Registration CPL No. 108 December 29, 2013 – January 04, 2014

TAXATION

(Weekly Tax Journal)

Editor-in-Chief
Dr. Ikram ul Haq
Editor
Huzaima Bukhari

Articles

Raising Rs. 6 trillion!

Exorbitant taxes on POL products

This special email service from Monday to Friday, part of subscription package, is aimed at keeping you informed about tax and fiscal matters. It contains news, legislative changes, case-law, in-depth articles and analyses covering all areas of taxes at domestic and international level. On every Saturday evening, we email weekly compilation of the entire material. Every month, ***Taxation*** in printed form, is sent through post and digital version of ***Tax Review International*** is made available for download at www.huzaimaikram.com

For subscription, please visit our website or contact offices mentioned below.

This service is available *only* for paid subscribers. If you are a subscriber of *Law and Practice of Income Tax* (LPIT), *Law and Practice of Sales Tax* (LPST), *Taxation* or *Tax Review International* but not receiving this service, please send your email address at sales@aacp.com.pk quoting subscription number.

[ITAT cases reported by permission of Federal Government vide No. F.125-ATP/HQ (Ad)/2006/109]

Published by Huzaima Bukhari, printed at Mairaj Din Printers, Fish Market, Circular Road, Lahore

Statutes

Sales Tax General Order No. 57 of 2013, dated December 27, 2013.

S.R.O. 1072(I)/2013, dated December 27, 2013.

S.R.O. 1073(I)/2013, dated December 27, 2013.

Sindh Revenue Board Circular No. 10 of 2013, dated December 30, 2013.

Sales Tax General Order No. 01 of 2013, dated January 03, 2014.

No. PRA/Orders/06/2012, dated January 03, 2014.

Tax news

Dar reviews half-yearly performance

FBR collection showed growth of 17pc in July-Dec 2013

Phasing out exemptions, tax concessions: Prime Minister to be briefed about plan today

Powers of SRO issuance: FTO rejects FBR's re-review plea

National Party to enforce agriculture tax in Balochistan: merger with Awami Party announced

Agriculture tax harmonisation: MoF may take issue to CCI

DHA Islamabad: FBR digs out non-NTN holder investors

Privatisation of state units: Drain on resources – the same old reason

PM asks FBR to facilitate taxpayers through efficient reforms

Assigned export quota: FED on sugar reduced to 0.5 percent

ADRC recommendations rejected: PSF manufacturer disallowed input claim

FBR faces Rs85b shortfall in 6 months

PM for reducing income tax, duties ratio

Tax date extension demanded

FBR mulls 'acquisition' of under-reported properties

FED on sugar reduced

Officials complicit by inaction: former Ogra chief

PIA chairman, managing director issued notices

Double whammy for the poor

FBR needs major transformation

There're 3.6 million new potential taxpayers, insists Nadra

FBR decides to amend customs baggage rules

MCC Gwadar makes record collection during July-December period

Import of 340 additional items from Saarc states: tariff concessions announced

After lapse of six months of current fiscal: three major budgetary measures still in litigation

PTA seeks tax refund claims

Rejoinder to FBR clarification before PAC on tax cheaters

FBR gives MPs clean chit on tax issue

CCD starts finalising prerequisites to receive RF from FCPF

Impact of tax policy measures, exemptions to be highlighted: Economic Survey 2013-14

ST collection shows 22.8 percent growth during July-December

Committee notified: government acts to deal with concessionary SROs

52 Karachi units: ST zero-rating on gas ends: FBR

International travelling: NTN may be made mandatory for carrying forex

New customs value of betel nut fixed

Clarification

M/s Agility case: Counter memorial can be filed till February 28: ICSID

Prime Minister's amnesty scheme: efforts on to increase revenue, broaden tax base: FBR

Kind regards,

Huzaima Bukhari
Editor

Online Update is a special e-mail service that is part of your online subscription
AA Consultants & Publishers
Suite # 14, 2nd Floor, Sadiq Plaza, Regal Chowk, Mall Road,
Lahore, Pakistan
Phone. 042-36365582 & 042-36280015 Fax 042-35310721
Email: sales@aacp.com.pk website: http://aacp.com.pk

Raising Rs. 6 trillion!

by
Huzaima Bukhari & Dr. Ikramul Haq

The governments—federal and provincial—are all lax in taxing the rich and mighty. On the contrary they extend them extraordinary tax-free perks and perquisites while the sufferers are the poor masses as day by day they are transforming into the wretched of this earth whereas wealth is getting concentrated in a few hands who hold the reins of this country. The dilemma of Pakistan is cronyism, greed and corruption on the part of the ruling elites. They are parasites and not growth catalysts or innovators. By improving compliance and broadening tax base, it is not at all difficult to raise funds of over Rs. 6 trillion but the rulers are engrossed in giving generous tax concessions and immunities to evaders and plunderers of national wealth.

The federal government, as usual is keen to borrow more from local and foreign sources—knowing well that already debt-to-GDP ratio has crossed the danger mark. It is shocking to note that both the Ministry of Finance and Federal Board of Revenue (FBR) have yet not received any instructions from political masters to prepare plans to levy taxes on importation of luxury items, impose surcharge on wealthy classes and introduce excess profit tax on sectors that have earned extraordinary profits e.g. sugar, cement, flour mills, telecom and the banking sector. Financial managers, instead of doing any work on new emergent tax measures are begging for more funds from IMF and other donors.

The federal government was and is not at all ready to impose excess profit tax on cartels that earned billions by manipulating prices—they were fined by Competition Commission with evidence that was irrefutable. If this is done, the government can easily raise additional funds of Rs. 400 billion. The provincial governments, like the federal government, are not willing to levy progressive taxes e.g. agricultural income tax on rich absentee landlords—this alone can generate revenue of over Rs. 200 billion. Provincial governments have been wasting funds received as share from divisible pool, but have shown no inclination to generate funds themselves by introducing progressive taxes (like capital gain tax on transfer of immovable property, gift tax, inheritance tax etc) on the rich people and on unproductive transactions. The following three measures alone can generate extra revenue of Rs.500 billion at federal level—out of which provinces will receive 56% as per 7th NFC Award:

- **Excess profit tax:** on cement, sugar, flour mills, and banking and telecom sectors would generate extra tax of Rs. 300-350 billion. All persons having income exceeding Rs. 2 million should also be asked to pay 10% extra surcharge for helping the poor, it will generate Rs. 100-130 billion. This amount should be deducted from taxable income to avoid double taxation.

- **One-time de-logging litigation scheme:** Taxpayers be asked to pay 25% tax arrears between January 2014 to 30 June 2014 with pending cases before appellate authorities and courts deemed to be settled. In 1998, India through a similar scheme [*Kar Vivad Samadhan*] generated revenue of Rs. 900 billion, while disposing huge backlog of cases in the country. Such a scheme with time limitation up to 30 June 2014 would not only generate immense revenue (not less than Rs. 100 billion if properly drafted and publicized) but would also help drastically in reducing workload of Tribunals and High Courts.
- **Withholding tax of foreign remittances exceeding Rs. 100,000:** Section 111(4) of Income Tax Ordinance, 2001 protects tax evaders and criminals. It says that on foreign remittances no tax would be levied and no question would be asked about their source. This has destroyed the entire social fabric of the society. Genuine taxpayers are discouraged. This section should be amended and on a single remittance exceeding Rs. 100,000 (poor labourers working abroad send meagre amounts) tax deduction of 15% should be imposed. This way huge revenue of at least Rs. 400 billion can be generated.

The above three measures alone can generate extra funds of Rs. one trillion that the federal government requires to keep the fiscal deficit in safe limit. These measures will not burden the common people as incidence of tax would fall on the rich. Any enhancement in indirect levy becomes beneficial for those not on the rolls of FBR—they collect it from people but do not deposit the same in the government treasury. The federal government should stop looking for more borrowed money and take immediate steps for resource mobilisation to overcome fiscal deficit—the mother of all ills.

The provincial governments can also raise substantial revenues by levying taxes on the rich absentee landlords—many of them are guilty of removing and breaching dykes to save their lands while diverting flood waters towards poor inhabitants living in villages and towns. They should also impose transactional taxes on speculative dealings in real estate—look at the quantum of transfer fee earned by DHA alone—and expenditure tax on luxury consumption (people are paying millions to five star hotels for social events). They can generate adequate funds if these tax measures are introduced. The real tax potential of Pakistan—a cursory look at undeclared income/wealth would prove it—is not less than Rs. 8 trillion. If we manage to collect tax revenue of even Rs. 6 trillion, our reliance on domestic and foreign loans can decrease significantly.

Exorbitant taxes on POL products

by
Huzaima Bukhari & Dr. Ikramul Haq

It is sad that the government through higher taxes on petroleum products is reducing fiscal deficit, without realizing that price hikes in these items affect economy in general and poor masses in particular and retard growth in all sectors. Our tax system favours the wealthy and collects exorbitant indirect taxes from the poor. The government, instead of collecting income tax from the rich, imposes heavy taxes on petroleum products—extending extraordinary benefits to a few powerful oil companies. By plugging loopholes that prevent wealthy companies and individuals from paying a fair share of taxes, the government can generate enough revenues to build public transport system that would save billions that are mercilessly spent on import of crude oil.

Our oil demand is to rise by 7 percent by the end of June 30, 2014-it would touch 21 million tons against 19.5 million tons due to closure of Compressed Natural Gas (CNG) stations and rising circular debt. Over the last eight years, POL products demand rose by an average 4-5 percent per year. According to data released by the Oil Companies Advisory Committee (OCAC), Pakistan consumed 8.9 million tons of oil products over July-November, up by 10 percent from 8.1 million ton in the same period of 2012. If the CNG outlets remain closed for the next four months, we would be forced to import additional petrol worth $2 billion. The production of two-wheelers alone rose to 1.6 million units in 2012-13, from around 250,000 units in 2003-04—motorcycle account for about 55 percent of the country's total petrol consumption.

Rising need of petroleum and its heavy taxation leaves the common man stripped of his earnings, and renders the lives of the poor more miserable than before, but despite all these, brings in super duper profits to the petroleum companies and revenues in trillions for the government (per *Rana Bhagwandas Commission Report on Petroleum Prices* submitted to Supreme Court of Pakistan in 2009).

It is an incontrovertible fact that the main beneficiaries of price rises are a few oil companies and the Federal Board of Revenue (FBR). FBR, in its *Year Book 2012-13*, has admitted that 'sales tax is major revenue generating source of federal tax receipts. It constitutes around 44% of the total net revenue collection during the FY 2012-13. The gross and net sales tax collection during the year has been Rs 871 billion and Rs 841.3 billion, respectively, showing a growth of 2.5% and 4.5% respectively over the collection of previous fiscal year. Of net collection, more than half of total sales tax is contributed by sales tax on imports while the rest originates from domestic sales".

