.

Chapter IV ADMINISTRATION OF TAXES

13. Registration of tax payers.— A person registered or to be registered, licensed or to be licensed under the relevant fiscal law administered by the Authority, shall be deemed to be validly registered for purposes of this Act.

14. Assessment, collection and returns of taxes.— (1) Where necessary, the Government may declare separate assessment, billing and collecting branches in the Authority for purposes of administration of the taxes as are assigned to the Authority.

(2) Subject to the provisions of the relevant fiscal law, the Authority shall follow such procedure and manner for purposes of assessment, billing, collection and filing of returns of the taxes as the Government may prescribe.

(3) The Authority shall, in the prescribed manner, deposit all the proceeds of the taxes in the Provincial Consolidated Fund or the Public Account.

Chapter V FINANCIAL PROVISIONS

15. Fund.— (1) There shall be established a Fund to be known as the Punjab Revenue Authority Fund which shall be administered and controlled by the Authority.

(2) The Fund shall consist of—

- (a) budgetary releases from the Government;
- (b) grants made by the Government, the Federal Government or any other authority or agency;
- (c) fee and charges collected and profits earned by the Authority; and
- (d) income from any other source.

16. Budget and accounts.— (1) The Authority, before the commencement of a financial year, prepare a statement of the estimated receipts and expenditure of the Authority for the financial year in the prescribed manner and submit it to the Government for consideration and approval.

(2) The Authority shall maintain proper accounts and other records relating to its financial affairs including its income and expenditures and its assets and liabilities in such form and manner as may be prescribed.

(3) As soon as may be, after the end of each financial year, the Authority, in the manner prescribed, shall cause to be prepared for that financial year statements of account of the Authority, which shall include a balance-sheet and an account of income and expenditure.

(4) The Authority may open and maintain its accounts at such scheduled banks as it may determine.

17. Audit.— (1) The Auditor General of Pakistan shall annually audit the accounts of the Authority.

(2) The Government, in addition to the audit under sub-section (1), may cause the annual accounts of the Authority audited, in the prescribed manner, by a Chartered Accountant or a firm of Chartered Accountants.

Chapter VI APPEALS AND REFERENCES

18. Appellate Tribunal.— (1) The Appellate Tribunal shall consist of such number of judicial and accountant members as the Government may, from time to time, determine.

(2) The Government shall appoint judicial members of the Appellate Tribunal from amongst the District and Sessions Judges in consultation with the Lahore High Court.

(3) A person may be appointed as an accountant member of the Appellate Tribunal if he is—

- (a) a Commissioner (Appeals) in the Authority or the Federal Board of Revenue having at least two years' experience in that capacity; or
- (b) a Commissioner in the Authority or the Federal Board of Revenue, other than the Commissioner mentioned at (a), having at least three years' experience as Commissioner of the Authority or the Federal Board of Revenue; or
- (c) an officer of Excise and Taxation Department of the Government with at least three years' service in BS-20 or above; and
- (d) less than fifty-seven years of age.

(4) The Government shall designate the senior most judicial member of the Appellate Tribunal as its Chairperson.

(5) The Appellate Tribunal may exercise its powers and discharge its functions in the prescribed manner in such Benches as the Chairperson may constitute from amongst the members of the Appellate Tribunal.

(6) Subject to the provisions of sub-section (5), the Appellate Tribunal shall have the power to regulate its own procedure, and the procedure of the Benches of the Appellate Tribunal in all matters relating to the discharge of its functions including the places at which the Benches shall hold their sittings.

19. Appeal.— A taxpayer or the Authority aggrieved by any final order of the highest appellate forum in the Authority, may, within sixty days from the date of communication of the order, prefer an appeal to the Appellate Tribunal which shall decide the appeal in the prescribed manner in accordance with the provisions of the relevant fiscal law.

20. Reference to the High Court.—(1) A reference to the High Court shall lie only if a question of law is involved in a case.

(2) Any person or the Authority may, within sixty days from the date of communication of the final order of the Appellate Tribunal, prefer a reference in the prescribed form along with a statement of the facts of the case and the question of law involved in the case.

(3) The High Court may dismiss a reference *in limine* if it is satisfied that the reference does not contain any question of law for determination.

(4) The reference under this section shall be heard by a Bench of at least two Judges of the High Court and the provisions of section 98 of the Code of Civil Procedure 1908 (*V of 1908*) shall, as far as possible, apply to such reference.

(5) The High Court shall send a copy of the judgment under the seal of the Court to the Appellate Tribunal.

(6) Notwithstanding that a reference has been preferred in the High Court, the tax shall be paid in accordance with the order of the Appellate Tribunal.

(7) If the tax liability is reduced by the High Court and the Authority decides to seek leave to appeal to the Supreme Court, the Authority may, within thirty days of the receipt of the judgment of the Court, apply to the High Court to postpone the refund until the decision by the Supreme Court.

(8) Section 5 of the Limitation Act 1908 (*IX of 1908*) shall apply to a reference under sub-section (1).

(9) A court fee of rupees one thousand shall be affixed on a reference under this section except when it is filed by the Authority.

Chapter VII
MISCELLANEOUS

21. Staff.— (1) The Authority may employ such persons as may be necessary for the efficient performance of its functions in such manner and on such terms and conditions as may be prescribed.

(2) The employees of the Authority shall hold office during the pleasure of the Authority and shall be liable to such disciplinary action as may be prescribed.

(3) The Authority may, in the manner prescribed, absorb in its service an employee who is on deputation with the Authority, subject to prior approval of the Government or the employer and consent of the employee.

(4) The terms and conditions of service of an employee, on absorption, shall not be less favourable than those admissible to such employee immediately before his absorption in the service of the Authority.

22. Delegation by the Government.— (1) The Government may delegate any of its powers to the Authority on such terms and conditions as the Government may determine.

(2) The Government may, by notification, assign or delegate to the Authority any powers or functions under any fiscal law.

23. Directions from the Government.— The Government may, from time to time, give such general or specific directions to the Authority as may be necessary for the efficient performance of its functions and achieving the objectives of the Act and the Authority shall implement such directions.

24. Delegation by the Authority.— The Authority may, with the concurrence of the Government, delegate any of its functions and powers to any department, agency or employee of the Government.

25. Annual report.— (1) The Authority shall, within three months of the close of a financial year, submit to the Government an annual report.

(2) The report shall consist of—

- (a) the statement of accounts;
- (b) a comprehensive statement of the work, activities and performance of the Authority during the preceding financial year; and
- (c) such other matters as may be prescribed and as the Authority may consider appropriate.

(3) The Government shall, within two months of receiving the report from the Authority, shall give notice for laying the report in the Provincial Assembly of the Punjab, and shall lay the report before the Assembly in its first available session.

26. Public servants.— The Chairperson, Secretary, members, officers, employees and other persons authorized to perform or exercise any function or power under this Act or render services to the Authority as agents, advisors or consultants shall be deemed to be public servants within the meanings of section 21 of the Pakistan Penal Code 1860 (XLV of 1860).

