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This issue contains:

- **ARTICLE**

*Recuperate tax justice system*

- **TAX NEWS**

*US States cut taxes this year*

*Belgium Ups Withholding Tax Exemption for SME employers*

*Australia to Face tough Budget Choices*

*Individuals asked to pay balance tax*

*FBR asks short tax payers to deposit the same upto Nov 30*

*Smuggling, underinvoicing and refunds: FBR sets up two committees to resolve LCCI problems*

*Swiss accounts information: FBR may exercise powers under Article 25(1) of ADTT*

*Sack Kraft Paper: NTC approached for increase in duty, re-imposition of FED*

- **STATUTES**

*Sales Tax General Order No. 47 of 2013, dated November 21, 2013*

*Sales Tax General Order No. 48 of 2013, dated November 21, 2013*

*Sales Tax General Order No. 49 of 2013, dated November 21, 2013*

*Sales Tax General Order No. 50 of 2013, dated November 21, 2013*

*Sales Tax General Order No. 51 of 2013, dated November 21, 2013*

*Sales Tax General Order No. 52 of 2013, dated November 21, 2013*

*C.No.2(1)L&P/07/157909-R, dated November 21, 2013*

*No.PRA/Orders.06/2012/02, dated November 22, 2013*

*No.PRA/Caterers.21/2012, dated November 25, 2013*

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## Recuperate tax justice system

by

*Huzaima Bukhari & Dr. Ikramul Haq*

**T**he existing tax appellate system—hopelessly redundant, painfully unproductive and marred with inefficiency and inordinate delays—needs complete restructuring so that fiscal disputes between the State and taxpayers get settled within a year at the latest. The 4-tier appeal system under the tax laws—direct and indirect—consumes so much time for final settlement that the very purpose of seeking remedy becomes infructuous—justice delayed is justice denied aptly applies to the existing tax appellate system. The government has wasted billions of rupees—large sums of money borrowed from the World Bank and other donors—for the ill-directed tax reforms (sic), but no effort has been made to revamp the ailing tax appellate system for rapid disposal of tax disputes and reduction in unnecessary litigation.

**Tax system should be credible and equitable—as is the case in UK where out of population of 60 million, 30 million file income tax returns and hardly 20 appeals go to the level of high court—the system is highly credible and not susceptible to undue litigation wasting precious time and money of the State and taxpayers alike. Latest data released by Her Majesty Revenue and Customs shows the number of people liable for the 40 and 50 per cent tax rate has increased from 3.25 million in 2010-2011 to 4.13 million in 2012-13. Their share of the income tax burden has risen from 54.2 per cent in 2010-11 to 61.3 per cent in 2012-13. The wealthiest one per cent of taxpayers, nearly 300,000 people who earn more than £150,000 a year, are shouldering 26.5 per cent of the income tax burden. In Pakistan, in 2012 only 10280 non salary individuals (business and professional individuals) declared Income exceeding one million rupees whereas 63,500 salary individuals declared this level of taxable incomes.**

Presently, the following four-tier appeal process is in vogue under the direct and indirect tax codes (we have made analysis of existing conditions and suggested ways for restructuring):

1. A taxpayer, if aggrieved, files an appeal against the order of the Taxation Officer/Assistant Collector of Customs/Sales Tax before the Commissioner of Appeals/Collector Appeals who works under the administrative control of Federal Board of Revenue (FBR). It is a travesty of justice that he has to seek relief from the departmental authorities. How can FBR-controlled men do justice? They act as helping hands for their brothers in service for collection of irrational and harsh demands to meet budgetary targets. They do give relief but when the case is undoubtedly in favour of the taxpayer, but

even for this “favour” appellant has to “oblige”. The Annual Confidential Reports (ACRs)—vital for further promotion in the service—of these “appellate” (sic) authorities are written by their bosses in FBR. Due to this constraint, they cannot impart justice even if they want to do so. **The first-tier of appeal in view of this fact alone should be abolished immediately.**

2. The next tier is the Appellate Tribunal Inland Revenue and Customs Appellate Tribunal. The Appellate Tribunals (dealing with direct and indirect taxes) are under the Ministry of Law which is against the principle of "independence of judiciary". Working as single, double or full (in special cases) benches, members are chosen from the legal fraternity or judicial services (Member Legal) and the tax department (Member Account/Technical Member). Member Accounts/Technical Members work with heavy heart as they are sent against their consent. They are the “dumped ones”—not liked by the Department hence condemned to go on deputation to Tribunal. A Judicial Member’s salary is even lower than that of a civil judge. Why should he work in such pathetic conditions? Tribunal is the final fact-finding authority and no further appeal lies to the High Court unless question of interpretation of law is required. Such an important forum dealing with federal statutes is financially dependent on Ministry of Law. The status of Tribunal should be that of Federal Tax Court (see text in *Business Recorder*, August 23/24, 2013) and appeal against its decisions should go directly to the Supreme Court as is the case with Service Tribunal. The existing Income Tax and Customs Tribunals should be merged and renamed as National Tax Court. The right of intra-court appeal should be provided and then final appeal under Article 185 should lie with the Supreme Court. Judges for national Court should be recruited in the same manner as judges of the High Courts with Chief Justice of Pakistan—under whose administrative control they would be—the final say in the selection.
3. Tax codes are federal statutes but references against the orders of the Tribunals go the High Court that work within the provinces. A person filing reference in Lahore High Court may get a different order on an identical issue filed in Sindh High Court. On identical issues, there is no certainty of uniform orders at the level of High Courts. It is therefore, better to establish National Tax Court directly under the Supreme Court. Presently thousands of tax references are lying in the High Courts of the country. It takes years and years at this forum for taxpayers to get to get the first hearing—what to talk of final decision that may take more than ten years.