The same is the story of "17% growth" in revenue collection of FBR during the first six months of FY 2013-14, about which Premier Nawaz

Sharif and his economic wizard Ishaq Dar are proud of. They are least concerned if high petroleum prices push millions of Pakistanis below the poverty line, destroy the economy and create unrest in the society. The share of government taxes and levies in petroleum prices is more than half from the stage of importation to final ex-refinery supply point—reference report submitted to Supreme Court by *Rana Bhagwandas Commission* dated 10 July 2009 revealing that from 2002 to 2009, the government made Rs. 10.23 trillion in taxes on petroleum products.

It is shameful that during 64 years we have failed to provide mass transit facility for at least 2 large cities—Karachi and Lahore—and bus service for every city and town despite burdening the citizens with all kinds of taxes. On the contrary, consumer loans were vastly disbursed under Musharraf-Shaukat era inducing massive purchase of personal vehicles resulting in enormous profits both for the petroleum companies and car manufacturers. Public transport has been the least priority of all regimes because of which the real sufferer is the common man who cannot afford personal transport. More and more cars on the roads cause pollution, traffic mayhem and are the main source of increase in our oil import bill. In fiscal year 2012-13, Pakistan imported oil worth $14.914 billion—$9.525 billion on petroleum products and $5.392 billion on import of petroleum crude. Petroleum import constituted more than one-third of the country's total imports of $44.95 billion during the period under review. In order to cut import bill, we need decent public transport system that can solve all the prevalent problems. The challenge before us is to build good public transport system and a clean energy economy.

If government collects just Rs. 200 billion extra from the ultra super rich, it can reduce prices of petrol and diesel by Rs. 25-30 resulting in major relief for the masses, bringing down prices of the essential commodities along with substantial reduction in the cost of electricity.

Dar reviews half-yearly performance

As first half of this fiscal year completes on Tuesday, Finance Minister Ishaq Dar reviewed the state of economy for the second day on Saturday.

The meeting reviewed the fiscal position and the progress made in achieving the targets projected in the budget 2013-14.

Dar on Friday had reviewed the performance of the Federal Board of Revenue (FBR) to discuss ways and means to achieve the revenue targets. The meeting also discussed plan for withdrawal of SROs issued for concessions in income tax, customs and sales tax.

At today's meeting, Mr Ishaq Dar expressed satisfaction over the progress made so far and urged officials of the finance ministry as well as federal board of revenue to redouble their efforts to achieve the targets.

The meeting also discussed economic indicators including inflation, growth, and reforms carried out by the government.

The IMF at its first review of Pakistan's economic performance under a three-year programme on December 19, 2013 has called for a more ambitious approach to improve tax administration and eliminate tax loopholes.

IMF advised Pakistan that the low level of international reserves needs to be built. State Bank should use the policy tools at its disposal to boost reserves through policy rate adjustment, reserves purchases, and greater exchange rate flexibility.

The SBP will also need to address inflation once reserves begin to recover, for which greater independence of SBP was essential, the fund stated.

Secretary Finance Waqar Masood, Advisor Finance Rana Asad Amin, Chairman Federal Board of Revenue, Asif Bajwa and Chairman of Securities and Exchange Commission of Pakistan (SECP) Tahir Mahmood and officials of Pakistan Bureau of Statistics attended the meeting. – *Courtesy Dawn*

FBR collection showed growth of 17pc in July-Dec 2013

The Federal Board of Revenue (FBR) has collected Rs 937.45 billion during first quarter of current fiscal year reflecting a growth of 17 percent over the corresponding period of last year.

According to the figures compiled by the FBR it showed that Rs 794.483 billion were collected in the corresponding period of 2012-13. Figures showed that domestic taxes were recorded at Rs 835.9 billion from July-Dec 2013 as against of Rs 694.99 billion in the same period of last fiscal year. This shows an increased of 20.3 percent over the last year.

The collections under the head of Custom duty were Rs 101.46 billion during July-December current fiscal year as against Rs 99.85 billion, showing an improvement of 11 percent. The collection of Federal Excise Duty (FED) was Rs 54.713 billion during the period under review against Rs 50.691 billion in the last fiscal, reflecting an improvement of 7 percent.

Statistical data further revealed that the monthly collection in first 27 days of Dec 2013 was Rs 137.57 billion against Rs 108.99 billion in the same period of last fiscal year, depicting growth of 26.2 percent. During the period under review, direct tax collections were Rs 43.97 billion against Rs 31.89 billion, with an increase of 37.9 percent. Sales tax collection was Rs 71.35 billion as against Rs 56.73 billion, reflecting improvement of 25.8 percent.

According to the statistics, the collection of the Federal excise duty (FED) was Rs 8.37 billion against Rs 7.66 billion, depicting a growth of 9.3 percent. The customs duty collection was Rs 13.871 billion against Rs 12.701 billion, showing an improvement of 9.2 percent. – *International News Network*

Phasing out exemptions, tax concessions: Prime Minister to be briefed about plan today

A senior team of taxmen will brief Prime Minister Nawaz Sharif here on Monday (today) about the three-year plan to phase out exemptions and tax concessions of income tax, sales tax, customs and federal excise duty (FED) granted under a slew of Statutory Regulatory Orders (SROs).

Sources told Business eam of senior tax officials headed by FBR Chairman Tariq Bajwa would give a detailed briefing to Nawaz Sharif at the PM’s House on Monday (today). In this regard, the Ministry of Finance has already analysed the FBR’s plan on the withdrawal of various SROs. The items have been categorised for the withdrawal of exemptions under the phase-wise plan for sales tax, income tax and customs duty and the first phase will be implemented from April 1, 2014.

The committee on concessionary regime under SROs headed by FBR Chairman has already submitted its report to the Ministry of Finance.

The committee on concessionary regime reviewed the SROs, Sixth Schedule of the Sales Tax Act 1990 and Second Schedule of the Income Tax Ordinance 2001 to identify exemptions to be withdrawn in future. The withdrawal of exemptions under the SROs and amendments through Sales Tax Act 1990 and Income Tax Ordinance 2001 would be simultaneously done in a systematic manner, sources added.

Under the three-year plan to phase out exemptions, some exemptions would be taken away in next federal budget (2014-15). The remaining exemptions would be taken away in subsequent two fiscal years. However, the plan would be finalised by December 31, 2013 to withdraw unnecessary sales tax concessions and exemptions.

Sources said the committee has also identified all such SROs that are creating distortions in taxation regime. The committee also reviewed all such SROs for possible withdrawal along with the impact of each of the notification on relevant taxes. The committee finalised the SROs causing revenue loss to the national exchequer and distorting the entire taxation regime.

Sources said the sensitivity of the issue to withdraw exemptions can be gauged from the fact that the matter would be taken up at the highest level of Prime Minister for approval. – *Courtesy Business Recorder*

Powers of SRO issuance: FTO rejects FBR's re-review plea

Review application filed by the FBR has been rejected by the Federal Tax Ombudsman (FTO) wherein it was prayed that the FTO was not justified in questioning the exercise of powers given by the statute and holding the FBR responsible for the issuance of the SRO 1003(I)/2011.

Sources told here on Sunday that the FBR's Re-Review petition against the order passed by the FTO in Review 12/2012 titled as Secretary Revenue Division, Islamabad Versus Waheed Shahzad Butt, Advocate High Court, Lahore has been rejected with the remarks that there is no provision for the second review in the FTO Ordinance, 2000, therefore, the same has been rejected. The FBR had earlier filed the first review before the former FTO Dr

Suddle which was rejected whereas now the second review has been filed by the FBR before the present FTO Abdur Rauf Chaudhry. The second review has also been rejected by the FTO office, they added.

Sources added that earlier complainant Waheed Butt, through C No 577/2011, approached the FTO and alleged that the act of issuance of Circular 06 of 2009 constituted 'maladministration' on the part of some functionaries of the FBR. The said circular was issued wrongly and with improper motives that resulted into loss of billions to the exchequer. In RA 12/2012 former FTO Dr Shoaib Suddle had ruled that the FBR act of issuing Circular 06 of 2009 and then inserting Clause 79 in the Second Schedule of the Income Tax Ordinance 2001 through SRO 1003(I)/2011 without approval of the Parliament speaks of improper motive, as also inefficiency, incompetence and ineptitude.

The FTO recommendation to take action against tax officials responsible for amending the taxation regime without prior approval of the Parliament, which caused a huge revenue loss to the national exchequer, remained unimplemented by the FBR even after the rejection of main review petition and re-review application filed by the former Member Appellate Tribunal Inland Revenue. In particular, the FTO had instructed the FBR to take immediate measures either to delete the Clause 79 from the Second Schedule of the Ordinance or to get it approved retrospectively by the Parliament. The FTO observed that FBR acted beyond its jurisdiction in exempting corporate sector service providers from minimum tax: sources added.

The FBR's act of inserting the said Clause in the Second Schedule without the Parliament's approval raises questions about its motives as well as its efficiency. Also as no amendment to Section 153 was approved by Parliament the insertion of Clause 79 in the Second Schedule changing the taxation regime was clearly an act without jurisdiction. Earlier in 2011 while deciding a complaint filed by Waheed Shahzad Butt, former FTO Dr Muhammad Shoaib Suddle directed the FBR to initiate appropriate action against officials who approved/issued Circular No 06 of 2009 dated 18.08.2009. The FBR subsequently filed a review petition titled "Secretary Revenue Division Versus Waheed Shahzad Butt" wherein the FTO again ruled that the sequence of Circulars and SROs leading to insertion of Clause 79 was wilful and mala fide. He also declared that the FBR has no authority to issue

SROs/Circulars which contradict the statutory provisions of tax laws.

Notifications for corporate income tax returns for Tax Year 2010 and Tax Year 2011 were in line with Circular No 3 that correctly explained the minimum tax levy and were against Circular No 6 and its distorted view of minimum tax. Statute was required to be read as a whole and not piecemeal. Rationale for levy of alternate minimum tax was clear. So many inflated expenses are booked by taxpayers when filing returns that the tax base is drastically eroded and tax yield plummets to an intolerably low level. The only way out of this predicament is to resort to measures like enactment of alternate minimum tax. After withdrawal of Circular No 6 of 2009, further Clarifications/SROs were issued by the FBR on 26.04.2011, 28.04.2011, 17.06.2011, 01.07.2011 and tax returns for corporate sectors for tax years 2010 and 2011: FTO order stated. – *Courtesy Business Recorder*

National Party to enforce agriculture tax in Balochistan: merger with Awami Party announced

The ruling National Party in Balochistan Saturday announced that the party will introduce land reforms by taxing agriculture sector as well as abolishing the decades old “Sardari” system in the province. Speaking at a news conference on the occasion of merger between Awami Party Pakistan and National Party, Senator Mir Hasil Khan Bizenjo said his party’s led coalition government would introduce land reforms and enforce agriculture tax in Balochistan.

He said poverty is a major problem of the country and the ruling class particularly the dictatorial regimes have played a key role in pushing more people towards poverty, unemployment and lawlessness. He said the provincial government led by Chief Minister Dr Abdul Malik will introduce reforms in the province, especially in the agriculture sector.

Bizenjo, who is senior vice president of the NP, regretted that the previous successive governments failed to bring land reforms, adding that had the reforms carried out in the past, the country would not have faced such problems today. He also announced that the provincial government would also bring an end to the feudal system and “Sardari Nizam” in Balochistan to put the province and its people on the right track to prosperity and peace.

