

FINANCE ACT 2024

Income Tax Ordinance - Assessment and Appeal



Presenter : Sohail Malik

Session Content

Best Judgment Assessment

Pecuniary Jurisdiction in Appeals

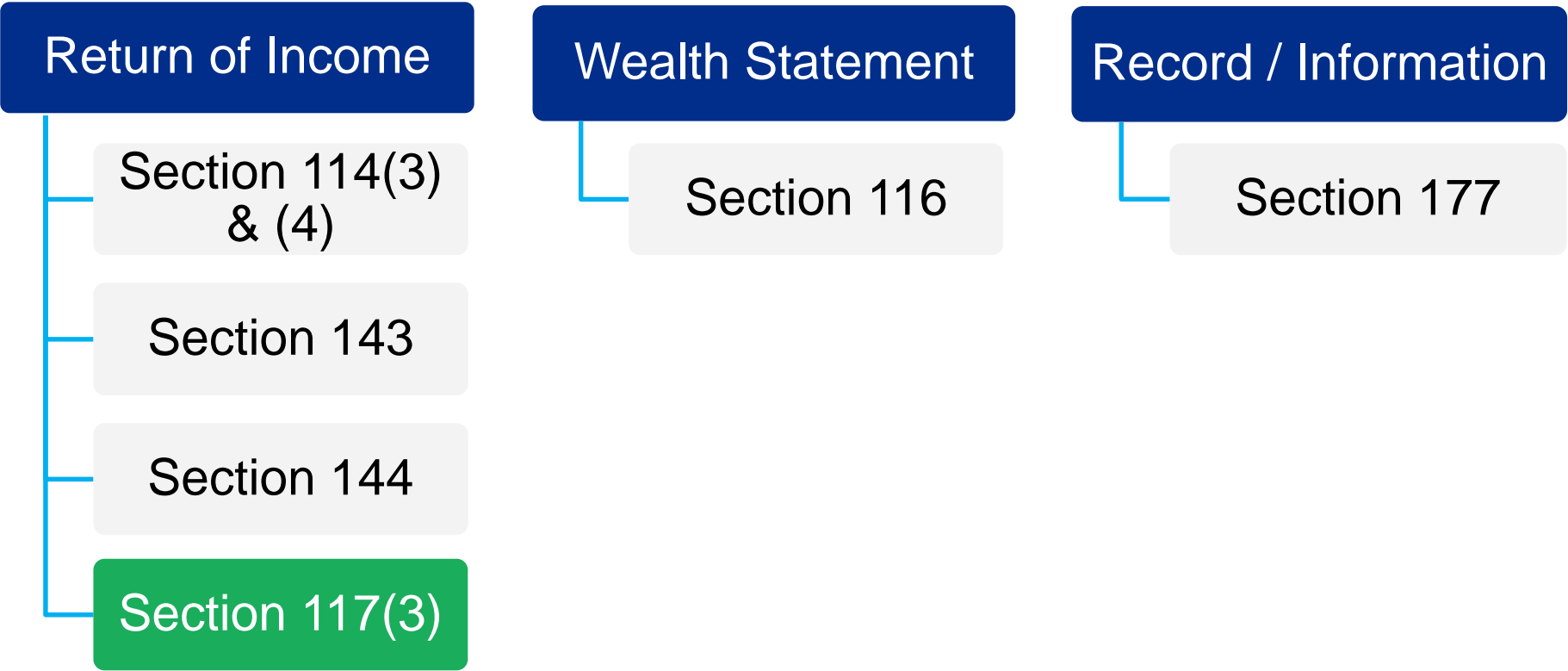
Appeal to Appellate Tribunal

Reference to High Court

Alternative Dispute Resolution

Impact Analysis

Best Judgment Assessment



Best Judgment Assessment

Sectoral Benchmarks

- **Commissioner may use Sectoral Benchmarks**
- **Sectoral Benchmarks to be prescribed by FBR**
- **Financial and operational ratios**

Pecuniary Jurisdiction in Appeals

- **Section 126A overrides**
- **Value of Assessment of Tax**
- **Appeal transfer from CIR(A) to ATIR**
- **Commencement of ATIR's appeal decision timeline**