27. Indemnity.— (1) No prosecution, suit or other legal proceeding shall lie against the Authority, Appellate Tribunal, Chairperson, members, officers and other employees of the Authority or of the Appellate Tribunal for anything done in good faith for carrying out the purposes of the Act, rules or regulations.

(2) No Government department or agency shall initiate any enquiry or investigation against the official conduct of any of the employees of the Authority without prior approval of the Authority.

28. Representation.— (1) Any person aggrieved by any action or decision taken for the enforcement of the relevant fiscal law or by any act of maladministration, corruption and misconduct by any employee of the Authority or by any unnecessary delay or hardship caused due to any administrative process may file a representation to the Chairperson.

(2) The Chairperson or any other officer designated by the Chairperson shall, after affording an opportunity of hearing to both the parties, make such order as may be necessary and inform the applicant accordingly.

(3) Pending final action or order on the representation, the Chairperson may stay further proceedings in the matter at any subordinate level.

29. Power to conduct surveys.— The Authority may conduct or cause to be conducted such surveys as it may deem necessary to broaden the tax-base and to widen tax coverage under any fiscal law.

30. Assistance to the Authority.— All departments, agencies, organizations, entities, formations and bodies of the Government shall, on request, be under obligation to extend necessary and due cooperation and assistance to the Authority in the performance of its functions under this Act, rules or regulations.

31. Directorates.— (1) The Authority may, with the approval of the Government, establish such directorates for such tax-related specialized

functions like intelligence and investigation, internal audit and inspection or training and research as may be necessary.

(2) The Authority shall assign and regulate the powers and functions of the said directorates in such manner as it may deem proper.

32. Act to override other laws.— The provisions of this Act shall have effect notwithstanding anything to the contrary contained in any other law.

33. Rules.— The Government may, by notification, make rules to carry out the purposes of this Act.

34. Regulations.—(1) Subject to this Act and the rules, the Authority may frame regulations for giving effect to the provisions of the Act.

(2) Without prejudice to the foregoing powers, such regulations may provide for appointment of its officers, staff, employees and other persons, terms and conditions of their service and performance of functions by the Authority.

35. Removal of difficulties.— If any difficulty arises in giving effect to or applying the provisions of this Act, rules or regulations, the Government may make such order, not inconsistent with the Act or the rules and regulations, as may be necessary to remove the difficulty.

No.SRB-3-4/10/2012, Karachi, the 21st June, 2012.— In exercise of the power conferred by section 45 of the Sindh Sales Tax on Services Act, 2011 (Sindh Act No.XII of 2011), the Sindh Revenue Board, with the approval of the Government of Sindh, is pleased to direct that the following further amendments shall be made in its notification No. SRB-3-4/8/2012 dated the 6th June, 2012, namely:—

In the aforesaid notification, for the figures, word and comma, “21st June, 2012”, occurring thrice, the figures, word and comma “30th June, 2012” shall be substituted.

C.No.9(1)/2009-CB-90082

Islamabad, the 25th June, 2012

To,

**Mr. S. Mushtaque Kazmi,
Member (Tax Policy)
Sindh Revenue Board, Karachi**

Subject: **Sharing of FBR’s Customs Data with SRB**

I am directed to refer to your letter No.SRB.3-4/MTP/3/2012, dated 16.03.2012, on the subject cited above.

2. After due deliberations, the Board is pleased to authorize Sindh Revenue Board (SRB) to have access to the following customs data:

- a. List of licensed customs agents (available with MCC (Appraisalment) Karachi).
- b. Number of GD's filed by these agents in a given time period.

3. As regards the other data related to shipping agents, stevedores, ship management services, freight forwarding agents, ship chandlers, port/airport operators etc., the SRB may like to contact the relevant agencies directly for the requisite information.

4. This issues with the approval of the Chairman, FBR.

No. SRB-3-4/11/2012, Karachi, the 27th June, 2012.— In exercise of the powers conferred by section 72 of the Sindh Sales Tax on Services Act, 2011 (Sindh Act No. XII of 2011), read with sections 9, 13 and 75 thereof, the Sindh Revenue Board is pleased to direct that for the purposes of payment/deposit of Sindh sales tax on services, for which new Account Number has been assigned by the Controller General of Accounts, Pakistan; the following further amendment shall be made in the Sindh Sales Tax on Services Rules, 2011, namely:—

In the aforesaid Rules and the Annexures and Forms thereof, for the words and figures “B-02382”, wherever occurring, the figures “B-02384” shall be substituted.

2. This notification shall take effect from the 1st day of July, 2012.

No. SRB-3-4/12/2012, Karachi, the 27th June, 2012.— In exercise of the powers conferred by section 72 of the Sindh Sales Tax on Services Act, 2011 (Sindh Act No. XII of 2011), read with the provisions of sub-section (4) of section 3, sub-section (3) of section 9 and section 13 thereof, the Sindh Revenue Board, with the approval of Government of Sindh, is pleased to direct that for the purposes of payment/deposit of Sindh sales tax on services, for which new Account Number has been assigned by the Controller General of Accounts, Pakistan; the following further amendment shall be made in the Sindh Sales Tax Special Procedure (Withholding) Rules, 2011, namely:—

In the aforesaid Rules and the Annexures and Forms thereof, for the words and figures “B-02382”, wherever occurring, the figures “B-02384” shall be substituted.

2. This notification shall take effect from the 1st day of July, 2012.

ORDER

Subject: **Jurisdiction of Commissioners Inland Revenue, RTO, Karachi.**

In exercise of the powers conferred under sub-section (1) of section 209 of the Income Tax Ordinance, 2001, sub-section (1) of section 30 and section 31 of the Sales Tax Act, 1990, sub-section (1) of section 29 of the Federal Excise Act, 2005, and in supersession of the all earlier orders or notifications of the Board in respect of jurisdiction of RTO, Karachi, the Federal Board of Revenue is pleased to direct that the Commissioners of Inland Revenue specified in column (2), shall exercise the powers and functions, as specified in column (3), in respect of the persons or classes of persons or cases or classes of cases or areas as specified in column (4) of the Table below (excluding cases or classes of cases or persons or classes of persons or areas assigned to any other LTU/RTO).