He said people are facing various challenges such as the menace of terrorism, poverty and other problems due to the incapability of the rulers. “We don’t claim to bring any tsunami in the province but efforts are being made to work for peace and prosperity in the province,” he said. However, he maintained that the situation would remain the same until the concept of state was transformed from a ‘security into a welfare state’, adding that the country will not be in need of such a huge military when peace prevails in a welfare state.

Referring to lawlessness in the province, he said his party’s led coalition government in Balochistan will take serious measures to end the extra-judicial killing, forced disappearances and kidnapping for ransom, a serious issue against which the provincial government has announced to stage sit-in outside Parliament House on January 12, 2014. He said the matter was of a serious nature, which requires strict measures to bring an end to the extra-judicial killings and abduction of Baloch people in the province. He held the subsequent military regimes responsible for creating troubles in Balochistan and pushing the Baloch people into extreme backwardness.

To a question, he said the provincial government is making efforts to reach out to separatists Baloch leaders, including Brahamdagh Bugti and others to bring them into the mainstream politics. However, he said the government cannot achieve the objective, if the other party refuses to hold talks.

The nationalist leader also backed trial of the military dictators, particularly Pervez Musharraf for subjugation of Constitution with an objective that no military dictator repeats the bitter history. “Military dictators like Zia-ul-Haq and Pervez Musharraf are responsible for the present problems of the country and its people...they must be given exemplary punishments,” he added.

Responding to another question, he said some parties in the country are fuelling terrorism and sectarianism, which has put the nation into a difficult situation. He also backed creation of more provinces in the country. Earlier, Bizenjo said the Awami Party Pakistan merged into National Party after agreeing on a 10-point agenda including land reforms in the province. Under the agreement, he said efforts would be made to achieve the objective of a welfare state. He said negotiations for the merger have been going on for the last one year. He also invited people having liberal thinking to join National Party. – *Courtesy Business Recorder*

Agriculture tax harmonisation: MoF may take issue to CCI

The finance ministry is likely to take the issue of harmonisation of agriculture income tax in the provinces to the Council of Common Interests (CCI), it is learnt. Sources said Balochistan was requested to submit proposals/non-papers regarding harmonisation of agriculture tax policy in provinces, as non-papers from the other provinces have already been received. On receipt of non-paper from the government of Balochistan, all four non-papers would be shared with the Federal Board of Revenue.

When contacted, a senior official explained non-papers as informal written viewpoint of provinces on the subject matter. The non-papers together with feedback of the FBR would be discussed by provincial finance secretaries for updating the recommendations before finalisation of the proposal for CCI.

They said under the Article 9(2) of the Presidential Order No 5/2010 (7th NFC), provinces are required to initiate steps to effectively tax the agricultural sector. They said provinces were required to submit a non-paper on the subject as was decided in the sub-committee meeting constituted by the then federal finance minister and it was agreed in the meeting of the provincial finance secretaries held on the subject on 13.11.2012.

It was agreed that all the provincial finance secretaries would provide a non-paper to the Finance Division. The Finance Division has received non-papers from all the provincial governments except Balochistan. The additional finance secretary, Balochistan assured the last meeting of provincial finance secretaries that non-paper of his province was ready and would be forwarded to the Finance Division.

It was however, observed by all the provincial finance secretaries that certain clarifications were required by FBR in this regard. Therefore, all the non-papers will be consulted with the FBR for updating, if required. The finance ministry has reportedly asked the provincial governments to take steps for increasing tax revenue through continued efforts in the next fiscal year. The provinces were asked to provide a report to the Finance Division on measures taken to enhance the tax and non-tax revenues, broaden revenue base and to improve fiscal performance for inclusion in the next NFC report. – *Courtesy Business Recorder*

DHA Islamabad: FBR digs out non-NTN holder investors

The Directorate General of Intelligence and Investigation Inland Revenue, Federal Board of Revenue, has identified all investors, including both buyers and sellers, who have invested in DHA Islamabad, but doing business without obtaining any tax identifier - National Tax Number (NTN). Sources told here on Saturday that the directorate has completed a detailed exercise for taxing investment in the real estate sector-DHA Islamabad.

The agency has provided the details of all such un-documented buyers and sellers to the Commissioner Broadening the Tax-Base FBR House Islamabad for documentation of buyers and sellers in the real estate sector. The department would ensure that the investors must file their wealth statements disclosing details of their investment for documentation. According to the details, the Directorate General I&I-IR has initiated various projects aimed at digging out large scale tax evasion and non-compliance in the different sectors of the economy. One such project is the collection of information about investments in the real estate sector especially in prominent and expensive housing/commercial schemes.

As part of this exercise, information was collected about the investors (both sellers and purchasers) in the DHA Islamabad. The acquired information was cross-matched with the FBR data and cases of the investors not on the tax roll were filtered. List of such investors is available in the soft format for appropriate action by the Commissioner BTB FBR. Following aspects may be given due consideration to ensure proper incidence of tax in these cases: Firstly, the cases should be immediately brought on tax roll by initiating proceedings' under the relevant provisions of law.

Sources said that the sale/purchase value of the plots mentioned in the acquired information seems to be on the lower side and efforts are needed to ascertain the actual sales/purchase value. Enforcing wealth statements and obtaining bank statements could prove beneficial for achieving this end. This could also lay bare other investments/incomes of the investors in the DHA. The information contains particulars of both the sellers and purchasers of the plots and action is required to be initiated against both, sources added. – *Courtesy Business Recorder*

Privatisation of state units: Drain on resources – the same old reason

We are in for another round of privatisation of state assets. PIA could be the first institution to go. The reason given, for the public, is that it is a drain on the public exchequer.

Well, this reason is not new and has been floated whenever such decisions are made. It is so easy for the government to admit its inability to revive state assets or put in place systems in public organisations. It wants to spin off non- productive state-owned enterprises, without considering who was the sponsor of such institutions?

Unfortunately, the poor who financed these institutions for the rich to use this mode of transport, have no say in this or any other such decision. More than 80% of the population are not supposed to pay any income tax but are forced to pay indirect taxes because the government does not have the ability to tax the rich.

If the loss-making argument holds true, then why we have not heard that all non-performing state departments will be privatised. What are the achievements of Pakistan Customs, Federal Board of Revenue and other departments.

Have we heard that the FBR should be handed over to a private-public partnership. How much public money was spent on setting up the customs department and yet it is a failure. The personnel heading the department have ever thought why there is a gap of more than $5 billion between the books of Pakistan and China in export and import figures.

Finding the reason for this massive evasion is so hard that it is better to hide your head in the sand. It is an open secret as to who have been the beneficiaries of this corruption.

As always, the baboos, along with investors, are trying to portray that privatisation will help the poor as more funds for development will be available. Before taking the decision, did we think what happened when the cement industry was given in the hands of private sector.

It was said that once privatised, efficiency of cement plants would increase and that would lead to a decline in cement prices in the market. However, once it was done, cartels were formed and prices doubled within two years.

It is exactly the same in the case of banks. International practices are only applicable to administrative expenses. No one has time to look into the international practice on the spreads. Privatised banks are making money at the expense of the industry.

In the case of PIA, has anyone thought of reviving this enterprise and what are the reasons for the losses? Can we reduce losses and make this organisation profitable if the hub is shifted to where all the traffic terminates (Lahore). Is it possible to have aircraft of only one manufacturer (either Boeing or Airbus) to make it easier to deal with inventory and other related issues like crew and engineering departments?

Can we have better flight management? For instance, flights going to China and Spain have a stay of more than five days and the airline bears the cost of all crew members for these days.

The same holds true for Pakistan Railways as well. Here again, the private sector is ready to swallow the organisation funded by the poor. Soon, we will hear a cabinet decision that it is imperative to privatise this state asset too.

The government estimates that it spends Rs500 billion to cover the losses suffered by state assets and its financial wizards insist that if such assets are liquidated there will at least be a saving of Rs500 billion. So far so good.

Have they ever thought of adding the cost of their inefficiency in just one department, the FBR. Is privatisation of this department also a possibility since the government has been unable to control the losses?

The writer is an engineer and business graduate and is working in the industry – *Courtesy The Express Tribune*

PM asks FBR to facilitate taxpayers through efficient reforms

Prime Minister Muhammad Nawaz Sharif on Monday said that Federal Board of Revenue (FBR) should reform the taxation system so as to facilitate the taxpayers.

Chairing a meeting on reforms in FBR and measures to provide relief to the taxpayer held here in at the PM's House. The Prime Minister also directed to decrease the rates of Income tax, Sales tax and other duties. The Prime Minister directed that a comprehensive reform package should be introduced in FBR which should simplify the procedures and enhance the tax returns. He stressed a tax regime to help the businesses grow.

In order to simplify the procedures and provide swift services to the taxpayer, the Prime Minister urged to introduce new technology and tracking system to minimize the discretion of the tax officer.

He stressed that FBR should come up with reform package in one month.

He directed that the Income Tax, GST and Customs slabs should be rationalized and simplified so that it leads to increase in income of the government.

The Prime Minister observed that corruption was the root cause of all problems and it had affected the economy. He asked the management of FBR to observe zero tolerance towards corruption.

The meeting was attended by Minister for Defense Khawaja Asif, Minister for Finance Ishaq Dar, Minister for Interior Ch Nisar, Minister for Petroleum Shahid Khaqan Abbasi, Minister for Railways Khawaja Saad Rafique and other senior government officials. – *Courtesy The Nation*

Assigned export quota: FED on sugar reduced to 0.5 percent

The government has announced tax incentive on the export of sugar by drastically reducing Federal Excise Duty (FED) from 8 percent to 0.5 percent on local sale of sugar equivalent to additional quantity (500,000 tons) actually exported by the sugar mills as per assigned export quota. The Federal Board of Revenue has issued SRO.1072(I)/2013 to this effect here, on Monday.

Sources said the concession would only be available to the mills engaged in export of additional quantity of 500,000 tons sugar as per specified quota. The reduced rate of duty shall only be applicable on the quantity of local sale of sugar equivalent to the quantity actually exported by the sugar manufacturers as per the export quota allotted and shall be available on submission of proof of such export.

According to the notification, the rate of duty shall only be applicable on the quantity of local supply of sugar equivalent to the quantity actually exported by the sugar manufacturer, in accordance with the export quota allocated in pursuance of the decision of the ECC in its meeting held on January 10, 2013 and decision of the ECC in its meeting held on September 7, 2013 whereby a maximum of 500,000 tons of sugar was allowed to be exported.

If a sugar manufacturer actually exports any quantity of sugar, only then the sugar manufacturer is allowed to charge the FED on equivalent quantity of local sale of sugar on supplies made in the three tax periods succeeding the tax period in which the export took place, it added.

However, sugar manufacturer will present the proof of such export to the concerned Commissioner of Inland Revenue along with the return for the tax period following the tax period in which such export took place. This is subject to the condition that the quantity exported does not exceed the quota allotted in pursuance of the aforesaid decision of the ECC. The benefit will not be admissible in respect of exports by land routes to Afghanistan of the ECC.