4. The final court of appeal—as for all other matters—is the Supreme Court that ends the tumultuous journey of FBR or taxpayer on any disputed legal issue requiring the interpretation of law. If National Tax Court is established by just elevating the status of the Income Tax and Customs Tribunal, there will be drastic reduction in litigation—the National Court at its own can also elicit the opinion of the apex court on any important legal issue settling the controversy without proliferation of appeals on the same issue.

The existing 4-tier tax appeal system—marred with inordinate delays—is also expensive. The taxpayers and FBR spend enormous money on issues that can be solved easily through mutual agreement procedure. The office of Tax Ombudsman—once headed by able persons like Justice Saleem Akhtar—can be utilized for this purpose [ref. section 33 of the Federal Ombudsman Ordinance]. Unfortunately, the important office of Tax Ombudsman is now headed by an ex-bureaucrat! This is how government intentionally destroys an established institution that passes strictures against its highhandedness. Now FBR has itself become de facto adjudicator through the process of alternative dispute resolution whereas this should be the exclusive domain of Tax Ombudsman.

How tax cases are decided in our country can be illustrated in the light of Supreme Court’s decision in the case of *Assistant Collector of Central Excise & Land Customs v. Mst. Siddiqan Afzal & Others* 2008 PTR 34. This is a classical case of inefficiency and apathy on the part of the tax department and inordinate delay in dispensation of justice in Pakistan. The honourable apex court after taking into account the legal and factual position held:

**“Show cause notice to owner was issued after fifteen years of seizure of gold and eight years after coming into force of the Customs Act, 1969, gold now become liable to be returned to owner after two months of coming into force of Customs Act, 1969 as no notice was issued within the time prescribed.”**

For this act of blatant maladministration tax department in any civilized society would have been taken to task by asking to pay substantial pecuniary damages to the family. The accused passed away during litigation and his widow was unnecessarily and compulsively dragged in a long-drawn legal battle, which must have not only been costly but also agonizing for her in terms of time consumed. This exposes the efficacy of our tax judicial system. One wonders if it really should be called a “judicial system” where proceedings started in 1963 were ultimately settled in 2007.

Another such instance is the case of *Crescent Distributors v. Customs, Excise & Sales Tax Appellate Tribunal & Others* (2009 PTR 52). In the Karachi High Court, a simple dispute relating to whether a particular chemical item was exempt from sales tax or not was eventually decided

in favour of the taxpayer after 9 years of struggle! Considering that sales tax law is applied on daily transactional basis it is indeed a pity that it took such a long time for the taxpayer to seek justice for a consignment imported almost nine years back.

Since there are innumerable cases there appears no point in discussing the merits and demerits of the system at this juncture. Finding an appropriate solution is more important rather than mere criticism as with the changing realities there is also an urgent need to revamp the system in such a way that justice is actually done in the shortest possible time and with the least amount of frustration for the justice seekers, whether taxpayer or tax department.

Without any iota of doubt, the four-tier appellate structure discussed above has become out-dated, ineffective—fraught with innumerable encumbrances. Replacement of the entire system as suggested above—in line with prevailing judicial remedies in other departments of the government—is the only way out. To quote an example, one can easily refer to the Civil Service Act of 1973 under which government employees can approach the Services Tribunal to settle all the disputes pertaining to their service matters. Appeal against any order of the Service Tribunal lies directly to the Supreme Court. This should also be the case for tax matters. There should only be direct appeal to Tribunal (should be renamed as National Tax Court) with the right of intra-court appeal and then direct appeal before the Supreme Court.

It may be noted that 65% of the appeals in tax matters before Tribunals are by the Department. The system can be revamped by introducing the process of e-filing with the departmental appeals which may later be made optional for the taxpayers as well. Eventually, this will help in achieving a paperless Tax Court which will add to its efficiency and speed.

If the tax appellate system is redesigned on two-tier appeal system (National Tax Court and Supreme Court), the following advantages will emerge:

- Post of the Commissioner/Collector Appeals will stand abolished and their services will be utilised in the field where there is scarcity of officers.
- Direct appeals will be filed in National Tax Court having registry offices all over Pakistan (present offices of Income Tax & Customs Appellate Tribunals could be utilised and more can be opened). In this way, taxpayers will face no difficulty in going to far flung areas.
- Order of a bench of National Tax Court can be assailed by filing intra-court appeal.
- Against the order in intra-court appeal one can go directly to the Supreme Court where leave to Court is a prerequisite for admission.

- Taxpayers as well as the department will be relieved of the burden of pursuing their cases at four different levels.
- Tax authorities will also be relieved of passing biased judgements and worrying about the future of their careers.
- Tribunals after conversion into National Tax Court and selection of judges by the Supreme Court will be better equipped to give quality and speedy decisions.
- The High Courts would be relieved of the continuously rising number of tax cases that remain undecided for many years because of the huge pendency of other civil and criminal cases and non-availability of specialised tax judges.
- If the above reforms are implemented, there will be very few tax cases going to the apex court as only those will be heard where leave to appeal is granted in which important issues of legal interpretation are involved.

Tax Appellate system—like all other judicial institutions—should be independent in the true sense of the word. The honourable apex court of Pakistan has elaborated this principle in *Government of Baluchistan v Azizullah Memon* PLD 1993 SC 31 by holding that “**separation of judiciary from executive is the cornerstone of independence of judiciary**”. This should be equally applicable to tax appellate fora.

The right of access to justice to all is a well-recognized inviolable right enshrined in the Constitution of Pakistan—it means “the right to be treated according to law, the right to have a fair and proper trial and right to have an impartial court or tribunal”. Justice in tax matters, therefore, can only be done if there is an independent judiciary which shall be separate from executive and not dependent on it—PLD 1982 SC 146. It is imperative that the status of Income Tax and Customs Tribunals should be that of National Tax Court directly under the Supreme Court. This alone can ensure speedy, satisfactory and reliable settlement of tax disputes leading to credibility of tax system—ultimately achieving the cherished goal of tax-compliant culture. The present structure up to the level of Tribunal—not be independent—is violative of law laid down by the apex court in *Government of Baluchistan v Azizullah Memon* PLD 1993 SC 31. If it is not restructured by the government as suggested above, a petition will be filed in the Supreme Court.