2. This notification shall take effect from 1st July, 2012.

TABLE

S. No.	Commissioner Inland Revenue	Powers & Functions	Jurisdiction
(1)	(2)	(3)	(4)
01.	Commissioner Inland Revenue (Zone -I), RTO, Karachi.	The Commissioner Inland Revenue shall exercise powers and perform functions as assigned in: (a). Income Tax Ordinance, 2001, and Rules thereunder; (b). Sales Tax Act, 1990 and Rules thereunder; (c). Federal Excise Act, 2005 Rules thereunder; (d). Wealth Tax Act, 1963 (Repealed) and (e). Finance Act, 1989 (Act No. V of 1989), as amended vide Finance Act, 2012	(a) All cases or classes of cases or persons or classes of persons of following sectors, whose place of business is situated in the areas, falling within the limits of former Civil Division Karachi:- i) Non-Resident; ii) Manufacturer/Exporters of Textiles & Fabrics including Ginning, Spinning, Sizing, Weaving, Bleaching, Dyeing, Printing, Calendaring, Mercerizing & other allied processes etc whose names begin with alphabets A to M except otherwise specified;

			<p>iii) Advocates, Auditors and Chartered Accountants whose names being with alphabet A to M;</p> <p>iv) Mutual funds / participation funds.</p> <p>v) Modarabas.</p> <p>vi) Leasing</p> <p>vii) Karachi Stock Exchange and, Central Depository Company (including their members / brokers / agents).</p> <p>(b) All cases of companies (other than the cases assigned to any other LTU/RTO/Zone) whose names begin with alphabets A & B;</p> <p>(c) All non-corporate cases or classes of cases or persons or classes of persons (other than the cases assigned to any other LTU/RTO/Zone), falling within the territorial jurisdiction of Lyari Town, Keamari Town, Manora Cantt and Karachi Cantt; of Civil District of Karachi;</p> <p>(d) All cases of statutory agents/representatives assessable under sections 172 and 173 of the said Ordinance, falling within the former Civil Division Karachi, in respect of non-resident persons or classes of persons, whether their income arises in one province or more and</p>
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			<p>existing in Zone-I, RTO, Karachi;</p> <p>(e) All cases of directors of companies, partners of firms or member of AOPs as specified in paragraph (a), (b) & (c) above provided that where a person is a director, partner or member, in more than one company, firm or AOP, as the case may be jurisdiction over his case shall lie with the zone having jurisdiction over the company, firm or AOP, as the case may be, whose name come first in alphabetical order.</p> <p>(f) Monitoring and Enforcement of withholding taxes under the Provisions of the laws and rules specified in column 3 (of the table) in respect of all withholding agents existing in the territorial limits of Zone-I of RTO, Karachi.</p> <p>(g) Cases or classes of cases or persons or classes of persons or areas assigned by FBR/ Chief Commissioner from time to time.</p>
02.	Commissioner Inland Revenue (Zone-II), RTO, Karachi.	<p>The Commissioner Inland Revenue shall exercise powers and perform functions as assigned in:</p> <p>(a). Income Tax Ordinance, 2001, and Rules thereunder;</p>	<p>(a) All cases or classes of cases or persons or classes of persons or areas whose place of business is situated within the limits of former Civil Division Karachi</p> <p>i) Commercial Banks, Non-Banking Financial Institutions, Investment</p>

		<p>(b). Sales Tax Act, 1990 and Rules thereunder;</p> <p>(c). Federal Excise Act, 2005 Rules thereunder;</p> <p>(d). Wealth Tax Act, 1963 (Repealed) and</p> <p>(e). Finance Act, 1989 (Act No. V of 1989), as amended vide Finance Act, 2010.</p>	<p>Banks including Investment Companies/Securities Companies, Insurance.</p> <p>ii) Manufacturer/Exporters of Textiles & Fabrics including Ginning, Spinning, Sizing, Weaving, Bleaching, Dyeing, Printing, Calendaring, Mercerizing & other allied processes etc whose names begin with alphabets N to Z except otherwise specified;</p> <p>iii) Advocates, Auditors and Chartered Accountants whose names begin with alphabet N to Z;</p> <p>iv) Money Changers / Forex Dealers.</p> <p>v) Exploration, production refining, blending, distribution of petroleum including natural gases or extraction of mineral deposits, etc.</p> <p>(b) All cases of companies (other than the cases assigned to any other LTU/RTO/Zone), whose names begin with alphabets C & D;</p> <p>(c) All non-corporate cases or classes of cases or persons or classes of persons (other than the cases assigned to any other LTU/RTO/Zone), falling within the territorial</p>
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			<p>jurisdiction of Baldia Town, Orangi Town and North Nazimabad Town of Civil District of Karachi;</p> <p>(d) All cases of statutory agents /representatives assessable under sections 172 and 173 of the said Ordinance, falling within the former Civil Division Karachi, in respect of persons or classes of persons, whether their income arises in one province or more and existing in Zone-II, RTO, Karachi.</p> <p>(e) All cases of directors of companies, partners of firms or member of AOPs as specified in paragraph (a), (b) & (c) above provided that where a person is a director, partner or member, in more than one company, firm or AOPs, as the case may be jurisdiction over his case shall lie with the Division having jurisdiction over the company, firm or AOPs, as the case may be, whose name come first in alphabetical order.</p> <p>(f) Monitoring and Enforcement of withholding taxes under the Provisions of the laws and rules specified in column 3 (of the table) in respect of all withholding agents existing in the territorial limits of Zone-II of RTO, Karachi.</p>
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			(g) Cases or classes of cases or persons or classes of persons or areas assigned by FBR/Chief Commissioner from time to time.
03	Commissioner Inland Revenue (Zone -III), RTO, Karachi.	<p>The Commissioner Inland Revenue shall exercise powers and perform functions as assigned in:</p> <p>(a). Income Tax Ordinance, 2001, and Rules thereunder;</p> <p>(b). Sales Tax Act, 1990 and Rules thereunder;</p> <p>(c). Federal Excise Act, 2005 Rules thereunder;</p> <p>(d). Wealth Tax Act, 1963 (Repealed) and</p> <p>(e). Finance Act, 1989 (Act No. V of 1989), as amended vide Finance Act, 2010</p>	<p>(a) All cases or classes of cases or persons or classes of persons of following sectors, whose place of business is situated in the areas, falling within the limits of former Civil Division Karachi:-</p> <p>i) Manufacturers /exporters of garments, Terry Towels and other made ups whose names begin with alphabets A to M except otherwise specified;</p> <p>ii) Travel agents, general sales agencies of foreign airlines or travel agencies.</p> <p>(b) All cases of companies (other than the cases assigned to any other LTU/RTO/Zone) whose names begin with alphabets E to F;</p> <p>(c) All non-corporate cases or classes of cases or persons or classes of persons (other than the cases assigned to any other LTU/RTO/Zone), falling within the territorial jurisdiction of Clifton and DHA Phase-I to III of Clifton cantt; of Civil District of Karachi.</p> <p>(d) All cases of statutory agents/representatives assessable under sections 172 and 173 of the said Ordinance, falling within the former Civil Division</p>