Following is the text of the notification issued on Monday: In exercise of the powers conferred by sub-section (4) of section 3 of the Federal Excise Act, 2005, the Federal Government is pleased to direct that the following amendments shall be made in its Notification No SRO 77(1)/2013, dated the February 7, 2013, namely:

In the aforesaid Notification, In condition (a), after the figure "2013" the words, comma and figures "and decision of the ECC in its meeting held on September 7, 2013 whereby a maximum of five hundred thousand metric tons of sugar was allowed to be exported" shall be added, and In explanation, for the words "tax period", occurring for the first time, the words "three tax periods" shall be substituted. – *Courtesy Business Recorder*

ADRC recommendations rejected: PSF manufacturer disallowed input claim

The Federal Board of Revenue has rejected the recommendations of the Alternative Dispute Resolution Committee (ADRC) constituted to resolve tax dispute of a leading manufacturer of polyester staple fiber (PSF) and disallowed input claim of Rs 15,053,869 on the diesel used during the manufacturing process of PSF.

Sources told here on Monday that the ADRC has recommended to the FBR to accept input tax adjustment claim, as the clarification issued by FBR and the reports of fact-finding survey teams are unanimous. The company is entitled to input tax adjustment, ADRC recommendations added. On the other hand, FBR ruled that the committee has made recommendations in violations of the law. The ADRC has not worked out the apportionment of input tax on taxable and exempt supplies. ADRC cannot make recommendations in violation of the then prevalent law. The recommendation of ADRC to allow input tax adjustment and refund is in violation of SRO 578(I)/98. Thus, the Board in exercise of the powers conferred under section 47A (4), read with section 74 of the Sales Tax Act, 1990 rejects the recommendations of ADRC in the instant case, FBR added. Now, the rejection of ADRC recommendations would result in further litigation between the company and the FBR, sources said.

Details of the case revealed that the FBR on the request of the taxpayer constituted the Alternative Dispute Resolution Committee under section 47A of the Sales Tax Act, 1990 vide Order dated 23.08.2006 and same was reconstituted on 27.05.2013 in respect of the dispute raised by the applicant regarding addition of item No 11 in SRO 578(I)/98 through SRO 926(I)/99. The reconstituted ADR Committee comprised Chartered Accountant, Islamabad, (Chairman), former President RCCI, (Member) and Commissioner Inland Revenue, LTU, Islamabad, (Member).

Brief facts of the case are that the applicant claimed being the manufacturer of the PSF, the nature of Applicant's plant and technology requires High Speed Diesel & Light Diesel Oil for the purposes of firing up the furnaces which in turn provides the induction heat required for the complicated manufacturing process of PSF. Kerosene Oil is also utilised for similar purpose apart from its use as thinner for the furnace oil. Moreover, a major portion of HSD is also utilised for in-house captive power generation utilised in manufacture of the taxable supply as the applicant has no electricity connection of Wapda. Kerosene oil is also used at powerhouse for preventive cleaning, as well as air coolers of diesel engines, which are choked due to carbon deposits.

In this backdrop, the applicant claimed input of Rs 15,053,869 on HSD & LDO which was not accepted by the department. The applicant challenged the addition of item No 11 in SRO. 578(I)/98 before the Lahore High Court through Writ Petition No 11791/2000 which was disposed off by order dated 14.2.2002 with the direction to the petitioners to approach the competent authority appointed under section 30 and 45 of the Sales Tax Act, 1990. The department filed an appeal before the Supreme Court of

Pakistan against the orders of the Lahore High Court, Lahore. However both parties before the SC appeared with a consensus that ADRC forum will be used to dispose of the matter.

Sources said the recommendations submitted by the ADRC said that the FBR subsequently issued clarification C.No 3(27)S(Legal)/04 dated 12.2.2008 that input tax paid on diesel used in generation of electricity is to be considered as stock in trade in terms of SRO 578(I)/98 and input tax adjustment was admissible on the same if it was used in generation of taxable electric power or the power so generated was used in the manufacture of taxable goods. There does not appear to be any dispute about the purchase of subject diesel from a registered taxpayer while the two Survey Teams presumably constituted under section 47A(3) of the Sales Tax Act, 1990 read with Rule 67 of the Sales Tax Rules, 2006 by RTO Abbottabad and RTO Rawalpindi in their reports dated 25.9.2008 and 13.11.2012 confirmed consumption of diesel for power generation at Rs 14,529,054/- as against claim of Rs 15,053,869/-.

ADRC further recommended that a representative of the Collector of Sales Tax and Federal Excise, LTU, Islamabad did not appear before the committee while the member representing the department has been kind to confirm the availability on Departmental records of the aforesaid documents. That even, otherwise, the Committee finds support from the Lahore High Court order dated 14.2.2002, FBR clarification dated 12.2.2008, decision of the Appellate Tribunal, Faisalabad in the case of Nishat Mills Ltd and the reports of survey teams to finalise the recommendations.

The committee, in view of the discussion, based on the provisions of the law, elaborated by the case law, the clarification issued by FBR and the reports of fact-finding survey teams, is unanimous in recommending that the applicant is entitled to input tax adjustment of Rs 14,529,054/-.

While rejecting the recommendations of the ADRC, sources said that the FBR has given observations. As per FBR, while requesting for creation of ADRC, the applicants admitted in writing that they were unable to produce show cause notice, Order-in-Original and Order-in-Appeal pertaining to the case. It is not understood how the ADRC has decided the case without considering these important documents. It is also not understood how the applicant was able to produce documents showing diesel purchase and consumption but could not produce the Orders passed against it.

The ADRC has omitted to mention that the then Collector, Sales Tax & Federal Excise, RTO, Rawalpindi had reported that the first team of senior auditors deputed to visit the unit was informed by the applicant's representatives that they had not retained old record relating to the period when the unit was under the control of another company of Hattar. However, the subsequent team visiting in 2008 was shown the record pertaining to 1999-2000, which creates doubts regarding authenticity of such record, FBR said.

The ADRC has also failed to consider the aspect regarding exemption of sales tax on finished product. In the letter dated 13.4.2011, the applicants have themselves mentioned that under SRO 580(I)/91 dated 27.6.1991, they enjoyed exemption for a period of five years from the date of setting up of industry. Thus, Unit I, which commenced production on 01.01.992 was eligible for exemption tilt December 1996, while Unit II commenced production on 14.06.1995, and thus entitled to exemption till 14.06.2000. No input tax adjustment is admissible against exempt supplies. The ADRC has not worked out the apportionment of input tax on taxable and exempt supplies.

On the request of the Collector ST&FE, RTO Rawalpindi, the Board authorised a team of auditors to visit the factory premises and verify from record whether the diesel on which input tax was claimed was used for power generation and for manufacturing of taxable goods. No report of the said team was received even till October 2012.

The FBR was of the view that the ADRC cannot make recommendations in violation of the then prevalent law. The legal position is that during the period in question, item No 11 remained inserted in SRO 578(I)/98 dated 12.06.1998 by SRO 926(I)/99 dated 16.08.1999, which barred input tax adjustment against diesel (whether used in taxable goods or not). The Order of the Lahore High Court dated 14.02.2002 did not strike out that entry, but merely directed the petitioner to approach the concerned officer. This was not done and the LHC order now stands surpassed by the Supreme Court Order dated 23.02.2006. As such, the recommendation of ADRC to allow input tax adjustment and refund is in violation of SRO 578(I)/98.

In view of the above stated facts and observations , the Board in exercise of the powers conferred under section 47A (4), read with section 74 of the Sales Tax Act, 1990 rejects the recommendations of ADRC in the instant case, the FBR added. – *Courtesy Business Recorder*

FBR faces Rs85b shortfall in 6 months

The Federal Board of Revenue (FBR) has been facing a massive revenue shortfall in the range of Rs80-85 billion in the first half (July-Dec) of the current fiscal year.The FBR has collected Rs1,020 billion against the desired tax collection target of Rs1,100 billion envisaged for this period.

Although, the FBR's collection has surpassed the projection made by the IMF about the prospects of revenue collection but the FBR's fell short of the desired target of Rs. 2,475 billion for the whole financial year.

When contacted FBR's senior member IR and spokesman Shahid Hussain Asad said that the FBR's collection registered a growth of 17 percent over the same period of the last fiscal year by collecting Rs1,020 billion. “We expect that the revenue collection will go up by more than Rs10 billion in days ahead as online system of some banks were down here on Tuesday,” he added.

To another query regarding any possibility of granting further extension in deadline of filing returns by the corporate sector, he ruled out any possibility in this regard and said that the FBR directed the field commissioners to tackle individual cases and facilitate those taxpayers where there was any genuine difficulty.

He said the FBR received around 11,000 corporate sector returns so far but the final figure on this front would be unveiled in next few days.According to provisional revenue collection figures compiled by the FBR, the Board collected Rs1.02 trillion taxes from July to December period of this financial year as against the target of Rs1.10 trillion.

The FBR paid Rs35 billion in refunds to the taxpayers in the first half of the fiscal year, according to the FBR officials.The FBR collected Rs375 billion in income tax in the first half of the fiscal year, which was only 37% of the total collection, underscoring increasing dependency on indirect taxation, which is regressive in nature. The sales tax collection in the first half stood at Rs462 billion as against the IMF's expectation of Rs431 billion. An increase of 1% in the rate of general sales tax remained the main reason behind increase in collection but yet it was lower than the target as the government had increased its rate from 16 to 17 percent in the budget.The collection on account of customs duties stood at Rs112 billion. – *Courtesy International The News*

PM for reducing income tax, duties ratio

Prime Minister Muhammad Nawaz Sharif Monday said that Federal Board of Revenue (FBR) should reform the taxation system and reduce the ration of income tax and duties so that the taxpayers might be facilitated.

He issued these directions while chairing a meeting on reforms in FBR and measures to provide relief to the taxpayers at the PM house. He directed that a comprehensive reform package should be introduced in FBR which should simplify the procedures and enhance the tax returns. He directed to bring reforms in the tax regime which might help the businesses grow.

In order to simplify the procedures and provide swift services to the taxpayer, PM directed to introduce new technology and tracking system to minimise the discretion of the tax officer.

He stressed that the tax officers should facilitate the people so that they might feel comfortable. “FBR should come up with reform package in one month”, he directed. He further directed that the income tax, GST and customs slabs should be rationalised and simplified so that the income of the government might be increased.

He observed that corruption is the root cause of all the problems and it had eaten up the country’s economy. He directed the FBR management to observe zero tolerance towards the corruption.

The meeting was attended by Minister for Defence Khawaja Asif, Minister for Finance Ishaq Dar, Minister for Interior Ch Nisar Ali Khan, Minister for Petroleum Shahid Khaqan Abbasi, Minister for Railways Khawaja Saad Rafique and other senior government officials. – *Courtesy International The News*

Tax date extension demanded

Tax practitioners have urged the Federal Board of Revenue (FBR) to extend the last date for filing of income tax returns by corporate entities for at least one month due to heavy workload.

In a letter sent to FBR chairman on Monday, Karachi Tax Bar Association (KTBA) said that the association members were tied up in the preparation and filing of income tax returns of corporate taxpayers and were working overtime to achieve the task of electronic filing by December 31.

