

**GOVERNMENT OF PAKISTAN
FEDERAL BOARD OF REVENUE
REVENUE DIVISION**

C. No.3(12)S-DOS/2010

Islamabad, the 30th April,2011

CIRCULAR NO. 5 OF 2011

Subject: - **MANAGEMENT OF TAX COLLECTION AND ITS ACCOUNTING PROCEDURE.**

In suppression of Circular No. 6 of 1995 dated 12th July, 1995 and Circular No. 12 of 1996 dated 28th August, 1996 and subsequent amendments, if any, the following instructions regarding management of tax collection and its accounting procedure are issued for information and compliance by all concerned with immediate effect and until further orders.

**PART-I
(GENERAL INSTRUCTIONS)**

1. The cash collection of taxes withheld and paid under the withholding provisions as well as voluntary payments under the Income Tax Ordinance, 2001 (hereinafter referred to as 'Ordinance') shall be kept in the form of computerized printouts generated by the Data Processing Units(DPUs)/Data Processing Center (DPCs) concerned the Commissioner(s) of Regional Tax Offices (RTOs)/Large Taxpayer Units (LTUs).
2. The collection received through book adjustment shall be recorded in the Monthly Collection Register of RTOs/LTUs. The certificate issued by the Withholding authorities shall be kept in safe custody and regularly got reconciled with the AGPR or its respective sub-office (as the case may be) and only after verifications such collection shall be accounted for by the RTOs/LTUs.

3. Photocopies of the tax payment challans produced by the taxpayers constitute an evidence of payment. However, the credit of tax payments claimed on the basis of photocopies shall only be allowed to the taxpayers/claimants, if the same is verifiable by the system (Veritax) or Tax Management System (TMS) or DPC or DPU's data.
4. The Commissioner concerned (through enforcement units under him) is responsible to maintain and keep the tax collection records. Hard records shall be kept in safe-custody and backup of soft records shall also be prepared on monthly basis, so that, the chances of loss of data are eliminated.
5. At the end of each month, the total of monthly collection from all sources shall be consolidated by the Commissioner concerned and along with prescribed MPR of collection of all enforcement units under his control shall be passed on to the designated officer of RTOs/LTUs in his own hand both in figure and words.
6. If there are more than one Commissioners working under the administrative control of RTO/LTU and there are multiple enforcement units functioning under each Commissioner, then each Commissioner based on the computer printouts received from Treasury/DPU's/DPCs shall consolidate all collection of his Zone and consolidated figures with prescribed MPR of collection shall be forwarded to Chief Commissioner RTO/LTU concerned. Each E&C Unit working under the Commissioner shall maintain its own records of Collection and would get it reconciled every month with the AGPR/Sub Office AGPR/Treasury (as the case may be).
7. All outstation challans along with computer print-outs shall be transferred by the DPCs/DPU's regularly to the concerned Commissioner of RTOs/LTUs through the concerned DPC/DPU **by the 5th of each succeeding month.**
8. In no case shall, the figure of collection shown in the monthly

statements/performance reports vary from the collection figures as reported by the DPC/DPU or FTO concerned.

PART-II

(PROCEDURE FOR RECORDING CASH COLLECTIONS AND ITS DISTRIBUTION)

A. STATIONS WHERE FEDERAL TREASURIES ARE FUNCTIONING:

- (i) Tax payment receipts (Challans)/CPRs received from State Bank of Pakistan/National Bank of Pakistan or from other authorized Branches shall be entered by the DPCs/DPUs in the system and kept in safe custody. Only computer generated printouts shall be forwarded to the concerned Commissioners of RTOs/LTUs. The DPCs/DPUs shall ensure that this data is also made available on "Veritax" or any other system designed in this behalf, to each RTO/LTU for verification, when so need be. The cash collection of taxes paid or withheld under sections 137, 147 or under Division-II (section 148) or Division III (sections 149,150,151,152,153,153A, 154,155,156,156A and 156B) of Part-V of Chapter-X or Chapter XII (sections 231A, 231AA, 231B, 233, 233A, 234, 234A, 235, 236, 236A and 236B of the Ordinance or any other section inserted in this Chapter subsequently at any stage), shall be transmitted by the DPCs/DPUs to the Commissioners of RTOs/LTUs holding jurisdiction upon the case of taxpayer, except provided otherwise.