			<p>Karachi, in respect of persons or classes of persons, whether their income arises in one province or more and existing in Zone-III, RTO, Karachi.</p> <p>(e) All cases of directors of companies, partners of firms or member of AOPs as specified in paragraph (a), (b) & (c) above provided that where a person is a director, partner or member, in more than one company, firm or AOP, as the case may be jurisdiction over his case shall lie with the zone having jurisdiction over the company, firm or AOP, as the case may be, whose name come first in alphabetical order.</p> <p>(f) Monitoring and Enforcement of withholding taxes under the Provisions of the laws and rules specified in column 3 (of the table) in respect of all withholding agents existing in the territorial limits of Zone-III of RTO, Karachi.</p> <p>(g) Cases or classes of cases or persons or classes of persons or areas assigned by FBR/Chief Commissioner from time to time.</p>
04	Commissioner Inland Revenue (Zone -IV), RTO, Karachi.	<p>The Commissioner Inland Revenue shall exercise powers and perform functions as assigned in:</p> <p>(a). Income Tax Ordinance, 2001, and Rules thereunder;</p>	<p>(a) All cases or classes of cases or persons or classes of persons of following sectors, whose place of business is situated in the areas, falling within the limits of former Civil Division Karachi:-</p>

		<p>(b). Sales Tax Act, 1990 and Rules thereunder;</p> <p>(c). Federal Excise Act, 2005 Rules thereunder;</p> <p>(d). Wealth Tax Act, 1963 (Repealed) and</p> <p>(e). Finance Act, 1989 (Act No. V of 1989), as amended vide Finance Act, 2010</p>	<p>i) Manufacturers / exporters of garments, Terry Towels and other made ups whose names begin with alphabets N to Z except otherwise specified;</p> <p>ii) Architects / engineers and consultants;</p> <p>iii) Advertising agencies/ production houses (film/ drama/ TV commercials & voice over etc);</p> <p>iv) Print media / newspaper publishers / electronic media TV / Radio broadcasting channels.</p> <p>(b) All cases of companies (other than the cases assigned to any other LTU/RTO/Zone), whose names begin with alphabets G & H except otherwise specified;</p> <p>(c) All non-corporate cases or classes of cases or persons or classes of persons (other than the cases assigned to any other LTU/RTO/Zone), falling within the territorial jurisdiction of DHA Phase-IV to VIII of Clifton Cantt; and Kehkashan of Saddar Town of Civil District of Karachi.</p> <p>(d) All cases of statutory agents/representatives assessable under sections 172 and 173 of the said Ordinance, falling within the former Civil Division Karachi, in respect of persons or classes of persons, whether their income arises in one</p>
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			<p>province or more and existing in Zone-IV, RTO, Karachi.</p> <p>(e) All cases of directors of companies, partners of firms or member of AOPs as specified in paragraph (a), (b) & (c) above provided that where a person is a director, partner or member, in more than one company, firm or AOPs, as the case may be jurisdiction over his case shall lie with the Division having jurisdiction over the company, firm or AOPs, as the case may be, whose name come first in alphabetical order.</p> <p>(f) Monitoring and Enforcement of withholding taxes under the Provisions of the laws and rules specified in column 3 (of the table) in respect of all withholding agents existing in the territorial limits of Zone-IV of RTO, Karachi.</p> <p>(g) Cases or classes of cases or persons or classes of persons or areas assigned by FBR/Chief Commissioner from time to time.</p>
05.	Commissioner Inland Revenue (Information Processing and TFD), RTO, Karachi.	<p>(a) Maintenance of physical and electronic records;</p> <p>(b) Receipt of communication from Tax Facilitation Division, Enforcement Divisions, Legal Division, Audit Divisions and other Inland Revenue Authorities;</p> <p>(c) Data entry of receipts and information contained in the communication from Tax</p>	<p>All cases or classes of cases or persons or classes of persons or areas falling within the limits of former civil Division, Karachi and assigned to RTO, Karachi, RTO-II, Karachi and RTO-III, Karachi (the IP/TFD Divisions of aforesaid RTOs shall be One/common).</p>

		<p>Facilitation Division, Enforcement Divisions, Audit Divisions and other Inland Revenue Authorities;</p> <p>(d) Cross matching of information collected from taxpayers and other sources and issuance of discrepancy report to Audit Divisions.</p> <p>(e) Dispatch of hard copies to different Divisions on demand; and</p> <p>(f) Storage of information, documents, statements, returns and all other communications received from other Divisions, Inland Revenue Authorities and sources.</p> <p>(g) Receive returns, statements, statutory notices, documents, applications from taxpayers, mail from other Inland Revenue Authorities, tax payment receipts (Challans) from Banks, and all outside communications and</p> <p>(h) Sort and disseminate information, documents, returns, statements and mail mentioned at (a) above, to concerned Inland Revenue Authorities.</p> <p>(i) Communicate assessment orders/penalty orders and demand notices to taxpayers.</p>	
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06.	Commissioner Inland Revenue (Human Resource Management Division), RTO, Karachi.	<p>a) To support line management in identifying HR needs of the Unit, to ensure staff recruitment in line with FBR's policies, training and development of staff maintenance of easily retrievable employees' data detailed as under:-</p> <ul style="list-style-type: none"> i. Posting of Officers / Officials (BS 1-18) in the RTO with the approval of Chief Commissioner. ii. Career planning. iii. Help line management in identifying HR needs. iv. Maintenance of employees' profiles and personal files. v. Development of job descriptions. vi. Positive attitude building. vii. Regulation of performance related pecuniary incentives. viii. Training and development according to training needs analysis. ix. Coordination with FBR on various HRM areas. x. Initiation of disciplinary proceedings, processing and finalization thereof. xi. Monitoring and implementation performance appraisal system. 	All Officers / Officials posted in RTO, Karachi.
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ORDER

Subject: **Jurisdiction of Commissioners Inland Revenue, Regional Tax Office-III, Karachi.**

In exercise of the powers conferred under sub-section (1) of section 209 of the Income Tax Ordinance, 2001, sub-section (1) of section 30 and section 31 of the Sales Tax Act, 1990, sub-section (1) of section 29 of the Federal Excise Act, 2005, and in supersession of the all earlier orders or notifications of the Board in respect of jurisdiction of RTO-III, Karachi, the Federal Board of Revenue is pleased to direct that the Commissioners of Inland Revenue specified in column (2), shall exercise the powers and functions, as specified in column (3), in respect of the persons or classes of persons or cases or classes of cases or areas as specified in column (4) of the Table below (excluding cases or classes of cases or persons or classes of persons or areas assigned to any other LTU/RTO).