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**United States****US States cut taxes this year**

Eighteen US states have cut taxes in the 2013 legislative year, reflecting an emphasis, following the recession, on pro-growth reforms that encourage economic expansion and competition, according to a new report by the Center for State Fiscal Reform of the American Legislative Exchange Council (ALEC).

It was pointed out by ALEC that, of the 18 states that have cut taxes during the year, some states have enacted fundamental tax reform, while others have only slightly modified their tax code. There were 25 cuts in specific tax categories, with nearly one quarter being to personal income tax, followed by reductions to various state specific taxes and to the corporate income tax. Sales tax reductions were, however, found to be the least enacted form of tax cuts this year.

ALEC lists the states that cut taxes significantly during the 2013 legislative year as Alaska, Arkansas, Florida, Idaho, Indiana, Iowa, Kansas, Mississippi, Montana, Nebraska, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Tennessee, Texas and Wisconsin.

“There is growing consensus that taxes discourage competitiveness and economic growth, with taxes on income being among the worst,” said Jonathan Williams, co-author of the report and director of the Center. “To enhance competitiveness, policymakers across America are looking for ways to reduce the cost of living, working and doing business within their states.”

“Over the past ten years, the nine states with no personal income tax grew their population by 150 percent and saw their gross state product grow by 40 percent more than their high-tax counterparts,” added Ben Wilterdink, co-author of the report and a research analyst at the Center. “The data shows states that do not levy a personal income tax are outperforming their high-tax counterparts in just about every way.”

In a newspaper article for *Forbes*, Wilterdink also pointed out that, “according to the latest IRS data, Texas, which does not levy a personal income tax, gained almost 1m new taxpayers over the past ten years. Florida, another no-income-tax state, gained well over 1m taxpayers during that same time period. California by contrast, which has the highest personal income tax rate, lost more than 1.5m taxpayers over that same period.”

“With the federal government locked in seemingly endless gridlock,” the Center noted, “it is up to the states to jumpstart their own economies. ... It is encouraging to see so many pro-growth proposals from just the last legislative session.”

However, it concluded, “it is also important to remember that states do not decide (fiscal) policies in a vacuum. The decisions that one state makes will affect other states whether they like it or not. When states make pro-growth policy decisions, other states are challenged to become more competitive. ... As this reality sinks in, the expectation for pro-growth tax reform in the states during the 2014 legislative session will be even higher.” – *Courtesy tax-news.com*

## **Belgium**

### **Belgium Ups Withholding Tax Exemption for SME employers**

On the recommendation of Belgian Finance Minister Koen Geens, the Council of Ministers approved a draft Royal Decree, providing for an increase in the percentage exemption from professional wage-withholding tax (*précompte professionnel*) for employers in the small- and medium-sized enterprise (SME) sector.

Consequently, the actual exemption rate for payment of the *précompte professionnel* will rise to 1.12 percent for SME employers from January 1, 2014. This measure forms part of efforts to extend the Government’s stimulus strategy, designed notably to revitalize the economy and to strengthen the competitiveness of businesses in Belgium in the long-term.

The draft legislation has been submitted to the State Council for examination.

The draft Royal Decree modifies, in terms of professional wage-withholding tax exemption, AR/CIR 92, pursuant to Article 2757, paragraph 4, of the 1992 Income Tax Code. – *Courtesy tax-news.com*

## **Australia**

### **Australia to Face tough Budget Choices**

“Australia needs leaders prepared to make brave decisions to raise taxes and cut expenditure,” a new report has claimed.

The report, “Balancing budgets: tough choices we need,” was published this week by the Grattan Institute.

It points out that the Commonwealth Government – which is responsible for around 60 percent of Australian government spending and 75 percent of taxation – has had a structural budget deficit of more than 2 percent of gross domestic product (GDP) for the past five years. Commonwealth spending has risen by 2 percent over the last eight years, but the global financial crisis has hit revenues, by reducing income and corporate tax levels.

The Institute warns that the current options for “budget repair” are “not particularly appealing.” The Government will need to prepare people “for pain,” and should consider “how it will ‘sell’ change and the necessary tough reforms.”

Most ominous, perhaps, is the Institute’s note that it was unable “to identify expenditure cuts large enough to fix Australia’s long run budget challenges.” Any program of changes must therefore include tax hikes, for without them, “budget repair will be hard for Australia, given that its government is relatively small, major revenue sources like the G[oods] and S[ervices] T[ax] are in structural decline.”

The Institute’s key tax related recommendations are as follows:

- Increase the age of access to the Age Pension and superannuation to 70. This could improve the budget bottom line by AUD12bn a year, and lift economic activity by up to 2 percent of GDP.
- Reduce the thresholds for superannuation taxation. At present, employees aged 59 and over are taxed at 15 percent for the first AUD25,000 – AUD35,000 they place in their superannuation account each year. Lowering these to AUD10,000 could generate up to AUD6bn a year. Tax the superannuation earnings of the over-60s at 15 percent. This would yield AUD3bn in additional tax revenue.
- Include owner-occupied housing in the calculation of a retiree’s eligibility for the Age Pension.
- Eliminate the capital gains tax (CGT) discount, and make owner-occupied housing liable for the CGT.
- Prevent investors from deducting losses made on investments from their wage income.