B. STATIONS WHERE FEDERAL TREASURIES ARE NOT FUNCTIONING.

- (i) The Credit of Collection of all challans received at a station, where Federal Treasury is not functioning, shall be taken by the Commissioner concerned of Regional Tax Office/Large Taxpayers Unit having jurisdiction to receive such challans from District Treasuries. After taking the credit, these challans shall be marked "Credit Taken For" and forwarded to the RTOs/LTUs having proper jurisdiction over the case for record and giving credit to the taxpayers concerned. The RTO/LTU receiving such stamped challans shall enter these in a separate portion of its Collection records and **Credit for this amount shall**

NOT be taken by that office in its Performance reports or Statements.

- (ii) After the establishment of Federal Treasuries at the remaining RTOs (Sukkur, Bahawalpur, Sargodha, Abbotabad and Sialkot) and extension of their jurisdiction to areas now served by the District Treasuries, the procedure laid down in sub-paragraph (i) of paragraph 'A' of this part shall be followed.

PART-III
(DEDUCTIONS/COLLECTION AT SOURCE)

A. MONITORING OF WITHHOLDING TAX /(INCOME TAX, SALES TAX ACT, 1990 & (REPEALED) WEALTH TAX AND (REPEALED) CVT)

- (i) **Withholding Agents (Not Liable to Tax).** Unless otherwise specified by the Board; RTO-III, Karachi and RTO-II, Lahore have been designated as collecting / monitoring authorities at Karachi and Lahore respectively in respect of deductions/collections to be made under section 149. At all other stations, this jurisdiction shall rest with the Commissioner concerned of RTO holding territorial jurisdiction or jurisdiction upon persons or classes of persons assigned to Commissioner / RTO by the Board through notification where such withholding agents are located.
- (ii) **Withholding Agents (Liable to deduct Tax).** Unless otherwise specified by the Board, monitoring of tax withholding agents under Income Tax Ordinance, 2001 or Sales Tax Act, 1990 (as notified by the Board vide SRO 660(I)/2007, dated 30th June, 2007 as amended time to time) or (repealed) Wealth Tax Act, 1963 or (repealed) provisions of CVT shall lie with the Commissioner concerned empowered by RTO/LTU or with the Commissioner holding jurisdiction upon such agents/persons (as the case may be).
- (iii) Where withholding agent's "place of assessment" is other than its "place of business" which is located in the jurisdiction of another RTO/LTU, the Inland Revenue Officers of the other RTO/ LTU where the "place of business" is located, shall have concurrent jurisdiction on the person located in their territorial jurisdiction for the purposes of monitoring of withholding taxes under

Inland Taxes subject to the follow conditions:

- (a) Power to proceed u/s 161 or 205 of the Ordinance or under section 3 read with section 71 of Sales Tax Act, 1990 (as the case may be) in such cases shall be with the RTO/LTU having “original jurisdiction of assessment” on the withholding agent / person;
- (b) The monitoring RTO/ LTU is not empowered to issue notice under the relevant provisions of law, requiring the person or withholding agent to file any statement concerning withholdings etc. If they need such statement for any purpose either they shall obtain it from web portal or from the concerned office where the taxpayer/ person / withholding agent is legally obliged to file such statements; and
- (c) The collection of taxes enforced shall be accounted for by the Monitoring RTO/ LTU as under:
 - i. The tax authority detecting short deduction = The tax amount so detected
 - ii. The tax office having original jurisdiction = The amount of penalty
- (iv) Collection under section **149** of the Income Tax Ordinance, 2001 shall be monitored by the RTO/LTU having jurisdiction over the cases of recipients of salary (except in the case of Book Adjustment as specified in Part-IV).
- (v) Notwithstanding anything contained above, the Board has authorized, monitoring of collection/deduction and account for the same under the following sections of the Income Tax Ordinance, 2001, to the RTOs/LTUs from tax withholding agents/persons as mentioned against each section hereunder.