2. This notification shall take effect from 1st July, 2012.

TABLE

S. No.	Commissioner Inland Revenue	Powers & Functions	Jurisdiction
(1)	(2)	(3)	(4)
01.	Commissioner Inland Revenue (Zone -I), RTO-III, Karachi.	The Commissioner Inland Revenue shall exercise powers and perform functions as assigned in: (a). Income Tax Ordinance, 2001, and Rules thereunder; (b). Sales Tax Act, 1990 and Rules thereunder; (c). Federal Excise Act, 2005 Rules thereunder; (d). Wealth Tax Act, 1963 (Repealed) and (e). Finance Act, 1989 (Act No. V of 1989), as amended vide Finance Act, 2010	(a) All Individuals, corporate or non-corporate persons or classes of persons of the following sectors whose place of business is situated in the areas, falling within the limits of former Civil Division Karachi:- i) Educational Institutions/tuition centers whose names begins with Alphabet A to M; ii) Plastic, Polythene and pipe manufacturers, Importers & Exporters whose names begin with Alphabet A to F; (b) All cases of companies (other than the cases assigned to any other

			<p>LTU/RTO/Zone), whose names begin with alphabets "Q, R & T".</p> <p>(c) All non-corporate cases or classes of cases or persons or classes of persons (other than the cases assigned to any other LTU/RTO/Zone), falling within the territorial limits of Gulshan Town of Civil District of Karachi.</p> <p>(d) Cases of corporations, companies, regulatory authority, other body or institution established by or under a Federal Law or a Provincial Law;</p> <p>(e) All employees of provincial, federal, Regulatory Authorities, development Authorities & Local government posted in the former Civil Division of Karachi;</p> <p>(f) All cases of statutory agents/representatives assessable under sections 172 and 173 of the Ordinance, falling within the former Civil Division Karachi, in respect of persons or classes of persons, whether their income arises in one province or more and existing in Zone-I, RTO-III, Karachi.</p> <p>(g) All cases of directors of companies, partners of firms or member of AOPs or Individuals or employees of</p>
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			<p>the companies as specified in paragraph (a), (b) & (c) above provided that where a person is a director, partner or member, in more than one company, firm or AOP, (as the case may be) jurisdiction over his case shall lie with the Zone having jurisdiction over the company, firm or AOP, (as the case may be), whose name come first in alphabetical order.</p> <p>(h) Monitoring and Enforcement of withholding taxes under the Provisions of the laws and rules specified in column 3 (of the table) in respect of all withholding agents existing in the Zone-I of RTO-III, Karachi.</p> <p>(i) Cases or classes of cases or persons or classes of persons or areas assigned by FBR/Chief Commissioner from time to time.</p>
02.	Commissioner Inland Revenue (Zone-II), RTO-III, Karachi.	<p>The Commissioner Inland Revenue shall exercise powers and perform functions as assigned in:</p> <p>(a). Income Tax Ordinance, 2001, and Rules thereunder;</p> <p>(b). Sales Tax Act, 1990 and Rules thereunder;</p> <p>(c). Federal Excise Act, 2005 Rules thereunder;</p> <p>(d). Wealth Tax Act, 1963 (Repealed) and</p>	<p>(a) All Individuals, corporate or non-corporate persons or classes of persons of the following sectors whose place of business is situated in the areas, falling within the limits of former Civil Division Karachi:—</p> <p>i) Educational Institutions/tuition centers whose names begins with Alphabet N to Z;</p> <p>ii) Plastic, Polythene and pipe manufacturers, Importers & Exporters</p>

		<p>(e). Finance Act, 1989 (Act No. V of 1989), as amended vide Finance Act, 2010.</p>	<p>whose names begin with Alphabet G to L;</p> <p>(b) All cases of companies (other than the cases assigned to any other LTU/RTO/Zone), whose names begins with alphabets "S".</p> <p>(c) All non-corporate cases or classes of cases or persons or classes persons (other than the cases assigned to any other LTU/RTO/Zone), falling within the territorial limits of Landhi Town, Bin Qasim Town, Malir Town & Malir Cantt; of Civil District of Karachi.</p> <p>(d) All private sector employees whose employer names beings with alphabet A to H and are posted in the former Civil Division of Karachi;</p> <p>(e) All cases of statutory agents/representatives assessable under sections 172 and 173 of the Ordinance, falling within the former Civil Division Karachi, in respect of persons or classes of persons, whether their income arises in one province or more and existing in Zone-II, RTO-III, Karachi.</p> <p>(f) All cases of directors of companies, partners of firms or member of AOPs or Individuals or employees as specified in paragraph (a), (b) & (c) above provided that</p>
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			<p>where a person is a director, partner or member, in more than one company, firm or AOP, (as the case may be) jurisdiction over his case shall lie with the zone having jurisdiction over the company, firm or AOP, (as the case may be), whose name come first in alphabetical order.</p> <p>(g) Monitoring and Enforcement of withholding taxes under the Provisions of the laws and rules specified in column 3 (of the table) in respect of all withholding agents existing in the territorial limits of Zone-II of RTO-III, Karachi.</p> <p>(h) Cases or classes of cases or persons or classes of persons or areas assigned by FBR/Chief Commissioner from time to time.</p>
03.	Commissioner Inland Revenue (Zone-III), RTO-III, Karachi.	<p>The Commissioner Inland Revenue shall exercise powers and perform functions as assigned in:</p> <p>(a). Income Tax Ordinance, 2001, and Rules thereunder;</p> <p>(b). Sales Tax Act, 1990 and Rules thereunder;</p> <p>(c). Federal Excise Act, 2005 Rules thereunder;</p> <p>(d). Wealth Tax Act, 1963 (Repealed) and</p> <p>(e). Finance Act, 1989 (Act No. V of 1989), as amended vide Finance Act, 2010.</p>	<p>(a) All Individuals, corporate or non-corporate persons or classes of persons of the following sectors whose place of business is situated in the areas, falling within the limits of former Civil Division Karachi:—</p> <p>i) Plastic, Polythene and pipe manufacturers, Importers & Exporters whose names begin with Alphabet M to R;</p> <p>ii) Artists including musicians, dancers, singers, public entertainers or film stage radio TV or stage artists;</p>