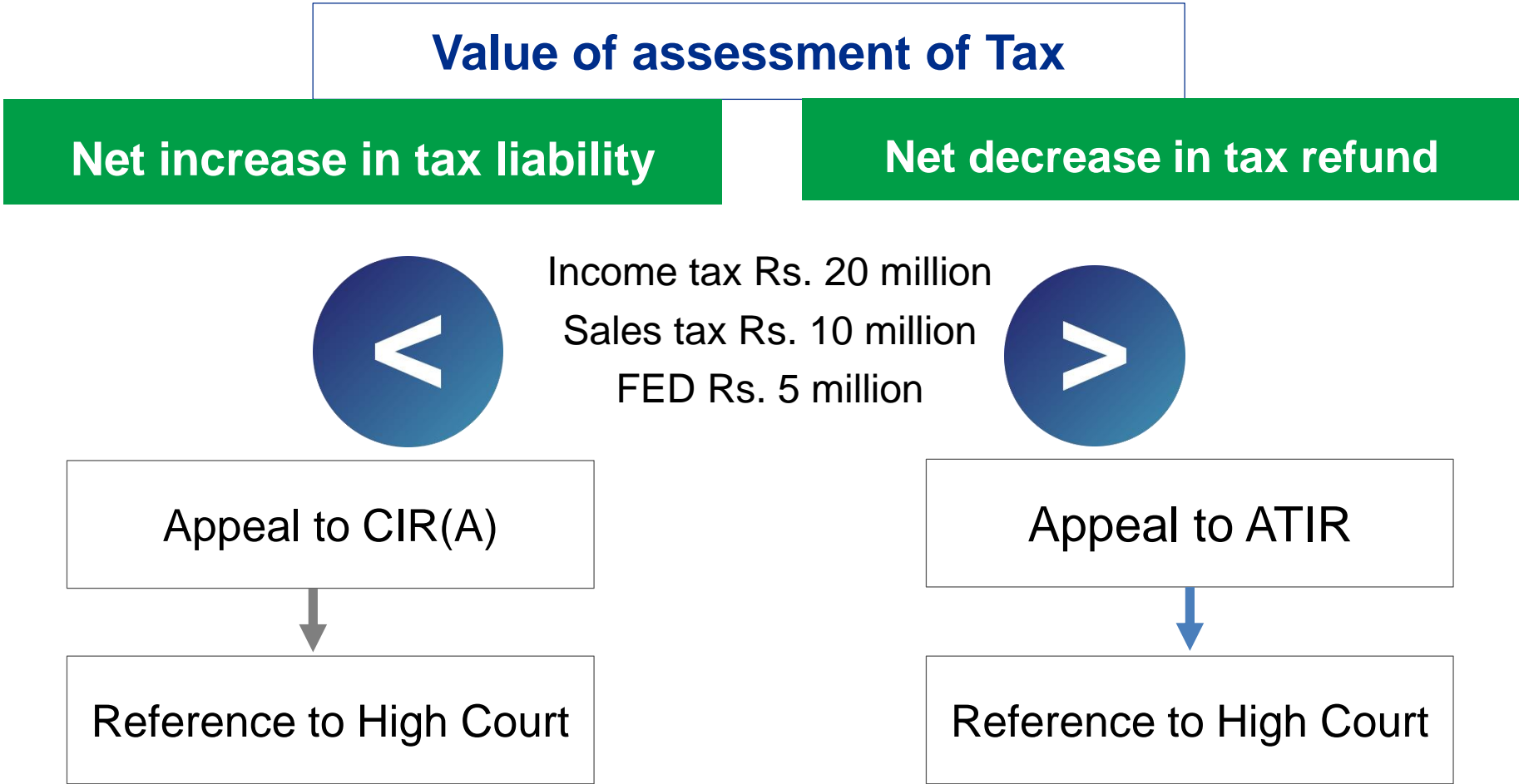
Pecuniary Jurisdiction in Appeals

Section 126A now has a 'Notwithstanding' clause

Implication:

The newly inserted wordings give Section 126A overriding affect on all other provisions of the Income Tax Ordinance 2001. In other words, the monetary thresholds and appellate forums specified in Section 126A will prevail and other sections can not impede its operation

Pecuniary Jurisdiction in Appeals



Pecuniary Jurisdiction in Appeals



**Assessment order reduces tax loss
without generating tax liability**

Pecuniary Jurisdiction in Appeals

Deadline to transfer appeals to ATIR by **December 31, 2024**

ATIR's decision timeline (of 90 days) begins from transfer of appeal from CIR(A) – **Not from June 16, 2024**

Appellate Tribunal

~~"Commissioner (Appeals)"~~ omitted

Implication:

The amendment clarifies that an appeal against the order of the CIR(A) cannot be filed with the ATIR. It aligns Section 131 with other appeal-related sections, including pecuniary jurisdictions

Appellate Tribunal

Filing time	Within 30 days (Previously 60 days)
Appeal decision	<ul style="list-style-type: none">▪ Pending with ATIR – 180 days▪ New appeals - 90 days
Adjournment fee	Rs. 50,000 (at least) – For taxpayer and tax department