- Extend the GST to cover private spending on fresh food, health, education, childcare, water, and sewerage, and increase welfare benefits to reduce the effect on the worst off.
- Remove the threshold below which payroll tax is not payable.
- Halve the exemptions that reduce the fuel tax paid by a variety of commercial users, and reintroduce fuel excise indexation.
- Design a mining tax as a federal export tax on minerals, set at 50 percent of the portion of the price above nominated thresholds. – *Courtesy tax-news.com*

### **Individuals asked to pay balance tax**

The Federal Board of Revenue (FBR) has asked salaried individuals who have paid less tax in view of the judgment of the Sindh High Court (SHC), should calculate the short paid tax and deposit the balance amount by November 30 to avoid default surcharges.

FBR, in a press release issued on Tuesday, stated that the Supreme Court suspended the judgment of the SHC regarding the rates of tax on Monday. FBR had filed an appeal before the apex court against the judgment.

“As per suspension of Sindh High Court decision, now the rates of tax as already provided in clause (1A) of Division 1 of Part 1 of the First Schedule to the Income Tax Ordinance 2001 will apply to all salaried individuals,” the FBR said.

On the other hand, FBR has decided that all the model customs collectorates will remain open and observe normal working hours on Saturdays till further orders in order to facilitate the trade and industry in getting their cargo cleared for imports, exports and payment of duty and taxes.

FBR has directed all the chief collectors to coordinate with management of State Bank and National Bank of Pakistan to provide banking facility by its designated branches on Saturdays to ensure collection of taxes and duties in this regard. – *Courtesy Dawn*

### **FBR asks short tax payers to deposit the same upto Nov 30**

A Spokesman of Federal Board of Revenue (FBR) Tuesday said that those persons who have paid less tax in view of the judgment of the Sindh High Court and have filed the returns, may calculate the short paid tax and deposit the same upto 30.11.2013 to avoid default surcharge etc.

In a statement issued here Tuesday, the FBR said that the salaried individuals are informed that on 25.11.2013 the Supreme Court of Pakistan has suspended the judgment of the Sindh High Court that was announced in C.P NO.D-2342/2013 dated 25.10.2013.

The FBR has filed a CPLA before the Supreme Court against the judgment of the Sindh High Court.

The effect of the suspension of the Sindh High Court judgment referred above is that now the rates of tax as already provided in clause (1A) of Division I of Part I of the First Schedule to the Income Tax Ordinance 2001 shall apply to all salaried individuals.

Those persons who have paid less tax in view of the judgment of the Sindh High Court (above) and have filed the returns, may calculate the short paid tax and deposit the same upto 30.11.2013 to avoid default surcharge etc, the statement said. – *Courtesy Business Recorder*

### **Smuggling, underinvoicing and refunds: FBR sets up two committees to resolve LCCI problems**

The Federal Board of Revenue has constituted two high-level committees for taking appropriate measures to control smuggling, underinvoicing and issuing sales tax refunds besides resolving the issues facing the steel industry. It is learnt on Tuesday that the FBR has issued a letter to the Lahore Chamber of Commerce and Industry (LCCI) for constitution of special committees to resolve problems of the business community.

In this regard the FBR has nominated senior officials for the special committees. According to the FBR, the special committee to look into steel industry issues would comprise Muhammad Ashraf Khan, Member (IR-Operations), Federal Board of Revenue, Islamabad and Shafqat Mahmood, Chief Commissioner Inland Revenue, Regional Tax Office, Lahore.

Sources said that the committee would check payment of sales tax by steel sector under Sales Tax Special Procedure and normal tax payment procedure. The committee would further investigate as to how many units are operating under the Sales Tax Special Procedure and their actual contribution in the form of sales tax whereas, how many units are making sales tax payment under normal tax payment procedure.

The committee on smuggling, underinvoicing and refunds would comprise Nisar Muhammad, Member (Customs), Federal Board of Revenue, Islamabad and Junaid Akram, Collector, Model Collectorate of Customs (Preventive), Lahore. The FBR has asked the LCCI to co-ordinate with the representatives of FBR while fixing the meetings of the special committees. The FBR has further directed Chief Commissioner Inland Revenue, Regional Tax Office, Lahore and Collector, Model Collectorate of Customs (Preventive)

Lahore for having liaison with the LCCI in this regard. – *Courtesy Business Recorder*

### **Swiss accounts information: FBR may exercise powers under Article 25(1) of ADTT**

The Federal Board of Revenue is planning to exercise powers under Article 25(1) of the Avoidance of Double Taxation Treaty (ADTT) to get information of Pakistanis maintaining accounts in Switzerland, it is learnt on Tuesday. According to sources, it is high time for the FBR to obtain all information under Article 25(1) of the ADTT between Pakistan and Switzerland regarding Pakistanis maintaining accounts in the Switzerland.

The sources said that this has recently been done by many countries such as India, Philippine, Nigeria, Peru, Kazakhstan, Mexico, Mali, Argentina, USA, Germany, UK, etc. The sources said the board was presently considering establishing a special cell in Karachi to invoke the provision of Article 25(1) by seeking the information regarding the bank accounts maintained by Pakistanis in various banks of Switzerland.

They said that information obtained from Switzerland would not only be processed for levying taxes but would also help the department identify potential taxpayers. Replying to a question, they said the Swiss Parliament had passed a bill “Return of Illicit Assets Act, 2010” on October 10, 2012, which would enable the developing countries, including Pakistan to recover billions of dollars of black money shifted by unscrupulous individuals and companies to Switzerland. After this enactment, it will now be possible to retrieve the tax evaded money from Switzerland, which makes it obligatory upon Switzerland to provide information regarding Pakistanis who are maintaining accounts in Switzerland, the sources said. – *Courtesy Business Recorder*

### **Sack Kraft Paper: NTC approached for increase in duty, re-imposition of FED**

The local manufacturers have approached the National Tariff Commission (NTC) for increase in customs duty on finished Sack Kraft Paper from 15 to 25 percent and re-impose Federal Excise Duty on the said item to control deforestation and environmental pollution.