			<p>iii) Rice processors, importers and exporters;</p> <p>iv) Shipping and maritime transport operation of ships as owners or charters of ships, and leasing of ships and operation of aircraft and air transport and leasing of aircrafts whose names begin with alphabets A & M except otherwise specified;</p> <p>v) Pharmaceuticals manufacturers/ importers & exporters;</p> <p>vi) Flour mills/vegetable ghee/ oil mills manufacturers/ importers & exporters;</p> <p>(b) All cases of companies (other than the cases assigned to any other LTU/RTO/Zone), whose names begin with alphabets U & W except otherwise specified;</p> <p>(c) All non-corporate cases or classes of cases or persons or classes persons (other than the cases assigned to any other LTU/RTO/Zone), falling within the territorial limits of New Karachi Town and Gadap Town of Civil District of Karachi;</p> <p>(d) All private sector employees whose employer names beings with alphabet I to P and are posted in the former Civil Division of Karachi;</p>
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			<p>(e) All cases of statutory agents/representatives assessable under sections 172 and 173 of the Ordinance, falling within the former Civil Division Karachi, in respect of persons or classes of persons, whether their income arises in one province or more and existing in Zone-III, RTO-III, Karachi.</p> <p>(f) All cases of directors of companies, partners of firms or member of AOPs or Individuals or employees as specified in paragraph (a), (b) & (c) above provided that where a person is a director, partner or member, in more than one company, firm or AOP, (as the case may be) jurisdiction over his case shall lie with the zone having jurisdiction over the company, firm or AOP, (as the case may be), whose name come first in alphabetical order</p> <p>(g) Monitoring and Enforcement of withholding taxes under the Provisions of the laws and rules specified in column 3 (of the table) in respect of all withholding agents existing in the territorial limits of Zone-III of RTO-III, Karachi.</p> <p>(h) Cases or classes of cases or persons or classes of persons or areas assigned</p>
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			by FBR/Chief Commissioner from time to time.
04.	Commissioner Inland Revenue (Zone-IV), RTO-III, Karachi.	<p>The Commissioner Inland Revenue shall exercise powers and perform functions as assigned in:</p> <p>(a). Income Tax Ordinance, 2001, and Rules thereunder;</p> <p>(b). Sales Tax Act, 1990 and Rules thereunder;</p> <p>(c). Federal Excise Act, 2005 Rules thereunder;</p> <p>(d). Wealth Tax Act, 1963 (Repealed) and</p> <p>(e). Finance Act, 1989 (Act No. V of 1989), as amended vide Finance Act, 2010.</p>	<p>(a) All Individuals, corporate or non-corporate persons or classes of persons of the following sectors whose place of business is situated in the areas, falling within the limits of former Civil Division Karachi:—</p> <p>i) Plastic, Polythene and pipe manufacturers, Importers & Exporters whose names begin with Alphabet S to Z;</p> <p>ii) Shipping and maritime transport operation of ships as owners or charters of ships, and leasing of ships and operation of aircraft and air transport and leasing of aircrafts whose names begin with alphabets N & Z except otherwise specified;</p> <p>iii) Stevedoring / clearing & forwarding agents/freight forwarders;</p> <p>iv) Carpets manufacturers/ importers & exporters; and</p> <p>v) Stationary manufacturers/ importers & exporters.</p> <p>(b) All cases of companies (other than the cases assigned to any other LTU/RTO/Zone), whose names begin with alphabets X to Z except otherwise specified;</p>

			<p>(c) All non-corporate cases or classes of cases or persons or classes persons (other than the cases assigned to any other LTU/RTO/Zone), falling within the territorial limits of S.I.T.E Town of Civil District of Karachi;</p> <p>(d) All cases of directors of companies, partners of firms or member of AOPs falling within the jurisdiction of Large Taxpayers' Unit, Karachi;</p> <p>(e) All private sector employees whose names beings with alphabet Q to Z and are posted in the former Civil Division of Karachi;</p> <p>(f) All cases of statutory agents/representatives assessable under sections 172 and 173 of the Ordinance, falling within the former Civil Division Karachi, in respect of non-resident persons or classes of persons, whether their income arises in one province or more and existing in Zone-IV, RTO-III, Karachi; and</p> <p>(g) All cases of directors of companies, partners of firms or member of AOPs or Individuals or employees as specified in paragraph (a), (b) & (c) above provided that where a person is a director, partner or member, in more than one company,</p>
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			<p>firm or AOP, (as the case may be) jurisdiction over his case shall lie with the zone having jurisdiction over the company, firm or AOP, (as the case may be), whose name come first in alphabetical order.</p> <p>(h) Monitoring and Enforcement of withholding taxes under the Provisions of the laws and rules specified in column 3 (of the table) in respect of all withholding agents existing in the territorial limits of Zone-IV of RTO-III, Karachi.</p> <p>(i) Cases or classes of cases or persons or classes of persons or areas assigned by FBR/Chief Commissioner from time to time.</p>
05.	Commissioner Inland Revenue (Information Processing and TFD), RTO-III, Karachi.	<p>a) Maintenance of physical and electronic records;</p> <p>b) Receipt of communication from Tax Facilitation Division, Enforcement Divisions, Legal Division, Audit Divisions and other Inland Revenue Authorities;</p> <p>c) Data entry of receipts and information contained in the communication from Tax Facilitation Division, Enforcement Divisions, Audit Divisions and other Inland Revenue Authorities;</p> <p>d) Cross matching of information collected from taxpayers and other sources and issuance of</p>	<p>All cases or classes of cases or persons or classes of persons or areas falling within the limits of former civil Division, Karachi and assigned to RTO, Karachi, RTO-II, Karachi and RTO-III, Karachi (the IP/TFD Divisions of aforesaid RTOs shall be One/common).</p>

		<p>discrepancy report to Audit Divisions.</p> <p>e) Dispatch of hard copies to different Divisions on demand; and</p> <p>f) Storage of information, documents, statements, returns and all other communications received from other Divisions, Inland Revenue Authorities and sources.</p> <p>g) Receive returns, statements, statutory notices, documents, applications from taxpayers, mail from other Inland Revenue Authorities, tax payment receipts (Challans) from Banks, and all outside communications and</p> <p>h) Sort and disseminate information, documents, returns, statements and mail mentioned at (a) above, to concerned Inland Revenue Authorities.</p> <p>i) Communicate assessment orders/penalty orders and demand notices to taxpayers.</p>	
06.	Commissioner Inland Revenue (Human Resource Management Division), RTO-III, Karachi.	a) To support line management in identifying HR needs of the Unit, to ensure staff recruitment in line with FBR's policies, training and development of staff maintenance of easily retrievable employees' data detailed as under:-	All Officers / Officials posted in RTO-III, Karachi.

		<ul style="list-style-type: none"> i. Posting of Officers / Officials (BS 1-18) in the RTO with the approval of Chief Commissioner. ii. Career planning. iii. Help line management in identifying HR needs. iv. Maintenance of employees' profiles and personal files. v. Development of job descriptions. vi. Positive attitude building. vii. Regulation of performance related pecuniary incentives. viii. Training and development according to training needs analysis. ix. Coordination with FBR on various HRM areas. x. Initiation of disciplinary proceedings, processing and finalization thereof. xi. Monitoring and implementation performance appraisal system. 	
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C. No. 57(2)jurisdiction/2011 Islamabad, the 30th June, 2012

ORDER

Subject: **Jurisdiction of Commissioners Inland Revenue, Regional Tax Office-II, Karachi.**

In exercise of the powers conferred under sub-section (1) of section 209 of the Income Tax Ordinance, 2001, sub-section (1) of section 30 and section 31 of the Sales Tax Act, 1990, sub-section (1) of section 29 of the Federal Excise Act, 2005, and in supersession of the all earlier orders or
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notifications of the Board in respect of jurisdiction of RTO-II, Karachi, the Federal Board of Revenue is pleased to direct that the Commissioners of Inland Revenue specified in column (2), shall exercise the powers and functions, as specified in column (3), in respect of the persons or classes of persons or cases or classes of cases or areas as specified in column (4) of the Table below (excluding cases or classes of cases or persons or classes of persons or areas assigned to any other LTU/RTO).