Reference to High Court

<p>Filing time</p>	<p>Within 30 days (Previously 90 days)</p>
<p>Fee</p>	<p>Rs. 50,000 – For Taxpayer and Tax Department</p>
<p>Submission of record</p>	<p>By applicant, from ATIR and CIR(A)</p>
<p>Stay</p>	<p>Payment of at least 30% of the tax determined by ATIR or CIR(A)</p>

Reference to High Court

**Retroactive
Application**

**Reference to High Court against CIR(A)
orders issued on or after May 3**

**No right of appeal to ATIR –
Against CIR(A) order issued
on or after May 3**

**Can appeal to ATIR –
Against CIR(A) order issued
before May 3**

Recovery of Tax

After the order of CIR(A) or ATIR tax cannot be recovered for 30 days

Alternative Dispute Resolution

Monterey threshold	SOEs – No amount Others – Rs. 50 million
Mandatory for SOEs	Mandatory to approach ADR Committee Withdraw pending litigations ADR Committee decision is binding Can file appeal – If dispute not resolved by ADR committee within 60 days
Decision time	60 days

Impact Analysis

Assessment order by tax officer

Value of Assessment of Tax is LESS than
Rs. 20 million for income tax/ Rs. 10 million for sales tax/ Rs. 5 million for FED

Assessment order **passed before May 3** and appeal filed with CIR (A)

Appeal to be decided by CIR (A)

Reference to High Court

Assessment order **passed before May 3** and appeal YET to be filed

Appeal to CIR (A)

Reference to High Court

Assessment order **passed on or after May 3**

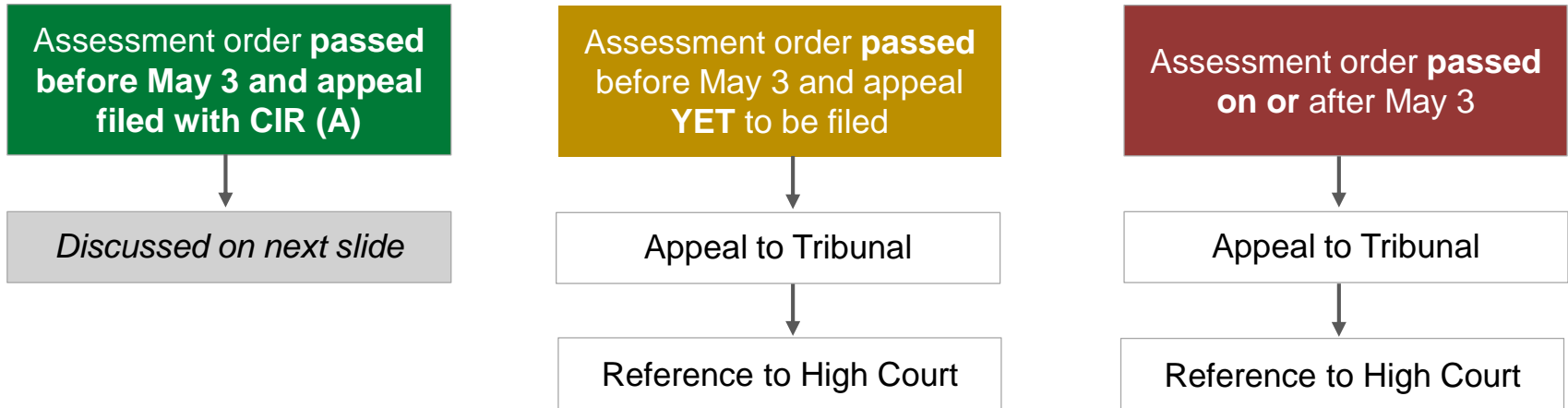
Appeal to CIR (A)

Reference to High Court

Impact Analysis

Assessment order by tax officer

Value of Assessment of Tax is MORE than
Rs. 20 million for income tax, Rs. 10 million for sales tax, Rs. 5 million for FED



Impact Analysis

Commissioner (Appeals) - Assessment / refund order

CIR(A)'s appeal order issued before May 3

Appeal is pending with CIR(A) on May 3

Less than monetary threshold

More than monetary threshold

Less than monetary threshold

More than monetary threshold

Appeal to Appellate Tribunal

Appeal to Appellate Tribunal

Appeal to be decided by CIR(A)

Appeal to be transferred by CIR(A) to ATIR

Reference to High Court

Reference to High Court

Reference to High Court

ATIR to decide the Appeal

Reference to High Court

Saving clause of Section 239 read-with explanation of Section 133(1)

Impact Analysis

State-owned Enterprise