The bar pointed out that about a fortnight ago, the members were busy filing individual tax returns and the last date of corporate tax returns had approached.Due to difficulties faced by members of the tax bar, the FBR chairman was requested to extend the date of e-filing of corporate tax returns, which is due on December 31 for a month.

In another letter sent to chief commissioners of Regional Tax Offices and Large Taxpayers Unit, the KTBA required extension in date of compliance of monitoring, amendment and audit proceedings.Due to workload of income tax return filing, the bar requested an extension in all pending proceedings of audit, monitoring, amendments proceedings after January 15, 2014. – *Courtesy International The News*

FBR mulls 'acquisition' of under-reported properties

The Federal Board of Revenue (FBR) is considering forced acquisition of properties where under-reporting against fair market value is detected and exchequer has been deprived of due share of revenue, official sources said on Tuesday.

The officials said that huge discrepancy was detected in the sale and purchase of properties across the country where immense undeclared money was invested and declared on collector rates, which are much lower than the open market rates.

The FBR may purchase open plots / properties with 10 percent to 20 percent additional value against the reported value of immoveable properties. This will be done on those cases where seller / purchaser had shown much lower value against the open market value.

Recently, the Regional Tax Office (RTO) Karachi had conducted a study on property sale / purchase within the jurisdiction of Defence Housing Authority and Sindh Revenue Authority and detected that actual investment in those properties was around eight percent higher than the amount declared in the sale deed of immovable properties as per the collector's rate.

The data of transaction of properties in Karachi made available to The News revealed that the investment declared in 72,800 transactions of immoveable properties during the last three years had shown around Rs142 billion as per the collector's rate.

The estimated value of investment considering the fair market is over Rs800 billion.

The officials said that an office of the Inland Revenue had suggested the FBR to amend the Income Tax Ordinance, 2001 to initiate proceedings for acquisition of immoveable property having sale value of Rs1 million or above after conducting detailed survey of the open market prices.

The FBR officials said that by declaring the collector's rates, the buyers and sellers concealed money from the tax authorities and deprive the exchequer from its due revenue.

The Inland Revenue office suggested to the FBR after making necessary changes to authorise IR commissioner for initiating proceedings for acquisition of such properties.

The FBR has also been suggested to persuade the provinces to withdraw the collector rates for immovable property that were significantly low.

The Inland Revenue office made its argument on the basis of several provisions of the Indian Income Tax Act, 1961 that reduced under-reporting of investment in immoveable properties.

The FBR has initiated a campaign against hidden and concealed income and offered several schemes to potential taxpayers to become part of the tax roll.

The officials said that such schemes may not yield fruitful results, as the same in the past had failed. They said that acquisition of properties will help in discouraging the concealment of undeclared income. – *Courtesy International The News*

FED on sugar reduced

The government has announced tax incentive on the export of sugar by drastically reducing Federal Excise Duty (FED) from 8 percent to 0.5 percent on local sale of sugar equivalent to additional quantity (500,000 tons) actually exported by the sugar mills as per assigned export quota. The Federal Board of Revenue has issued SRO.1072(I)/2013 to this effect.

The concession would only be available to the mills engaged in export of additional quantity of 500,000 tons sugar as per specified quota. The reduced rate of duty shall only be applicable on the quantity of local sale of sugar equivalent to the quantity actually exported by the sugar manufacturers as per the export quota allotted and shall be available on submission of proof of such export.

According to the notification, the rate of duty shall only be applicable on the quantity of localsupply of sugar equivalent to the quantity actually exported by the sugar manufacturer, in accordance with the export quota allocated in pursuance of the decision of the ECC in its meeting held on January 10, 2013 and decision of the ECC in its meeting held on September 7, 2013 whereby a maximum of 500,000 tons of sugar was allowed to be exported.

If a sugar manufacturer actually exports any quantity of sugar, only then the sugar manufacturer is allowed to charge the FED on equivalent quantity of local sale of sugar on supplies made in the three tax periods succeeding the tax period in which the export took place, it added. However, sugar manufacturer will present the proof of such export to the concerned Commissioner of Inland Revenue along with the return for the tax period following the tax period in which such export took place.

This is subject to the condition that the quantity exported does not exceed the quota allotted in pursuance of the aforesaid decision of the ECC. The benefit will not be admissible in respect of exports by land routes to Afghanistan of the ECC. – *Courtesy Pakistan Observer*

Officials complicit by inaction: former Ogra chief

Supreme Court on Monday directed National Accountability Bureau (NAB) to submit a detailed report pertaining to officials who deliberately avoided the arrest of former Chairman Oil and Gas Regulatory Authority (Ogra) Tauqeer Sadiq. A two-judge bench of Justice Jawwad S Khawaja and Justice Khilji Arif Hussain resumed the hearing of a case relating to the arrest of Tauqeer Sadiq. The bench also sought from the FIA the record of fingerprints of all the airports.

Appearing on notice, Inspector General Punjab Police Habibur Rehman told the bench that a three-member team had been sent to Kathmandu, Nepal, to arrest Sadiq, adding that the spouse and their two daughters flew to Kathmandu some days back. Responding to a query of the bench, Director Legal FIA said that his wife and two daughters left for Kathmandu on December 10 from Karachi airport. He maintained that they had no record about Sadiq's departure to a foreign country. However, he said Sadiq's name was placed on Exit Control List (ECL) on January 25, 2012.

During the course of hearing, Justice Khilji Arif Hussain observed that nobody was interested in arresting Sadiq despite the fact that he was responsible for causing a Rs 82 billion loss to the national kitty. Deputy Prosecutor General NAB Fauzi Kazim informed the court that Shahzad Bhatti, an alleged front man of Sadiq, had been arrested and Rs 6 million had been recovered from him. The hearing was adjourned till January 2. – *Courtesy Business Recorder*

PIA chairman, managing director issued notices

A three-member bench of Supreme Court led by Chief Justice Iftikhar Mohammad Chaudhry on Monday issued notices to Secretary Defence, Chairman and Managing Director Pakistan International Airlines (PIA) in response to identical petitions and a suo-motu notice over alleged irregularities and corruption in the national flag carrier.

During the course of proceedings, the court was informed that the volume of total PIA losses would approximately reach Rs 140 billion by the end of the current fiscal year, which were Rs 100 billion in 2010-11. Raja Bashir, the counsel for PIA, apprised the bench that a total of 28 aircraft were operational whereas others grounded, adding that as many as 663 pilots and co-pilots had been deputed on operational flights.

In pursuance of court's orders, the counsel for PIA produced a fax of roster of the pilots and co-pilots and prayed for more time to file a comprehensive report. Citing Transparency International (TI) report over dilapidated condition of the national flag carrier, Chief Justice Iftikhar Muhammad Chaudhry observed: "No one is interested to take measures to improve the worsening situation of the national flag carrier".

The bench was informed that the federal government has appointed Lieutenant General Asif Yasin Malik (retd) as Chairman PIA on October 23, 2012, who is also holding the charge of Defence Secretary and ex-officio Chairman of Civil Aviation Authority (CAA). Besides, Captain Junaid Younus has been appointed as managing-director PIA.

The court noted that under the prevailing circumstances, there must be a full-time Chairman as well as a managing-director "because both assignees havve full time job description. The bench also observed that the court had to ascertain the reasons behind monetary losses of PIA and termed its state of affairs a sheer violation of public rights. Marvi Memon of Pakistan Muslim League-Nawaz (PML-N), who is also one of the petitioners, told the court that a thorough probe into the matter was the need of hour. The bench adjourned the hearing of case till January 14. – *Courtesy Business Recorder*

Double whammy for the poor

The Federal Board of Revenue (FBR) figures speak of the failure of the government in achieving its revenue collection targets for the period July 2013 to Dec 2013.

Even after holding back refund payments, the revenue collection fell short about Rs95 billion of the Rs1.15 trillion target. The shortfall is expected to be Rs130 billions for the whole year.

The development budget for the current year will have to be slashed from Rs580 billion to Rs430 billion, as there seems no other head where expenditure can be cut.

However the most glaring letdown is in the collection of income tax, which stand at Rs375 billion even less than the IMF's conservative target of Rs380 billion. For a healthy economy we should have at least collected twice the amount in income tax; however, instead of moving in that direction, we are regressing.

When the impact of reduction in development expenditure and the trend to collect more in indirect taxes are considered together, they are a double whammy: The Rs130 billion cut in development expenditure of the government simply means work will be started on fewer social welfare projects like roads, hospitals and schools. That will translate into fewer temporary jobs for skilled and unskilled labourers employed by government contractors and the industries which manufacture products for these projects. These millions of labourers form the poorest segment of our society.

The inability of the government to widen the income tax net and collect due taxes from the four million taxable rich and increasing reliance on indirect taxes such as on sales, will enhance the distortion in our already imbalanced economy that is tilted in favour of the rich and against the poor.

Had the government any intention of taxing the rich according to their earnings, the annual budget would have set a much higher target of revenue in direct taxes. Our Finance Minister Ishaq Dar knows that FBR has listed four million potential income tax returnees and he also would know their potential to pay hundreds of billions in income tax. But he will do nothing about it.

The PML-N government has not changed the direction of our economic policy; instead, it has further speeded the process of the rich collecting more wealth at the cost of the poor.

Add to the above two factors of decreasing development funds and increasing the share of indirect taxes in our revenue collection the ever rising trends of inflation and we can easily come to the conclusion that neither in the short nor in the long-term there is any hope for the poor and even lower-middle income segments of our population to see better days; the system is against them. – *Courtesy The Frontier Post*

FBR needs major transformation

AS per directions of Prime Minister Nawaz Sharif, the Federal Board of Revenue (FBR) is preparing a package of reforms, which is expected to be unveiled in about a month. The PM has set the directions by giving instructions to lower tax rate, rationalize taxes and facilitate the taxpayer.

Reforms in FBR are of fundamental importance as these are deeply linked to its ability to collect more so that the country could stand on its own feet and break the proverbial begging bowl. But we are sorry to point out that claims about reforms by successive governments proved to be somewhat lip-service as no worthwhile improvement in the system has been witnessed. This is evident from the shamefully low filing of returns and negligible increase in collection of taxes under different heads mainly because of lack of commitment on the part of the governmental leadership and rampant corruption at the lower level of the tax machinery. We have been hearing since long about expanding the tax net and documentation of the economy but almost every government including the incumbent one retreated after taking just first step towards that direction. Apart from the fact that some sectors are still enjoying exemptions, it is also an open secret that majority of the businessmen and industrialists are not paying their due taxes. Foodoutlets, retail stores, private hospitals and clinics that mint money daily pay only fraction of what they should in the name of taxes and it is all the more ironical that GST deducted from customers is also not deposited in the government kitty. Similarly, due to connivance of the concerned inspectors, factories producing goods worth millions of rupees are not paying their due taxes.