2. This notification shall take effect from 1st July, 2012.

TABLE

S. No.	Commissioner Inland Revenue	Powers & Functions	Jurisdiction
(1)	(2)	(3)	(4)
01.	Commissioner Inland Revenue (Zone -I), RTO-II, Karachi.	The Commissioner Inland Revenue shall exercise powers and perform functions as assigned in: (a). Income Tax Ordinance, 2001, and Rules thereunder; (b). Sales Tax Act, 1990 and Rules thereunder; (c). Federal Excise Act, 2005 Rules thereunder; (d). Wealth Tax Act, 1963 (Repealed) and (e). Finance Act, 1989 (Act No. V of 1989), as amended vide Finance Act, 2010	(a) All Individuals, corporate or non-corporate persons or classes of persons of the following sectors whose place of business is situated in the areas, falling within the limits of former Civil Division Karachi:- i) Chemical & Dyes manufacturers, importers and exporters; (b). All cases of companies (other than the cases assigned to any other LTU/RTO/Zone) whose names begin with alphabet I & J; (c). All non-corporate cases or classes of cases or persons or classes of persons (other than those assigned to any other LTU/RTO/Zone) falling within the territorial limits of Saddar Town of Civil District of Karachi. (d). All cases of directors of companies, partners of firms or member of AOPs as specified in paragraph (a),

			<p>(b) & (c) above provided that where a person is a director, partner or member, in more than one company, firm or AOPs, (as the case may be) jurisdiction over his case shall lie with the Zone having jurisdiction over the company, firm or AOPs, (as the case may be), whose name come first in alphabetical order.</p> <p>(e). Monitoring and Enforcement of withholding taxes under the Provisions of the laws and rules specified in column 3 (of the table) in respect of all withholding agents existing in the Zone-I of RTO-II, Karachi.</p> <p>(f). All cases of statutory agents/representatives assessable under sections 172 and 173 of the Ordinance, falling within the former Civil Division Karachi, in respect of persons or classes of persons, whether their income arises in one province or more and existing in Zone-I, RTO-II, Karachi.</p> <p>(g). Cases or classes of cases or persons or classes of persons or areas assigned by FBR/Chief Commissioner from time to time.</p>
02.	Commissioner Inland Revenue (Zone-II), RTO-II, Karachi.	The Commissioner Inland Revenue shall exercise powers and perform functions as assigned in:	(a) All Individuals, corporate or non-corporate persons or classes of persons of the following sectors whose

		<p>(a). Income Tax Ordinance, 2001, and Rules thereunder;</p> <p>(b). Sales Tax Act, 1990 and Rules thereunder;</p> <p>(c). Federal Excise Act, 2005 Rules thereunder;</p> <p>(d). Wealth Tax Act, 1963 (Repealed) and</p> <p>(e). Finance Act, 1989 (Act No. V of 1989), as amended vide Finance Act, 2010.</p>	<p>place of business is situated in the areas, falling within the limits of former Civil Division Karachi:–</p> <p>i) Fish catching & fisheries;</p> <p>ii) Hospitals / labs/ nursing homes / maternity homes radiological / pathological labs;</p> <p>iii) Doctors/Hakeems/Tabibs /Homeopaths & Clinics;</p> <p>(b). All cases of companies (other than the cases assigned to any other LTU/RTO/Zone) whose names begin with alphabet K & L.</p> <p>(c). All non-corporate cases or classes of cases or persons or classes persons (other than those assigned to any other LTU/RTO/Zone) falling within the territorial jurisdiction of Jamshed Town of Civil District of Karachi.</p> <p>(d). All cases of directors of companies, partners of firms or member of AOPs or Individuals or employees as specified in paragraph (a), (b) & (c) above provided that where a person is a director, partner or member, in more than one company, firm or AOPs, (as the case may be) jurisdiction over his case shall lie with the Division having jurisdiction over the company, firm or AOPs, (as the case may</p>
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			<p>be), whose name come first in alphabetical order.</p> <p>(e). Monitoring and Enforcement of withholding taxes under the Provisions of the laws and rules specified in column 3 (of the table) in respect of all withholding agents existing in the territorial limits of Zone-II of RTO-II, Karachi.</p> <p>(f). All cases of statutory agents/representatives assessable under sections 172 and 173 of the Ordinance, falling within the former Civil Division Karachi, in respect of persons or classes of persons, whether their income arises in one province or more and existing in Zone-II, RTO-II, Karachi.</p> <p>(g). Cases or classes of cases or persons or classes of persons or areas assigned by FBR/Chief Commissioner from time to time.</p>
03.	Commissioner Inland Revenue (Zone-III), RTO-II, Karachi.	<p>The Commissioner Inland Revenue shall exercise powers and perform functions as assigned in:</p> <p>(a). Income Tax Ordinance, 2001, and Rules thereunder;</p> <p>(b). Sales Tax Act, 1990 and Rules thereunder;</p> <p>(c). Federal Excise Act, 2005 Rules thereunder;</p>	<p>(a) All Individuals, corporate or non-corporate persons or classes of persons of the following sectors whose place of business is situated in the areas, falling within the limits of former Civil Division Karachi:—</p> <p>i) Leather goods & Leather Garments manufacturers, importers & exporters;</p> <p>ii) Leather tanneries.</p>

		<p>(d). Wealth Tax Act, 1963 (Repealed) and</p> <p>(e). Finance Act, 1989 (Act No. V of 1989), as amended vide Finance Act, 2010.</p>	<p>iii) Non profit organizations /charitable Institutions;</p> <p>(b) All cases of companies (other than the cases assigned to any other LTU/RTO/Zone) whose names begin with alphabet M & N;</p> <p>(c) All non-corporate cases or classes of cases or persons or classes persons (other than those assigned to any other LTU/RTO/Zone) falling within the territorial limits of Korangi Town, Korangi Creek and Shah Faisal Town/Shah Faisal Cantt; of Civil District of Karachi.</p> <p>(d) All cases of directors of companies, partners of firms or member of AOPs or Individuals or employees as specified in paragraph (a), (b) & (c) above provided that where a person is a director, partner or member, in more than one company, firm or AOPs, (as the case may be) jurisdiction over his case shall lie with the Division having jurisdiction over the company, firm or AOPs, (as the case may be), whose name come first in alphabetical order.</p> <p>(e) Monitoring and Enforcement of withholding taxes under the Provisions of the laws and rules specified in column 3 (of the table) in respect of all withholding</p>
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			<p>agents existing in the territorial limits of Zone-III of RTO-II, Karachi.</p> <p>(f) All cases of statutory agents/representatives assessable under sections 172 and 173 of the Ordinance, falling within the former Civil Division Karachi, in respect of persons or classes of persons, whether their income arises in one province or more and existing in Zone-III, RTO-II, Karachi.</p> <p>(g) Cases or classes of cases or persons or classes of persons or areas assigned by FBR/Chief Commissioner from time to time.</p>
04.	Commissioner Inland Revenue Zone-IV), RTO-II, Karachi.	<p>The Commissioner Inland Revenue shall exercise powers and perform functions as assigned in:</p> <p>(a). Income Tax Ordinance, 2001, and Rules thereunder;</p> <p>(b). Sales Tax Act, 1990 and Rules thereunder;</p> <p>(c). Federal Excise Act, 2005 Rules thereunder;</p> <p>(d). Wealth Tax Act, 1963 (Repealed) and</p> <p>(e). Finance Act, 1989 (Act No. V of 1989), as amended vide Finance Act, 2010.</p>	<p>a) Individuals, corporate or non-corporate persons or classes of persons of the following sectors whose place of business is situated in the areas, falling within the limits of former Civil Division Karachi:—</p> <p>i) Paper & paper boards manufacturers/ importers & exporters;</p> <p>ii) Transporters / Transport Services;</p> <p>(b). All cases of companies (other than the cases assigned to any other LTU/RTO/Zone) whose names begin with alphabet O & P.</p>