S.No.	Sections	Office empowered to account for collection
i)	U/S 148	The RTO in whose territorial jurisdiction (except Karachi) the deducting authority specified in sub-section (1) of section 148 exists; and At Karachi RTO, Karachi.
ii)	U/s 149	The RTO in whose territorial jurisdiction (except Karachi and Lahore) the Employer / withholding agent specified in sub-section (1) of section 149 exists; and At Karachi, RTO-III, Karachi; and At Lahore, RTO-II. Lahore
iii)	U/S 151(1)(a)	The RTO in whose territorial jurisdiction the Branch of NSC/Post Office Saving Center is situated

iv)	U/S 151(b) & (c)	The RTO in whose territorial jurisdiction the person / AOPs / company (other than banking company or financial institution's) Registered office/Head office/ place of business or manufacturing unit is situated.
v)	U/S 151(1)(d)	In case of Banking Companies / Financial Institution (other than SBP) the LTU concerned to whom the jurisdiction of Banking Companies or Financial Institutions has been assigned by the Board; In case of SBP, Head Office Karachi, LTU, Karachi; In case of SBP, sub office Lahore,, LTU, Lahore; In case of SBP, sub office Islamabad, LTU, Islamabad; and In case of SBP's sub offices' at other places, the RTO concerned in whose territorial jurisdiction the SBP's said sub office is located.
vi)	U/S 152, 153, 153A, 154 155, 156A, 231A, 231AA, and 236	The RTO/LTU holding original jurisdiction of assessment upon the person or withholding agent or the "prescribed person" (as the case may be).
vii)	U/S 156	In case of SBP, Head Office Karachi, RTO, Karachi; In case of SBP's sub offices' at other places, the RTO concerned in whose territorial jurisdiction the SBP's said sub office is located.
viii)	U/S 231B, 233A/37A, 234, 234A, 236A & 236AA	The RTO in whose territorial jurisdiction the Motor Vehicle Registering authority or Stock exchange or Motor Vehicle (renewal) tax collecting authority or the SNGCL or SSGCL or Auctioning authority or person preparing domestic air ticket (respectively) exists.
ix)	U/s 235	The RTO in whose territorial jurisdiction the office of WAPDA's Corporatized entity's (e.g. LESCO, HESCO, QUESCO, IESCO or KESC) office exists
x)	U/s 236B	The RTO in whose territorial jurisdiction the person preparing domestic air ticket exists
<p>Explanation-I. The RTOs/LTUs holding original jurisdiction of assessment of a person may also delegate powers under the Ordinance to any RTO/LTU (for special purposes i.e. withholding audit of a withholding agent or person or classes of persons liable to withhold taxes under Division-II or Division-III of Part-V of Chapter-X or Chapter-XII of the Ordinance</p>		

or under Sales tax Act, 1990 (the Board's notification SRO 660(1)/2007, dated 30.06.2007 as amended time to time) or Federal Excise Act, 2005) in respect of Branches or a particular branch/Manufacturing Unit etc falling in the territorial jurisdiction of the said RTO/LTU;

Explanation-II. . The RTO/LTU to whom such powers have been delegated shall audit the Branch/Unit and submit the audit report to the office holding original jurisdiction upon the person for further action under the relevant provisions of Inland Taxes;

Though, the order is to be passed by the Inland Revenue Authority holding original jurisdiction upon the person yet the credit of tax so collected on the basis of the audit report shall be taken by the office which has detected the default, conducted and concluded the withholding audit proceedings.

Explanation-III. The term "Inland Taxes" means, 'Taxes payable under the, Income Tax Ordinance, 2001, Sales Tax Act, 1990 or Federal Excise Act, 2005'.

- (vi) No office shall, unless otherwise provided, take credit for any deduction/collections merely on the ground that it was made or deposited in its territorial jurisdiction.
- (vii) Credit of collection from withholding taxes will be taken by the office (s) in various jurisdictions in accordance with the provisions of sub paragraph (v) of Paragraph A of this part.
- (viii) The prescribed returns/statements, required to be furnished by the tax withholding agents or "prescribed persons" **u/s 165** of the Income Tax Ordinance, 2001 or Sales Tax Act, 1990 shall be received/enforced by RTO/LTU holding original jurisdiction of assessment upon the person or the Registered Person (RP).
However, PRAL shall ensure access to overview the statements to the 'designated officers' of each LTU/RTO, so that, they may monitor the withholding provisions relating to the taxpayers / person /RPs operating in their territorial jurisdiction.