Similarly, we have heard the mantra of tax facilitation but every time the process ends up in complicating the system further to the disadvantage of those who honestly pay their taxes. Shaukat Aziz government had taken an appreciable measure, following BD model, to spare salaried class from unnecessary hassle of filing returns as 100% tax is deducted from source but now everyone is required to file return just to raise the number of tax-filers to hoodwink, no one knows whom. It is time to discard such gimmicks and instead focus on tax-evaders but this requires surgical accountability in FBR itself to weed out the corrupt. – *Courtesy Pakistan Observer*

There're 3.6 million new potential taxpayers, insists Nadra

National Database and Registration Authority (Nadra) stands by its data that based on its information there are 3.6 million new potential taxpayers that Federal Board of Revenue (FBR) can pursue, senior officials of Nadra informed this correspondent on condition of anonymity.

Federal Finance Minister Ishaq Dar in a briefing to the cabinet and the media on the instructions of Prime Minister Nawaz Sharif claimed that the data of 3.2 million new taxpayers identified by Nadra was "flawed." Nadra officials further maintained that 1.3 million out of the 3.6 million are old taxpayers who are registered but not filing their tax returns anymore; and added that Nadra has photographs of all 3.6 million potential taxpayers with their addresses and other relevant details and is ready to assist the FBR.

Nadra officials also informed this correspondent that the FBR Chairman had contacted Nadra chairman to discuss the modalities of acquiring data, however, the process is halted subsequent to Chairman Nadra's removal and the ongoing litigation and investigation against him. If the FBR succeeds in bringing these potential taxpayers into the tax net then not only would government revenue rise but also Nadra would generate revenue for its operations as 2.5 percent of the recovered taxes would accrue to Nadra. – *Courtesy Business Recorder*

FBR decides to amend customs baggage rules

The Federal Board of Revenue (FBR) has decided to amend the customs baggage rules for enhancing the baggage allowance from

$500 to $2,500 for holders of Taxpayer's Privilege Cards under Prime Minister's multi-pronged tax incentive package. Sources told here on Wednesday that the FBR has issued instructions to FBR Member Customs for amendment in the baggage rules for implementation by the deadline of March 2013.

Through amended baggage rules, the FBR will considerably enhance the baggage allowance from $500 to $2,500 for holders of Taxpayer's Privilege Cards. In a recent meeting, the FBR has discussed the Prime Minister's multi-pronged tax incentive package to ensure its timely implementation in case of baggage rules and other remaining parts of the package. It has been decided to co-ordinate with the Civil Aviation Authority (CAA) for implementation of the package at airports by March 2013.

In order to promote tax culture and acknowledge leading taxpayers, the Prime Minister announced that top hundred taxpayers in each category of Companies (CEOs), Association of Persons (main shareholders), salaried individuals and non-salaried individuals will be issued Taxpayer's Privilege Card.

The holders of these cards will be entitled to use VIP Lounge at airports; fast track clearance at immigration counters; issuance of gratis passport and increase in baggage allowance from $500 to $2,500. Excellence Awards shall be given to top ten taxpayers in each category and they shall be invited to annual dinner with the Prime Minister at Excellence Award Ceremonies.

PM had announced a multi-pronged tax incentive package aimed at promoting investment, creating jobs, and simultaneously enhancing tax collection, increasing the number of income tax return filers and acknowledging leading taxpayers. The government has decided to shift the focus towards promoting industrial growth. Accordingly, an effective package was been announced by the Prime Minister. – *Courtesy Business Recorder*

MCC Gwadar makes record collection during July-December period

Model Customs Collectorate (MCC) Gwadar has made record tax collection of Rs 8.4 billion during first half (July-December) 2013-14 against assigned target of Rs 3.5 billion, showing enormous growth of 236.47 percent. Sources told here on Wednesday that the Federal Board of Revenue (FBR) has received the performance report of the MCC Gwadar (July-December) 2013-14, showing remarkable growth of 236.47 percent due to intensified anti-smuggling efforts near Pak-Iran border, interception of Afghan Transit Trade smuggled goods and constant interception of smuggled vehicles carrying smuggled POL products and other items.

The MCC has been able to successfully control smuggling at the coastal areas of Balochistan. The interesting aspect of the data is that the 236.47 percent growth in collection by the said collectorate has been witnessed despite law and order situation in Balochistan and constant security threats to customs functionaries operating in the said area. Tax authorities have taken due notice of this exceptional growth of the MCC Gwadar under current import trends where other MCCs are trying to achieve the targets.

The accumulated revenue of sales tax, customs duty, Federal Excise Duty and withholding tax has been instrumental in amassing growth of 236.47 percent during the period under review, reflecting monitoring and surveillance at the import stage to collect sales tax/FED and WHT at the import stage.

According to the report, from July 1 to December 31, MCC Gwadar was able to achieve 236.47 percent higher than its overall consolidated target of all taxes together by collecting Rs 8486.58 million against the allocated target of Rs 3588.83 million. Break-up of tax collection revealed that the customs duty collection stood at Rs 138 million against Rs 177 million, reflecting achievement of 80 percent of the target. Sales tax collection amounted to Rs 6395.02 million against 2780.26 million, showing extraordinary increase of 230 percent. The collection of withholding tax totalled at Rs 1951.58 million against Rs 629.49 million. The collection of the federal excise duty (FED) was Rs 1.27 million against Rs 1.82 million. As against the corresponding period of last fiscal year (2012-13), MCC Gwadar achieved 164.20 percent growth by collecting Rs 8486.58 against last year's collection of Rs 3212.13 million, data added. – *Courtesy Business Recorder*

Import of 340 additional items from Saarc states: tariff concessions announced

The government has announced tariff concessions on the import of additional 340 items, which includes crude oil from South Asian Association for Regional Co-operation (SAARC) member countries under the South Asian Free Trade Area (SAFTA) from January 1, 2014.

The Federal Board of Revenue (FBR has amended SRO.1274(I)/2006 through an SRO. 1073(I)/2013 issued here on Wednesday in this regard. Through SRO.1073(I)/2013, a new table has been added to allow tariff concessions on the import of 340 items from SAARC member countries with effect from January 1, 2014. Under the SRO, customs duty of Rs 3288/MT would be applicable on the import of crude oil (PCT heading 1508.1000) under SRO.1073(I)/2013 from January 1, 2014. The reduced rate of duty would also be applicable on the import of different kinds of fruits, tobacco for chewing, matches, woven fabrics, machines and apparatus for the manufacturers of flat panel displays, amplifiers, articles of apparel and clothing accessories and other items specified in the SRO.1073(I)/2013.

As per SRO, the government has exempted on import into Pakistan from SAARC Member States, the goods falling under the respective Heading and sub-Heading numbers from so much of the customs-duty as is in excess of the specified rates. This is subject to the condition that if imports are made in conformity with the "Rules of Determination of Origin of Goods under the Agreement on SAFTA" and the "Operational Certification Procedures For South Asian Free Trade Area (SAFTA), Rules of Origin" and further subject to the Import Policy Order notified by the Ministry of Commerce. – *Courtesy Business Recorder*

After lapse of six months of current fiscal: three major budgetary measures still in litigation

Three major budgetary measures ie 0.5 percent Income Support Levy (ICL) on moveable assets above Rs 1 million, online access to banking information under section 165-A of the Income Tax Ordinance 2001 and provincial luxury tax, ranging between Rs 0.5-1.5 million on residential houses in Punjab are still under litigation despite the passage of six months of 2013-14.

Experts told here on Wednesday that the Federal Board of Revenue (FBR) had imposed 0.5 percent ICL on moveable assets and Punjab government introduced 'luxury tax' on houses (over 1000 Sq Yards) through its Finance Act 2013. The federal government had estimated collection of Rs 6 billion from ICL and Punjab government projected revenue of over Rs 2.5 billion from imposition of the luxury tax on houses during 2013-14.

At present, Sindh High Court (SHC) has reserved judgement in the case of ICL whereas the petitions are pending before the

Lahore High Court (LHC). The matter of luxury tax is still pending before the LHC and next date of hearing is January 15, sources said.

Provisions of section 165-A (furnishing of information to banks) of the Income Tax Ordinance 2001 have also been challenged before the SHC and LHC by different banks. The main contention is the online access allowed to the FBR is against the provisions of the Banking Companies Ordinance and Protection of Economic Reforms Act.

The matter of FBR's powers to disallow input tax adjustment against provincial sales tax laws is also under litigation. Under Finance Act 2013, the definition of Provincial Sales Tax was amended to enable the FBR to allow or disallow input tax adjustment against specified provincial sales tax laws through notification. Sources said that the petition against the luxury tax was filed against Excise and Taxation Department and government of Punjab. It was argued that by virtue of Section 10 of the Punjab Finance Act 2013 a new category of luxury tax was imposed by the provincial government to be recovered from the category of houses having area of more than 1,000 Sq Yards. It is inter alia argued that the imposition of luxury tax is discriminatory and is violative of Article 25 of the Constitution. The Punjab Excise and Taxation Department started issuance of notices to the owners of the big houses for payment of luxury tax on houses for 2013-14.

In the Finance Act 2013, the Punjab government had levied a luxury tax on residential houses located in a part of rating area of Punjab Urban Immoveable Property Tax Act 1958 at the following rates: Residential house measuring two kanals & above but less than four kanals: Rs 0.5 million; residential house measuring four kanals & above but less than eight kanals Rs 1 million and residential house measuring eight kanals and above Rs 1.5 million.

Sources said that the Income Support Levy imposed through Finance Act 2013 was challenged in the Lahore High Court (LHC) as well as Sindh High Court (SHC) on the ground that it is discriminative in nature being charged only from taxpayers. The Income Support Levy Act, 2013 was challenged as ultra vires of the Constitution in the LHC. The levy was challenged on the grounds that it is discriminative in nature as it is applicable and collectable from a taxpayer and no other person. Secondly, the levy is a fee and cannot be passed as party of Money Bill through an

Act of the Parliament. Thirdly, the levy tends to take away the already taxed property of the person which can only be taken away by the state in case of emergency.

Fourthly, the person pays all direct and indirect taxes and must be informed as to why the state needs this levy when they have sufficient funds collected from sources. The spending must be identified by the state under Article 19-A. The levy does not fall within the definition of the Federal Consolidated Fund hence it was not passed in accordance with the provisions of Article 77 of the Constitution. The levy does not qualify to be passed as a Money Bill as the same is not part of Federal Consolidated Fund as defined in the Constitution.

The levy is a sort of double taxation as the accumulated wealth represents income already taxed or exempt income, sources added. Furthermore, it has been challenged that the constitutional guarantees given to the persons to hold property have been taken away through passage of Income Support Levy Act, 2013, which being a fundamental right cannot be taken away, but only in state of emergency.

It has been argued that the levy is to be recovered from persons who are paying income tax and filing their tax returns. There is no way the FBR can recover levy from persons who are out of the tax net. This alone creates discrimination and taxes the persons who are already being taxed. The levy is discriminatory in nature as all individuals have not been charged to the said levy but prima facie those who are already in the tax net, sources said. – *Courtesy Business Recorder*

PTA seeks tax refund claims

Pakistan Tanners Association (PTA) has said that huge amounts of duty drawback and sales tax refund claims of the member exporters are stuck up with the collectorates and have not been cleared despite numerous reminders issued to the Federal Board of Revenue (FBR), a statement said on Wednesday.