In a communication to the Tariq Bajwa Chairman Federal Board of Revenue (FBR) here on Tuesday, the manufacturers of Polypropylene Cement Sacks said that the manufacturers of High-Tech Polypropylene Laminated Block Bottom, valve Cement Sack, an environment friendly, degradable, reusable and recyclable alternate to Kraft Paper Sack have suffered for the past many years due to their disadvantageous position on account of customs duty anomaly between, Sack Kraft Paper, a finished product and Polypropylene granules, basic raw material. Despite having the low customs duty advantage that renders local units uncompetitive has now been coupled with massive under invoicing of Sack Kraft Paper.

A petition has been filed with the National Tariff Commission for the increase of customs duty on finished Sack Kraft Paper from current 15 percent that is applicable on semi-finished goods having over 15 percent value addition to 25 percent being the duty on finished goods having 5 percent value addition and re-imposition of excise duty to save deforestation and environmental hazards emitted from used Kraft Paper Cement Sack upon degradation and its use to make shopping bags to package food items at cost of health of our masses. In the light of above, the FBR has been requested to investigate the underinvoicing of Sack Kraft Paper and inadmissible grant of customs duty concession to sack paper assembly plants in the Gadoon Amazai Industrial Estate. –  
*Courtesy Business Recorder*

C.No.4(1)ST-L&P/2011-156406-R Islamabad, the 21<sup>st</sup> November, 2013

**SALES TAX GENERAL ORDER NO. 47/2013**

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

In exercise of the 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 13<sup>th</sup> September, 2007, namely:–

In the aforesaid General Order, in the table, following serial numbers, in column (1) and entries relating thereto in columns (2), (3) and (4) shall be **omitted**:

S #	S. No. in the STGO	Name of Registered Person	Sales Tax Registration #	Reason
1.	49	Excellent Woolen Weaving	0407630100137	Non Filer
2.	96	Lodhi Cotton Industries	0407230604519	Non Filer
3.	159	M/S Roomi Cotton Factory	0407520125719	Exemption of cotton lint
4.	175	M/S Lodhi Cotton Industries	0707230604519	Exemption of cotton lint
5.	189	M/S Roomi Cotton Factory No. 3	0407520191964	Exemption of cotton lint
6.	197	Millat Seed Corporation (PVT) LTD	0408520114082	Non Zero rating
7.	239	Manthar Ginners (PVT) LTD	0408520111764	Non Zero rating
8.	244	M/S Pak Cotton Waste	0407520206164	Exemption of cotton lint

C.No.4(4)ST-L&P/2011-156406 Islamabad, the 21<sup>st</sup> November, 2013

**SALES TAX GENERAL ORDER NO. 48/2013**

Subject: **Amendment in STGO 11/2007 dated 13-09-2007 – withdrawal of facility of zero-rating on supply of electricity.**

In exercise of the 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. 11 of 2007 dated 13<sup>th</sup> September, 2007, namely:–

In the aforesaid General Order, in the table, following serial numbers, in column (1) and entries relating thereto in columns (2), (3) and (4) shall be **omitted**:

S #	S. No. in the STGO	Name of Unit	Registration No.	Reason
1	30	AYESHA SPINNING INDUSTRIES	0904550100755	Non Filer

2	146	MIAN SILK FACTORY	0900521000146	Non Filer
3	235	AIMA TEXTILE IND	0900590000764	Non Filer
4	240	DATE CORPORATION	0904100600337	Non Filer
5	343	AMIN WEAVING FACTORY	2500520802082	Non Filer
6	475	WASAL SILK FACTORY	2500500701364	Non Filer
7	532	MUNAWAR SILK FACTORY	2500500403528	Non Filer

C.No.4(5)ST-L&P/2011-156406 Islamabad, the 21<sup>st</sup> November, 2013

**SALES TAX GENERAL ORDER NO. 49/2013**

Subject: **Amendment in STGO 08/2007 dated 13-09-2007 – withdrawal of facility of zero-rating on supply of electricity.**

In exercise of the 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. 08 of 2007 dated 13<sup>th</sup> September, 2007, namely:–

In the aforesaid General Order, in the table, following serial numbers, in column (1) and entries relating thereto in columns (2), (3) and (4) shall be **omitted**:

S #	S. No. in the STGO	Name of Unit	Registration No.	Reason
1	38	AL-KARAM TANNERIES (PVT) LTD.	0309411100228	Non Filer
2	96	AWAN DYEING (PVT) LTD	0305620073746	Non Filer
3	108	B.K. TEXTILE INDUSTRIES (PVT) LTD.	0302520500564	Non Filer
4	113	BALAJ TEXTILE MILLS (PVT) LTD	0304520201491	Non Filer
5	124	BISVIL SPINNERS LTD	0301570300137	Non Filer
6	197	ENDEAVOR (PRIVATE) LIMITED	0302620000591	Non Filer
7	214	FAZAL IBRAHIM SILK MILLS (PVT) LTD	0301511103573	Non Filer
8	257	HALEEM FABRICS (PVT) LTD.	0304610300146	Non Filer
9	294	INTERHOM WEAVING PRIVATE LIMITED	0309580200155	Non Filer
10	360	MADINA DYEING	0301511100273	Non Filer
11	368	MANZOOR TEXTILE MILLS LIMITED	0305550500191	Non Filer
12	428	NEWAGE PRIVATE LIMITED	0309602282464	Non Filer
13	457	PLATINUM SPINNING MILLS	0300999982519	Non Filer
14	517	SALAAM TEXTILE (PVT) LIMITED	0302520505773	Non Filer
15	530	SHADMAN COTTON MILLS LIMITED	0308520206655	Non Filer
16	633	YAQOOB INDUSTRY	0301411100128	Non Filer