B. CREDIT OF COLLECTIONS FROM WITHHOLDING TAXES.

- (i) **Deductions of withholding** The procedure to account for deduction made and deposited under various provisions of Inland Taxes has been prescribed in sub paragraph (v) of paragraph A of this part, except as provided otherwise :

- (a) Where tax deducted and deposited relates to multiple persons (of multiple RTOs/LTUs) and said deductions are deposited by a withholding agent / person on a single combined challan, withholding agents may be persuaded to use new form of challan, **viz IT 31A (Revised)** (which provides due space for the particulars of the recipients. **Self-generated computer print outs of challan forms** may also be used by the withholding agents). However, these multiple payments shall be apportioned amongst the respective RTOs/LTUs fairly. If there is any dispute in this regards, the Chief DPC, FBR shall be the final authority.
- (b) The following procedure will be followed by the DPCs/DPUs or Statistical Branches, (as the case may be), in situation given below;-
- (ii) **Where the Challan relates to only one recipient or to more than one recipient being assessed with the same RTO.** It will be disposed off in the manner given in Paragraphs A or B of Part-II of this circular for the purposes of record and taking credit thereof.
- (iii) **Where the Challan relates to more than one recipient and the recipients are assessed in different RTOs/LTUs as indicated by their NTN or addresses.**
- (i) The challan shall be retained by the DPC/DPU/Statistical Branch and a **computer printout** containing complete particulars of all such payments as recorded therein and duly authenticated by FTO/officer Incharge of Statistical Branch shall be sent to the Commissioner concerned of RTO/LTU. The RTO/LTU on the basis of such printouts shall take credit of the collection and give credit to the taxpayers accordingly.
- (ii) Where a combined challan pertaining to multiple recipients is

received by a Statistical Branch and where there is no DPC/DPU functioning, the officer incharge shall send the information to respective Commissioner of RTO/LTU, who shall give credit to the recipients accordingly but **shall NOT** take credit for the collection if credit has already been taken by any other RTO/LTU.

- (iii) The Federal Treasury Officer/s in charge of Statistical Branch shall maintain a permanent record of all such printouts issued by him.
- (iv) **Where it is not possible at all to determine the jurisdiction of the recipient(s).** In such cases, challan may be retained by the DPC/DPU concerned and the credit forwarded through computer printouts authenticated by the FTOs to the RTOs/LTUs in whose territorial jurisdiction the DPC/DPU is situated. However, if any of the recipients is subsequently identified, the credit of such collection shall be transferred to the Commissioner concerned holding jurisdiction upon the recipient in the manner prescribed above.
- (v) No challans of payment shall be sent to the RTOs/LTUs. However each challan, with complete particulars, shall be entered in the system by the DPCs/DPUs and soft data should be made available to each office in its jurisdiction either on Veritax system or otherwise.
- (vi) DPC/DPU within its jurisdiction shall issue a printout containing the particulars of the withholding agents and the names of the persons (along with any available particulars) on challans to designated RTOs/LTUs to enable them to identify the challans pertaining to them. Credit of such collection will be transferred to the assessing officers of the recipient in the manner prescribed above.

PART-IV
(CASH COLLECTION OF WITHHOLDING TAXES BY PROVINCIAL ACCOUNTANTS GENERAL)

- (i) The subordinate offices of the Provincial Accountants General shall send a monthly note to their Accountant Generals of the deductions/collection of Income Tax or Sales Tax made by them. The Accountants General shall give a consolidated cheque to the AGPR, sub-offices Peshawar/ Lahore/ Karachi/ Quetta or to FTOs at these stations. These cheques shall then be credited to the Federal Government through challans as cash payments. Thus the provincial Accountants General at these stations shall have the district-wise break-up of collection included in the monthly cheque/Challan. FTOs at the DPCs/DPU's at these stations will, therefore, certify (**as per Annex-I**) to the RTOs having jurisdiction over the district of the monthly collection included in the cheque/challan and the concerned RTO will take credit accordingly. The Board shall notify the jurisdiction of RTOs to the AGPR and its sub-offices.

The concerned Federal Treasury Officer shall maintain permanent record of all such printouts.