PTA Chairman Sheikh Saqib said that the association member exporters feel it hard to continue their business smoothly in the wake of a host of challenges marked by power and gas crisis, law and order concerns, rising prices of petroleum products, etc.

Non-payment of their refund claims of millions of rupees has further exacerbated their grievances to a great extent, he said, adding that it has become impossible for them to meet the commitment of foreign buyers' export orders. This situation is quite alarming. It is not only detrimental to the leather industry but also a colossal loss to the national exchequer, he said.

The PTA has asked the FBR chairman to take notice of this critical situation and direct the authorities concerned to settle all the pending claims of duty drawback and sales tax of leather tanning industries expeditiously to get them rid of liquidity crunch and production impediments, otherwise it will not be possible to achieve the exports target set by the government, Saqib added. – *Courtesy International The News*

Rejoinder to FBR clarification before PAC on tax cheaters

"Taxation by Misrepresentation," has outraged lawmakers who instead of complying with the tax laws summoned the Federal Board of Revenue (FBR) Chairman Tariq Bajwa in the meeting of Public Accounts Committee (PAC) for receiving a clean chit that was ultimately granted.

However, certain facts have been misrepresented in the process that has defeated the purpose of this debate initiated through the findings of the study. I would like to explain them.For beginners, the study was not limited to the National Assembly but also about the lawmakers in the provincial assemblies. There are 1,070 members of all assemblies. We could examine the details of 1,016 of them as record of 54 members was not available. Analysis was based on the nomination papers and the FBR record about the 2012 taxes of the election candidates voted to the assemblies. Entire record is displayed on the website of the Election Commission of Pakistan.

Our research found 47% lawmakers of all assemblies who did not pay income tax; 12% of them did not have NTN, to begin with. There were only 550 members who had declared paying income tax, a claim that was denied by the FBR in case of 43% of members. Two types of discrepancies were noted: 1) the tax payment claimed by a winning candidate was out-rightly rejected by the FBR, showing their zero tax; and 2) the FBR data showed that the amount of tax paid was actually less than what was claimed in the nomination papers.

We also studied the income declarations. Only 680 lawmakers declared income and included among them were 25% those members whose declaration in nomination papers were at variance with the FBR record based on details provided at the time of paying tax.

The report has created uproar. More energy was invested on discrediting the report than rectifying the blunders. I have yet to hear a lawmaker who would sue the FBR for passing wrong information about him to the ECP if there was any. Failing to do so means the FBR record is correct.

A PAC meeting on Wednesday took stock of the situation with an apparent attempt to whitewash the tax cheats of the lawmakers through tax authorities. The FBR Chairman Tariq Bajwa appeared to be a help in doing this. A report in The News Thursday's edition titled "FBR gives MPs clean chit on tax issue," quotes the FBR chairman saying: "Income tax of parliamentarians is deducted at source from their salary and is deposited in national exchequer." He stopped short of explaining that filing electronic income tax returns is a legal obligation.

Let me quote the FBR guideline sent to the returning officers for scrutinizing tax details when nomination papers were being received."Filing of income tax returns is obligatory if the candidate: 1) enjoys taxable income of Rs350,000 or above…." It further says that "non-filing of IT returns tantamount (sic) to tax default." One wonders how the chairman showed the audacity to contradict what his department instructed in its guideline.

The FBR chairman is supposed to be aware of the fact that salary is not the only source of income of the lawmakers; just a minor source instead. Even if it is the main source, filing tax return is their obligation. Also, the fact remains that many of the lawmakers were not elected before and their tax record of 2012 is under question.

A contesting candidate has to deposit Rs1.5 million in his account that should be reflected in the nomination papers with account details in order to display his capacity to afford election expenditures. Hardly any Pakistani is unaware that our lawmakers mostly belong to the rich background and spends load of money on electioneering. It is also reflected through their living style that does not match with their tax payments. Even those who pay tax do so less than a salaried person, their record indicates.

PAC did not touch upon the issue of 12% lawmakers without NTN. It is sad to state that one can contest election only by having CNIC and spend millions on campaign without registering for NTN.

Anybody interested in purchasing brand new car need NTN. Our lawmakers ride on luxury cars that they do not reflect in their assets as they are mostly purchased in somebody else's name.

The FBR chairman also downplayed the issue of income and tax discrepancy. A candidate when fills out nomination papers sign this undertaking: "I…..s/o….state that failure to give detail regarding any item of this form shall render my nomination to contest election invalid or if any information given herein above are found incorrect at any time, my election shall stand void ab initio." Neither returning officers cared to compare nomination papers with the FBR record nor is the FBR willing to question this contradiction.

The FBR chairman proudly told PAC: "Despite pressure from ECP, we did not put up tax details of parliamentarians as these are secret." They are not secret in fact. One must give credit to the ECP for displaying them on website acknowledging public right to know the truce faces of their representatives.

The government is obliged under Income Tax Ordinance 2001 to release tax directory every year. This is also an obligation under Article 19-A of the Constitution inserted through 18th Amendment that deals with access to information.

Section 216(6) of Income Tax Ordinance 2001 reads: nothing prevents the Federal Government from publishing particulars and the amount of tax paid by taxpayers who are holders of public office as defined in the National Accountability Ordinance 1999 (XVIII of 1999).

Public office-holders, according to the NAB Ordinance 1999, include former and incumbent presidents, governors, prime ministers, chairmen and deputy chairmen Senate, speakers and deputy speakers National Assembly, federal ministers, ministers of state, advisers, special assistants as well as political secretaries to the prime minister, parliamentary secretaries, members of parliament, and auditor generals.

Former and incumbent chief ministers, speakers and deputy speakers of provincial assemblies, provincial ministers, advisers, special assistants, consultants to the chief ministers, provincial parliamentary secretaries, and members of the provincial assembly also fall in the category of public office-holders.

Former and incumbent auditor generals, attorney generals, other law officers (appointed under the Central Law Officers Ordinance, 1970), advocate generals, including additional and assistant advocate generals, are also included among the ranks of the public office holders.

Likewise, Section 216(5) of Income Tax Ordinance 2001 says that FBR can publish a directory of all taxpayers (citizens included), with the prior approval of the Federal Government. Its publication on a regular basis being in furtherance of Article 19A of the Constitution shall certainly help reduce tax maladministration in Pakistan.

However, prior approval of the government is not required for the publication of particulars of taxpayers who are holders of public officer.

The FBR chairman may also be reminded that former Federal Tax Ombudsman Dr. Shoaib Suddle had directed the FBR to release tax directory of public office holders amid excuses from the FBR that doing so will expose them to security risk. Nevertheless, FTO had ruled: “Not only will publications of a taxpayers’ directory have a salutary effect on tax compliance in the country, it will also assist in evolving a tax culture conducive to fair play and democratic values.”

Other than tax law presently enforced, the PML-N has also promised in its manifesto for 2013 elections: “An annual tax directory will be published indicating the taxes paid and assessed during the last 3 years.”

Now all depends on the FBR will that should be complemented by support of the present government that is honour-bound to fulfill its manifesto promise. Instead of portraying false details to save the skins from lawmakers, they should have been told the reality and action must be taken against the tax defaulters. – *Courtesy International The News*

FBR gives MPs clean chit on tax issue

The Chairman of the Federal Board of Revenue (FBR), Tariq Bajwa, on Wednesday told the Public Accounts Committee (PAC) that all parliamentarians were paying their taxes.

“Despite pressure from the Election Commission of Pakistan (ECP), we did not put up tax details of parliamentarians as these are secret,” he said while making a clarification about the reports of discrepancies in tax details of parliamentarians.

The FBR chairman said tax details of parliamentarians were not 'leaked' by the FBR as they were 'secret'. He said during the election days, the ECP sought tax details of parliamentarians. "The ECP wrote a letter to the FBR to put the tax details online but we refused as tax details of any individual could not be made public as per the law. But the ECP put these details on its website," he added. He said there was a difference between the total income and taxable income, which needs to be understood.

The FBR chairman said parliamentarians whose income was generated through agriculture give tax to the provinces and whose income is generated from business pay taxes in a different way. "Income tax of parliamentarians is deducted at source from their salary and is deposited in the national exchequer," he added.

Sheikh Roheel Asghar asked if the income coming from foreign remittances was taxable or not.The FBR chairman replied in the negative saying this source of income was not taxable. Asghar said there was an impression that politicians did not pay taxes and the FBR was 'leaking' their secret documents.

The FBR chairman replied a clarification in this regard and is ready to further clarify the matter.Asghar came down harsh on TV 'experts' saying that every one becomes experts on TV screens after reading one or two books. "Every one poses as Buland Akhtar Rana (Auditor General of Pakistan)," he said.

Mian Abdul Manan said the parliamentarians who run their own business have NTNs and are paying taxes. "We know how to deal with tax evaders. We can explain it to the ECP, which is working under the parliament," he added.

After the clarification of Chairman FBR Tariq Bajwa in which he gave a clean chit to the parliamentarians, PAC Chairman Syed Khursheed Shah settled the issue.Finance Secretary Dr Waqar Masood, and Dr Azra Fazal Pucheho also attended the PAC meeting. – *Courtesy International The News*

CCD starts finalising prerequisites to receive RF from FCPF

The Climate Change Division (CCD) has started finalising the pre-requisites to receive $3.8 million Readiness Fund from Forest Carbon Partnership Facility (FCPF) to combat climate change and tropical deforestation. Environmental and climate change experts, however, suggest some specific measures to ensure transparency and fairness in utilisation and disbursement of the funds.

The FCPF is the World Bank administered facility that is set up to compensate developing countries for reduction in carbon-dioxide emission through preserving their forests. As per agreement with the World Bank, an assignment account for the project will be opened after getting approval of the Accountant General of Pakistan, Finance Division and the Federal Government.

The project's account would be managed by a Project Director and overseen by the World Bank country office in Pakistan. All the funds received from the government and FCPF would be managed through this account. For all administrative and financial matters, the World Bank operational manual would be followed. The manual describes the bank procedures for implementation of projects in Pakistan.

A total of eight new countries were selected for the FCPF fund after Norway pledged $100 million to the fund in second week of December last year. The countries selected for the fund include Pakistan, Bhutan, Burkina Faso, Cote d'lvoire, Fiji, Dominican Republic, Nigeria and Togo. The total allocation of the readiness grant stands at $30.4 million.

Pakistan has forests on 4.4 million hectares while current rate of deforestation is 27,000 hectares per year. Both environment and economic considerations, however, suggest that 20-25 percent? of? the? country's? land? area? should? be? forested. During the last two decades Pakistan has lost 25 percent of its natural forests with an annual rate of forest land use change of almost 2 percent.

Pakistan's Readiness Preparation Proposal submitted with the World Bank details causes of deforestation and forest degradation in the country. This includes illegal logging mostly for firewood, fodder and timber, population pressures, lack of land use planning combined with intensification of agriculture, extension of housing colonies, settlements and industries, land sliding and erosion, salinity and water-logging, droughts and floods, pests and diseases.