17	689	FARAJ SPINING MILLS (PVT) LTD	0307590000264	Non Filer
18	692	AYESHI WEAVING MILL	0304520805319	Non Filer
19	700	REHMAN BROTHERS & CO.	0305420301082	Non Filer
20	705	SKD SUPER POLYESTER INDUSTRY	0301550300319	Non Filer
21	733	QUALITY INDUSTRIES (PVT) LTD	0302610302146	Non Filer

C.No.4(6)ST-L&P/2011-156406 Islamabad, the 21<sup>st</sup> November, 2013

**SALES TAX GENERAL ORDER NO. 50/2013**

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

In exercise of the 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. 09 of 2007 dated 13<sup>th</sup> September, 2007, namely:–

In the aforesaid General Order, in the table, following serial numbers, in column (1) and entries relating thereto in columns (2), (3) and (4) shall be **omitted**:

S #	S. No. in the STGO	Name of Unit	Registration No.	Reason
1	112	AWAIS TEXTILES CO.	0890999121428	Non Filer
2	464	PUNJAB SIZING INDUSTRIES	0804520807591	Non Filer
3	650	ZEESHAN WEAVING FACTORY	0801520889382	Non Filer
4	663	AN TEXTILE	0803520836555	Non Filer
5	676	HASEEB WEAVINGS	0801520810246	Non Filer
6	684	LIAQAT AMIN WEAVING FACTORY	0801520883755	Non Filer
7	700	PACIFIC TEXTILE INDUSTRIES	0802520808928	Non Filer
8	703	REHMAN INTERNATIONAL	0890999913446	Non Filer
9	728	FARAN TRADING CORPORATION	0880840001291	Non Filer
10	747	SHAH JAMAT WEAVING FACTORY	0801520896473	Non Filer
11	757	WAHAB TEXTILES PVT LTD	0304511104382	Non Filer
12	783	STRONGMAN MEDIFUR SYSTEMS PRIVATE Ltd	0701901801855	Non Filer
13	899	JAVOID IMRAN WEAVING FACTORY	0803520837055	Non Filer
14	903	KUNDAN TEXTILES	0800520808455	Non Filer
15	916	MUHAMMAD SALEEM WEAVING FACTORY	0802520807446	Non Filer
16	798	ARFAT WEAVIGN FACTORY	0801520885991	Non Filer
17	997	FAISAL BILAL WEAVING FACTORY	0400980000473	Non Filer
18	999	GHULAM ABBAS WEAVING FACTORY	0802520906937	Non Filer

19	1005	HASSAN SIZING INDUSTRIES (ON LEASE)	0801520835828	Non Filer
20	1057	REHMAN COTTON TEXTILES	0800520900428	Non Filer
21	1432	AMER MEHMOOD WEAVING FACTORY	2400520833028	Non Filer
22	1413	AL-AHMAD PROCESSING	2400520900428	RTO Recommendation
23	1594	MURAD ALI WEAVING FACTORY	2400520827182	Non Filer
24	1652	SHER MUHAMMAD POWER LOOM	2400761600455	Non Filer
25	1721	JILLANI FIBERS	2400520501291	Non Filer
26	1737	MUHAMMAD AWAIS LIAQAT WEAVIGN FACTORY	2400844608173	Non Filer
27	1760	ZAFAR IQBAL WEAVING FACTORY	2400520847891	Non Filer
28	1826	BADSHAH KHAN COTTON WASTE FACTORY	0803520203273	Non Filer
29	1847	GHULAM JILANI WEAVIGN FACTORY	2400520820564	Non Filer
30	1871	IFITKHAR AHMED WEAVING FACTORY	2400521017655	Non Filer
31	1873	IMTIAZ NAVEED WEAVING FACTORY	2400520849382	Non Filer
32	1895	LEASEE SARGODHA SIZING SERVICE	0801520846064	Non Filer
33	1900	MUHAMMAD ANWAR WEAVIGN FACTORY	2400844601891	Non Filer
34	1905	MUHAMMAD RAMZAN WEAVING FACTORY	2400520820982	Non Filer
35	1920	MUHAMMAD TARIQ WASEEM WEAVIGN FACTORY	2400520809937	Non Filer
36	1923	MOHAMMAD BILAL WEAVING FACTORY	2400844619555	Non Filer
37	1942	MOHAMMAD RAFIQUE WEAVING FACTORY	2400520851091	Non Filer
38	1955	MUSTAFA WEAVING	0801520893573	Non Filer
39	2004	SHALIMAR WEAVING FACTORY	2400520836746	Non Filer
40	2096	MUHAMMAD SALEEM RAZA WEAVING FACTORY	2400520854973	Non Filer
41	2208	MUHAMMAD TARIQ WEAVING FACTORY	2400844626237	Non Filer
42	2240	ABDUL NABI WEAVING FACTORY	2400520869746	Non Filer
43	2265	AZIZ WEAVING FACTORY	2400520866773	Non Filer
44	2267	AZAM SULMAN WEAVING	2400590027928	Non Filer
45	2275	GHULAM MURTAZA WEAVING FACTORY	2400520849619	Non Filer
46	2281	HANIF WEAVING FACTORY	2400520870228	Non Filer
47	2296	KHADIM AHMAD WEAVING FACTORY	2400590021564	Non Filer
48	2312	MUHAMMAD ADEEL WEAVING FACTORY	2400520867273	Non Filer
49	2331	MUHAMMAD IRFAN WEAVING FACTORY	2400520861728	Non Filer
50	2348	NASIR ZAHOOR WEAVING FACTORY	2400520870719	Non Filer
51	2352	NAZIR AHMED WEAVING FACTORY	2400520864382	Non Filer
52	2387	A.R COTTON WASTE FACTORY	2400520203128	Non Filer