			<p>(c). All Non corporate cases or classes of cases or persons or classes persons (other than those assigned to any other LTU/RTO/Zone) falling within the territorial jurisdiction of Gulberg Town and Liaquatabad town of Civil District of Karachi.</p> <p>(d). All cases of directors of companies, partners of firms or member of AOP or Individuals or employees as specified in paragraph (a), (b) & (c) above provided that where a person is a director, partner or member, in more than one company, firm or AOP, (as the case may be) jurisdiction over his case shall lie with the Division having jurisdiction over the company, firm or AOP, (as the case may be), whose name come first in alphabetical order.</p> <p>(e). Monitoring and Enforcement of withholding taxes under the Provisions of the laws and rules specified in column 3 (of the table) in respect of all withholding agents existing in the territorial limits of Zone-IV of RTO-II, Karachi.</p> <p>(f). All cases of statutory agents/representatives assessable under sections 172 and 173 of the Ordinance, falling within the former Civil Division</p>
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			<p>Karachi, in respect of persons or classes of persons, whether their income arises in one province or more and existing in Zone-IV, RTO-II, Karachi.</p> <p>(g). Cases or classes of cases or persons or classes of persons or areas assigned by FBR/Chief Commissioner from time to time.</p>
05.	Commissioner Inland Revenue (Information Processing and TFD), RTO-II, Karachi.	<p>a) Maintenance of physical and electronic records;</p> <p>b) Receipt of communication from Tax Facilitation Division, Enforcement Divisions, Legal Division, Audit Divisions and other Inland Revenue Authorities;</p> <p>c) Data entry of receipts and information contained in the communication from Tax Facilitation Division, Enforcement Divisions, Audit Divisions and other Inland Revenue Authorities;</p> <p>d) Cross matching of information collected from taxpayers and other sources and issuance of discrepancy report to Audit Divisions.</p> <p>e) Dispatch of hard copies to different Divisions on demand; and</p> <p>f) Storage of information, documents, statements, returns and all other communications received from other Divisions, Inland</p>	<p>All cases or classes of cases or persons or classes of persons or areas falling within the limits of former civil Division, Karachi and assigned to RTO, Karachi, RTO-II, Karachi and RTO-III, Karachi (the IP/TFD Divisions of aforesaid RTOs shall be One/common).</p>

		<p>Revenue Authorities and sources.</p> <p>g) Receive returns, statements, statutory notices, documents, applications from taxpayers, mail from other Inland Revenue Authorities, tax payment receipts (Challans) from Banks, and all outside communications and</p> <p>h) Sort and disseminate information, documents, returns, statements and mail mentioned at (a) above, to concerned Inland Revenue Authorities.</p> <p>i) Communicate assessment orders/penalty orders and demand notices to taxpayers.</p>	
06.	Commissioner Inland Revenue (Human Resource Management Division), RTO-II, Karachi.	<p>h) To support line management in identifying HR needs of the Unit, to ensure staff recruitment in line with FBR's policies, training and development of staff maintenance of easily retrievable employees' data detailed as under:-</p> <p>iii. Training and development according to training needs analysis.</p> <p>i. Posting of Officers / Officials (BS 1-18) in the RTO with the approval of Chief Commissioner.</p> <p>ii. Career planning.</p>	All Officers / Officials posted in RTO-II, Karachi.

		iii. Help line management in identifying HR needs. iv. Maintenance of employees' profiles and personal files. v. Development of job descriptions. vi. Positive attitude building. vii. Regulation of performance related pecuniary incentives. viii. Training and development according to training needs analysis. ix. Coordination with FBR on various HRM areas. x. Initiation of disciplinary proceedings, processing and finalization thereof. xi. Monitoring and implementation performance appraisal system.	
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S.R.O. 753(I)/2012, Islamabad, the 18th June, 2012.— In exercise of powers conferred by section 505 of the Companies Ordinance, 1984, (XLVII of 1984), read with clause (c) of section 43 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997), the Securities and Exchange Commission of Pakistan is pleased to make the following amendments in the First Schedule to the said Ordinance, namely:—

In First Schedule, in Table A, in clause (9),

- (i) a heading "Form for Transfer to Shares (1st Schedule to the Companies Ordinance, 1984)" shall be added;
- (ii) for the alphabets "NIC" wherever appearing the alphabets "CNIC" shall be substituted; and
- (iii) at the end the following shall be inserted, namely:—

“DIVIDEND MANDATE [Optional] In case the transferee intends that the cash dividend declared by the company, if any, is directly credited in his/her/its bank account, instead of issue of dividend warrants, then please fill in the following boxes:

Transferee Detail	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	
Cell number of Transferee	
Landline number of Transferee, if any	

It is stated that the above-mentioned information is correct and that I will intimate the changes in the above-mentioned information to the company and the concerned Share Registrar as soon as these occur.

S.R.O. 797(I)/2012, Islamabad, the 29th June, 2012.– In exercise of the powers conferred by section 6 of the Customs Act, 1969 (IV of 1969), the Federal Board of Revenue is pleased to direct that the following further amendment shall be made in its Notification No. S.R.O. 1090(I)/2010, dated the 1st December, 2010, namely:–

In the aforesaid Notification, in paragraph 2, for the figure “2012” the figure “2014” shall be substituted.

S.R.O. 819(I)/2012, Islamabad, the 4th July, 2012.– In exercise of the powers conferred by sub-section (2) of section 53 of the Income Tax Ordinance, 2001 (*XLIX* of 2001), the Federal Government is pleased to direct that the following further amendments shall be made in the Second Schedule to the said Ordinance, namely:–

In the aforesaid Schedule, in Part-I, after clause (65) the following new clause shall be inserted, namely:–

“(65A) Income for any tax year commencing from the tax year 2003, derived from the Welfare Fund created under rule-26 of the Emigration Rules, 1979 (made under section 16 of the Emigration Ordinance, 1979 (*XVIII* of 1979), except the income generated by the aforesaid Fund through commercial activities.