- (ii) **CREDIT FOR BOOK ADJUSTMENTS:** Withholding taxes collected or deducted by the following authorities or their subordinate offices and credited to the Federal Government through book adjustment shall be reported by the respective income tax authorities given below:

(i)	Sub-offices, AGPR, falling in territory of RTO, Peshawar	RTO, Peshawar
(ii)	Controller Air Force Accounts, Peshawar.	RTO, Peshawar
(iii)	Sub-offices, AGPR, falling in territory of RTO, Abbottabad.	RTO, Abbottabad
(iii)	Accountant General, Pakistan Revenues, Islamabad.	RTO, Islamabad
(iv)	Military Accountant General, falling in territory of RTO, Rwp.	RTO, Rawalpindi
(v)	Sub-offices, AGPR, falling in territory of RTO, Lahore	RTO-I, Lahore
(vi)	Sub-offices, AGPR, falling in territory of RTO, Karachi	RTO-III, Karachi
(vii)	Controller Naval Accounts, Karachi	RTO-III, Karachi
(viii)	Sub-offices AGPR, falling in territory of RTO, Hyderabad	RTO, Hyderabad

(ix)	Sub offices AGPR, falling in territory of RTO, Sukkur	RTO, Sukkur
(x)	Sub-offices, AGPR, falling in territory of RTO, Quetta	RTO, Quetta
(xi)	Sub offices, AGPR, falling in territory of RTO, Multan	RTO, Multan
(xii)	Sub-offices, AGPR, falling in territory of RTO, Faisalabad	RTO, Faisalabad
(xiii)	Sub-offices, AGPR, falling in territory of RTO, Gujranwala.	RTO, Gujranwala.
(xiv)	Sub-offices, AGPR, falling in territory of RTO, Sialkot.	RTO, Sialkot

PART-V
(RECONCILIATION OF COLLECTIONS)

(i). In view of the procedure of reporting of collection detailed above, each RTO/LTU shall reconcile every month the collection reported in its Monthly Performance Report by providing certificates in the following manner:

(ii) **COLLECTION RECEIVED THROUGH DISTRICT TREASURIES:**

Certificate of reconciliation of receipts signed by the officer incharge of Statistical Branch and the District Treasury Officer concerned duly countersigned by AGPR/AGPR sub-office.

(iii) **CASH COLLECTION RECEIVED FROM DPCs/DPUs:**

Certificate of reconciliation of receipts issued by the FTO of the respective DPC/DPU.

(iv) **CREDITS THROUGH BOOK ADJUSTMENT:**

Certificate issued by the officers designated in sub-para (i) of Part-V as per (Annex-I).



(Shafiq Mohammad)
Chief (Inland Revenues III)
Phone: 051-9201979

“ANNEXURE-I”

CERTIFICATE OF COLLECTION/DEDUCTION OF INCOME TAX

It is certified that Cheque No. _____ dated _____ received from the Accountant General _____ and deposited to the credit of the Federal Government vide Challan No. _____ Dated _____ for an amount of Rs. _____ as per detail given below has been received from District _____. Credit for this amount may be taken in your monthly performance report.

DETAIL OF COLLECTION:

U/s149 (Salaries).	Rs _____
U/s 153 (Contract, Supplies etc).	Rs _____
U/s 155 (Income from Property).	Rs _____
U/s 234 (Transport).	Rs _____
U/s 236 (Telephone/Cell).	Rs _____
U/s 236A (Auctions).	Rs _____
U/s 236B (On purchase of Domestic Air Ticket)	Rs _____
Others.	Rs _____
No. _____	
Date _____	

(Federal Treasury Officer)

Annexure-II

Sr.#	Section	WHT Sections
Division-II of Part-V of Chapter-X, Income Tax Ordinance, 2001		
1	148	Imports
Division-III of Part-V of Chapter-X, Income Tax Ordinance, 2001		
2	149	Salary
3	150	Dividends
4	151	Profit on debt
5	152	Payment to non-residents
6	153	payment for goods and services
7	153A	Payment to non-resident media persons
8	154	Exports
9	155	Income from property
10	156	Prizes and winnings
11	156A	Petroleum products
12	156B	Withdrawal of balance under pension fund
Chapter-X, Income Tax Ordinance, 2001		
13	231A	Cash withdrawal from a bank
14	231AA	Advance tax on transactions in banks
15	231B	Purchase of motor cars and jeeps
16	233	Brokerage and commission
17	233A/37A	Collection of tax by a stock exchange registered in Pakistan.
18	234	Tax on motor vehicles.
19	234A	CNG Stations
20	235	Electricity consumption
21	236	Telephone users
22	236A	Advance tax at the time of sale by auction
23	236B	Advance tax on purchase of air ticket
24		Miscellaneous