53	2396	AYUB WEAVING	2400521016091	Non Filer
54	2411	GRACE FABRICS	2400277850419	Non Filer
55	2432	KHUSHI WEAVING FACTORY	2400187930413	Non Filer
56	2496	SULEMAN WEAVING FACTORY	2400844628882	Non Filer
57	2497	SULTAN WEAVING FACTORY	2400353705319	Non Filer
58	2529	ASAD ALI WEAVING UNIT	2400355293911	Non Filer
59	2536	BISMILLAH WEAVING FACTORY	2400164629013	Non Filer
60	2538	BOOTA WEAVING FACTORY	2400520837655	Non Filer
61	2559	KAMRAN AHMAD WEAVING FACTORY	2400360840216	Non Filer
62	2599	MUHAMMAD YOUNAS WEAVING FACTORY	2400353725115	Non Filer
63	2605	NEW KASHMIR SIZING INDUSTRIES	0803520839864	Non Filer
64	2633	SURRIAYA TUFAIL WEAVING FACTORY	2400520866364	Non Filer
65	2649	AL-HAMMAD ENTERPRISES	0803520205419	Non Filer

**C.No.4(7)ST-L&P/2011-156406-R** Islamabad, the 21<sup>st</sup> November, 2013

**SALES TAX GENERAL ORDER NO. 51/2013**

Subject: **Amendment in STGO 12/2007 dated 13-09-2007 – withdrawal of facility of zero-rating on supply of electricity.**

In exercise of the 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. 12 of 2007 dated 13<sup>th</sup> September, 2007, namely:–

In the aforesaid General Order, in the table, following serial numbers, in column (1) and entries relating thereto in columns (2), (3) and (4) shall be **omitted**:

S #	S. No. in the STGO	Name of Unit	Registration No.	Reason
1	4	AL-BASIT TEXTILE MILLS	0101520501255	Non Filer
2	29	METROPOLITAN TRADERS	1100520500937	Non Filer

**C.No.4(10)ST-L&P/2011-156406** Islamabad, the 21<sup>st</sup> November, 2013

**SALES TAX GENERAL ORDER NO. 52/2013**

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

In exercise of the 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. 12 of 2007 dated 13<sup>th</sup> September, 2007, namely:–

In the aforesaid General Order, in the table, following serial numbers, in column (1) and entries relating thereto in columns (2), (3) and (4) shall be **omitted**:

S #	S. No. in the STGO	Name of Unit	Registration No.	Reason
1	2	A.K. TEXTILE	0203520805255	Non Filer
2	11	A.A. WEAVING	1100520846446	Non Filer
3	13	A.G. INDUSTRIES (PVT) LTD	1100520847355	Non Filer
4	21	ABBAS DYEING	0205520800446	Non Filer
5	24	ABDULLAH INDUSTRIES	1100119028837	Non Filer
6	26	A.B.T. INTERNATIONAL	1200510600655	Non Filer
7	39	AHMED PROCESSING MILLS (PVT) LTD	1100511110346	Non Filer
8	42	AHMED TEXTILE.	1203999918491	Non Filer
9	88	AL-ERUM INDUSTRIES	0201511103664	Non Filer
10	105	ALMA LEATHERS	1200410500855	Non Filer
11	153	ASIF INDUSTRIES	1100520855591	Non Filer
12	157	ASIM INDUSTRIES (PVT) LTD	0201511100446	Non Filer
13	161	ASSOCIATED INDUSTRIES GARMENT PAK. (PVT)	0202511108291	Non Filer
14	163	ASSOCIATED WEAVERS	0203520818791	Non Filer
15	167	A.Y INDUSTRIES	0201511102346	Non Filer
16	216	COMMODITIES & TEXTILE (PVT) LTD	1201620000391	Non Filer
17	250	DOSTSONS COTTON MILLS (PVT) LTD	1200520502664	Non Filer
18	262	EVERGREEN INDUSTRIES	1100610307573	Non Filer
19	283	FATANI IMPEX (PVT) LTD	1200620008864	Non Filer
20	300	G.B. SPORTSWEAR (PVT) LTD	1200620001391	Non Filer
21	362	HASSAAN DYEING PROCESS	1100320008273	Non Filer
22	367	HAY'S (PRIVATE) LIMITED	1100119013628	Non Filer
23	384	I.I. KNITTING (PVT) LTD	1100510902128	Non Filer
24	429	JAMIA SPINNING & WEAVING MILLS (PVT) LTD	1200520500846	Non Filer
25	532	MEHRAN DYEING (PVT) LTD	0208511100882	Non Filer
26	533	MEHRAN GARMENTS	1200600102428	Non Filer
27	562	MUBEEN CORPORATION	1200520551973	Non Filer
28	580	MUSTAFA INDUSTRIES	1200580201073	Non Filer
29	582	MUZAMMIL TOWEL	1201580201119	Non Filer
30	584	N.B.Z. (PVT) LTD	1200420305819	Non Filer
31	585	N.N. DYEING	1100511129173	Non Filer
32	598	NATIONAL SILK INDUSTRY	1100520853519	Non Filer
33	712	RUKHSANA RAFIQ	1200844601182	Non Filer

**ST. 470***Statutes*

34	756	SATTARI GARMENT INDUSTRIES (PVT) LTD	1200620027428	Non Filer
35	764	SHAFI TEXTILE PRINTER	0206511101146	Non Filer
36	802	SOPHIA TEXTILE (PVT) LTD	1100610384091	Non Filer
37	819	SWIFT INTERNATIONAL (PVT) LTD	1200420305991	Non Filer
38	833	TANOCRAFT LIMITED	1200420201037	Non Filer
39	841	TEXMACO INDUSTRIES	1100520815091	Non Filer
40	851	TIME TEXTILE INDUSTRIES	1100551100119	Non Filer
41	852	TOP ONE DYING	02025111101182	Non Filer
42	854	TRADE EXCHANGE SERVICES	1100119002146	Non Filer
43	897	X-PERTEX OLD (EXPER TEX)	0202590700173	Non Filer
44	908	ZAP TEXTILES	1200511102746	Non Filer
45	920	HANIF TEXTILE INDUSTRIES	1100520866491	Non Filer
46	956	PREMIER SHOES CO	1100640004973	Non Filer
47	964	S.R. CORPORATION	1100520400755	Non Filer
48	986	EHSAN TOWEL	1100580219137	Non Filer
49	1034	A REHMAN WEAVING FACTORUY	1750520901491	Non Filer
50	1049	SARAH KAMAL	1200620058855	Non Filer
51	1 116	Z & Z TEXTILE	1750521001046	Non Filer
52	1280	NIMREE INDUSTRIES	1700520801828	Non Filer
53	74	Al Yusuff Industry	1100610392255	Misuse
54	215	Commercial Textile	0202511102582	Misuse
55	284	Fazal Omer Industries (PVT)	0201511101437	Misuse
56	157	Asim Industries	0201511100446	Non Active
57	308	Gani Spinning Mills	1200520548364	Not Existent
58	372	Hilal Textile Mills	0205511103055	Non Active
59	483	Lodhi Textle	1100580213191	Misuse
60	491	M. I. Industries	1100511114146	Misuse
61	626	Novelty Industries	1100610385082	Misuse
62	703	Rehmat Textile Enterprises	1100520855673	Misuse
63	729	Sadaf Textiles	1100511113073	Misuse
64	784	Shehzeb Fabrics	1100520856746	Misuse
65	1036	Data Sahib Bleaching Factory	1100580221682	Misuse

**C.No.2(1)L&P/07/157909-R**Islamabad, the 21<sup>st</sup> November, 2013

To: The Chief Collector (North), Custom House, Islamabad.  
The Chief Collector (Central), Custom House, Lahore.  
The Chief Collectors (Appraisalment/Enforcement), Karachi.  
The Collector, MCC, Port Qasim/(Appraisalment-East-West)/  
Preventive/Exports Port Qasim), Karachi.  
The Collector, MCC, Gilgit-Baltistan/Peshawar/Islamabad/  
Sambrial/Multan/(Appraisalment/Preventive) Lahore/Faisalabad/

2013

*Tax Review International*

Hyderabad/Gwadar/Quetta.  
The Collector of Customs (Adjudication), Islamabad/Lahore/  
Faisalabad/Karachi I-II/Quetta.  
The Director Reforms & Automation (Customs), Karachi.

Subject: **Custom Houses to remain open on Saturdays.**

I am directed to refer to the subject cited above and to inform that all the Model Customs collectorates shall remain open and observe normal working hours on Saturdays till further orders, in order to facilitate the trade and industry in getting their cargo cleared for imports/exports and payment of duty and taxes.

2. The Chief Collectors may kindly coordinate with management of the State Bank of Pakistan and National Bank of Pakistan to provide banking facility by all of its designated branches **on Saturdays to ensure collection of duty/taxes.** The port authorities/port operators may also please be advised to synchronize their working accordingly.

**(Abdul Haye Sheikh)**  
Secretary (L&P)

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**No.PRA/Orders.06/2012/02, Lahore, the 22<sup>nd</sup> November, 2013.**—  
In partial modification of PRA's Notification of even number dated 01-11-2013, the place of posting of Mr. Munir Ahmad at serial No. 4 may be read as Deputy Commissioner (Enforcement-2) instead of Deputy Commissioner (Enforcement-1) and Mr. Zaka Ullah at serial No. 5 may read as Deputy Commissioner (Enforcement-1) instead of Deputy Commissioner (Enforcement-2).

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**No.PRA/Caterers.21/2012, Lahore, the 25<sup>th</sup> November, 2013.**—  
In exercise of the powers conferred under section 12 of the Punjab Sales Tax on Services Act, 2012 (XLII of 2012), Punjab Revenue Authority, with the approval of the Government, is pleased to exempt taxable services provided by the standalone caterers to the extent of eleven percent from the rate of tax subject to the following conditions:

- (a) the services provided by the standalone caterers (hereinafter '**the caterer**') shall be taxed, paid and collected at the rate of five percent;
- (b) the arrears of sales from the month of July 2012 onwards shall be paid within one month of the issuance of this notification: provided where the sales tax has been collected at the standing rate, the arrears shall be paid on the basis of such rate;

- (c) the caterer shall be liable to pay tax at the standard rate on the past and future services rendered by him in case of non-compliance of the condition narrated in para (b) above;
- (d) the whole range of services provided by the caterer shall be taken into account for purposes of assessment and payment of tax under this notification;
- (e) a caterer, in no case, shall pay less than rupees ten thousand for any tax period provided where, based upon the actual turnover, the tax due is on higher side, the amount of such higher tax shall be paid for the relevant tax period;
- (f) no refund of tax shall be admissible or paid under this notification for any reason or under any circumstances;
- (g) the standalone caterers who have been paying sales tax in the past at the standard rate may start paying tax at reduced rate on future services rendered by them;
- (h) the caterer, who avails himself of the exemption under this notification, shall furnish a certificate from the trade or business association (principal office bearer) of which the caterer is a member to the Punjab Revenue Authority to the effect that the association is fully satisfied with the accuracy and propriety of his monthly tax assessments and payments during the previous financial year and on furnishing of such certificate, the caterer shall be entitled to claim immunity from the departmental audit;
- (i) the benefit of this exemption shall not be available to a person who has committed tax fraud detected by the Punjab Revenue Authority on the basis of any specific information or otherwise;
- (j) this notification shall not bar any caterer to pay tax under the standard tax regime and such caterer may opt not to avail himself of the exemption under this notification: provided that option availed to pay tax under this notification shall not be changed during the currency of the relevant financial year; and
- (k) for purposes of this notification, "standalone caterer" means a non-corporate and non-franchise caterer who is exclusively providing catering including ancillary services without clubbing, associating or joining the catering activity with any other business activity involving transactions liable to tax at the rate other than the aforesaid reduced rate.