A few other common reasons for fast-degradation of the forests are overgrazing and livestock pressure, migration, construction of roads and other physical infrastructure, mining, forest fires, poverty and lack of livelihood activities, lack of proper harvesting and transportation techniques in mountainous areas.

Inspector General of Forests Syed Mahmood Nasir told that the adoption of Reducing Emissions from Deforestation and Forest Degradation would give more importance to the REDD plus in the political system, improve the country's? capacity in? carbon? stock? monitoring? and? calculation? and? enhance? institutional? capacity to understand the REDD plus.

He said that this would also help in reducing deforestation and forest degradation that would ultimately reduce land sliding and erosion, salinity and water-logging, human and livestock migration, droughts and floods, poverty and improve livelihood activities.

The World Bank funding would be utilised to reduce deforestation and increase forest cover. Proper harvesting and transportation techniques in mountainous areas would be introduced.

The REDD plus is about getting dollars for the carbon saved in forests by not cutting trees. The tonnes of carbon emitted from forests and agriculture in Pakistan is massive and for each tonne saved the country can get an amount which may be $4-12 billion per annum if it performs well with the readiness grant.

Tahir Rasheed, General Manager at LEAD, an independent organisation for environment and sustainable development in Islamabad, told that it is of utmost importance to devise a cogent mechanism for transparent use of the funds. Elaborating a possible mechanism, he said vibrant steering committees comprising representatives from non-governmental and government organisations should be constituted at Federal and provincial level to ensure judicious utilisation of the REDD plus grant.

All and sundry should have access to the grant related information; so that budget allocation to the provinces and other relevant departments should be monitored effectively, he said.

Rasheed suggested that a comprehensive capacity building plan of government officials handling the grants should be launched before disbursement of the funds to the provinces and relevant organisations to ensure transparency. "We should all now endeavour to win confidence of the international community by working hard to achieve the desired results," he added. To secure the funding, Pakistan will now have to submit a revised R-PP to the Facility Management Team and sign the R-PP grant agreement within 14 months of the grant approval. – *Courtesy Business Recorder*

Impact of tax policy measures, exemptions to be highlighted: Economic Survey 2013-14

The Economic Survey (2013-14) would highlight the revenue impact of tax policy measures introduced in last federal budget and tax concessions/exemptions granted throughout current fiscal year on the request of business and trade, causing revenue loss to the exchequer.

Sources told on Thursday that the Federal Board of Revenue is working out the actual cost of income tax, sales tax and customs duty exemptions in 2013-14 for compilation of tax expenditure data for the Pakistan Economic Survey for FY14. The Finance Division has directed the FBR to submit the details of the tax expenditure in a phase-wise manner. The FBR will submit the information in two phases to ensure timely submission of exemption related data for publication in the Economic Survey (2013-14). The FBR wanted to submit realistic figures about the revenue loss due to tax exemptions during 2013-14.

By February 6, 2014, the FBR will submit details of the Policy Measures announced during the ongoing fiscal year during July-December, 2013-14 with implementation progress supported by necessary data. Till April 3, 2014, the FBR will submit policy measures announced during the ongoing fiscal year during July-March, 2013-14 with implementation progress supported by necessary data. The estimated tax-wise and item-wise tax expenditures for 2013-14 and 2012-13 would also be made part of the Economic Survey.

According to the Finance Division's communication to the FBR, Finance Division brings out "Pakistan Economic Survey" each year prior to the announcement of the Federal Budget for next fiscal year. The Economic Survey covers economic programmes/policies announced by the government for each sector, the measures taken to implement their overall impact analysis during the on-going fiscal year. It also assesses and highlights the economic performance on the basis of material and relevant data provided by the concerned ministries/divisions, departments, attached organisations and autonomous bodies.

Economic Adviser's Wing of Finance Division has started work on preparation of the Pakistan Economic Survey for the fiscal year 2013-14. In this regard, requisite material along with authenticated data pertaining to FBR be provided to incorporate in the forthcoming Pakistan Economic Survey. It is therefore, requested to arrange and supply the requisite material supported by authenticated data in two instalments:-

The first instalment covers the policy measures announced by the government during the ongoing fiscal year up to July-December, 2013 with the implementation progress supported by the necessary data by 10th February, 2014. The second instalment of updated data covers the period July-March 2013-14 by April 7, 2014 at the latest. – *Courtesy Business Recorder*

ST collection shows 22.8 percent growth during July-December

Sales tax collection was Rs 481.682 billion during July-December 2013-14 against Rs 392.155 billion during same period of 2012-13, showing a growth of 22.8 percent. The updated revenue collection figures complied here on Thursday revealed that except customs duty, all other federal taxes have shown substantial growth in first six months of 2013-14, when compared with previous fiscal.

Customs duty collection showed nominal increase of 2.5 percent despite the fact that overall payment of rebates to the exporters declined by 6.3 percent during July-December 2013-14. This declining trend in payment of rebate also reflected poor performance of the customs department during the period in question.

Sales tax collection on the import stage amounted to Rs 246.68 billion during first half of current fiscal year as compared to Rs 209.744 billion in the same period of 2012-13. The sales tax collection at domestic stage stood at Rs 235.002 billion during this period against Rs 182.411 billion in the same period last fiscal, showing an improvement of 28.8 percent. Direct taxes collection was Rs 375.472 billion during first six months of 2013-14 against Rs 337.523 billion in same period last fiscal, depicting a growth of 11.2 percent.

The collection of the Federal Excise Duty (FED) was Rs 57.231 billion during July-December 2013-14 against Rs 51.918 billion, reflecting a growth of 10.2 percent. The customs duty collection amounted to Rs 110.088 billion during the period under review against Rs 107.378 billion in the same period of last fiscal, reflecting nominal increase of 2.5 percent.

The payment of refunds and rebates amounted to Rs 49.06 billion during July-December 2013-14 against Rs 44.623 billion paid in the same period last fiscal year, showing a growth of 9.9 percent. The data compiled on June 2 further revealed that the total collection of domestic taxes (sales tax, FED and customs) amounted to Rs 914.384 billion during this period against Rs 781.597 billion, showing an increase of 17 percent. Out of total revenue collection of Rs 1024 billion during July-December 2013-14, domestic sales tax collection stood at Rs 914.384 billion during the period under review.

The monthly collection in December 2013 revealed that total collection was Rs 224.597 billion against Rs 203.124 billion, reflecting an increase of 10.6 percent. Break-up of revenue collection showed that direct taxes collection was Rs 104.486 billion against Rs 105.022 billion, showing a negative growth of 0.5 percent. Sales tax collection was Rs 86.721 billion against Rs 68.98 billion, showing an increase of 25.7 percent. The FED collection was Rs 10.896 billion against Rs 8.894 billion, reflecting an increase of 22.5 percent. The collection of customs duty was Rs 22.493 billion during this period against Rs 20.229 billion, showing an increase of 11.2 percent, whereas payment of customs rebate showed a decrease of 34 percent in December 2013. – *Courtesy Business Recorder*

Committee notified: government acts to deal with concessionary SROs

The federal government on Friday engaged business community in reviewing recommendations of the Federal Board of Revenue (FBR) on withdrawal or rationalisation of the Statutory Regulatory Orders (SROs), dealing with concessionary tax regime. The Federal Board of Revenue has issued a notification on Friday for the constitution of a high-level committee headed by Finance Minister Ishaq Dar.

According to the notification, the federal government has constituted a committee to consider the recommendations of the committee headed by Secretary Revenue Division/Chairman, FBR, and to identify concessionary Statutory Regulatory Orders (SROs) which can be rationalised, simplified, minimised or deleted at the time of Budget for 2014-15.

The committee is also entrusted with the task of reviewing each SRO on the basis of the approved “Principles for Review” and finalising their rationalisation, simplification, minimisation or deletion over the next three years. The notification said that the

Minister for Finance and Revenue Ishaq Dar will be the Chairman of the committee. Members of the committee included Minister for Industries, Minister for Planning and Development, Minister of State for Commerce and Textile Industry, Chairman Board of Investment, Secretary Finance, Secretary Commerce, Secretary Industries, Secretary Revenue Division/Chairman Federal Board of Revenue, [Secretary of the Committee], President, Federation of Pakistan Chambers of Commerce & Industry, President, Karachi Chamber of Commerce & Industry, Karachi, President, Lahore Chamber of Commerce & Industry, Lahore, President, Sarhad Chamber of Commerce & Industry, Peshawar and President, Quetta Chamber of Commerce & Industry Quetta.

The committee may co-opt any other person/professional/expert, the FBR notification added. Sources said that the chambers and federations would give their input to identify concessionary SROs to be deleted at the time of next budget (2013-14). Business community has also been given the opportunity to comment on recommendations of the committee headed by Secretary Revenue Division/Chairman, FBR. The impact of the withdrawal of the concessionary SRO would be submitted by the representatives of the business and trade. The revenue implications of the SROs would also be shared by the business community, they added. – *Courtesy Business Recorder*

52 Karachi units: ST zero-rating on gas ends: FBR

The Federal Board of Revenue has withdrawn sales tax zero-rating facility on natural gas consumed by 52 registered textile units and other manufacturers in Karachi and directed Sui Southern Gas Company Limited (SSGCL) to start charging sales tax on supply of gas from such units with immediate effect. Through a Sales Tax General Order 01 of 2014 issued on Friday, the FBR has withdrawn sales tax zero-rating facility on gas consumed by 52 registered units falling within the jurisdiction of Regional Tax Office (RTO) Karachi.

Sources told that the FBR is conducting investigation against five export-oriented sectors enjoying sales tax zero-rating facility on electricity and natural gas to ascertain whether the units are appropriately utilising the zero-rating scheme. The FBR is compiling names of units in five export-oriented sectors, which illegally availed sales tax zero-rating facility on electricity/natural gas consumption and their names would be excluded from the relevant notifications.

Earlier, through a Sales Tax General Order of 42 of 2013, the Board had withdrawn sales tax zero-rating facility on electricity consumed by 226 registered units in textile sector of Faisalabad. Sources said that the five export sectors are textile, leather, surgical, carpets and sports. The units have to fulfil the conditions of the relevant STGO for availing the zero-rating facility. For example, the electricity connection is in the name of registered person and electricity bill issued by electricity provider contains the name and the sales tax registration number of such person; in case where the electricity connection is not in the name of such person, the registration number of such person is mentioned in the electricity bill along with the address of such person as given by him in his application for sales tax registration.

In the past, the FBR had issued instructions to the Chief Commissioner of the Large Taxpayer Units (LTUs) and Regional Tax Offices (RTOs) to start re-security/investigation of the units availing the benefit of zero-rating on electricity and natural gas.

According to the FBR instructions to the field formations, the Chief Commissioners of LTUs/RTOs should re-check/scrutinise the registered persons operating in the five export-oriented sectors, especially those operating prior to spinning stage in textile sector, availing the facility of zero-rating on electricity and gas under the respective STGOs. This should be done to ascertain whether these registered persons are correctly availing the zero-rating facility or not.

In case such registered persons are found to be unlawfully availing the facility of zero-rating or are involved in any other violation of SRO.1125 (I)/2011 dated 31.12.2011 (as amended up-to-date), the names of such registered persons may be recommended to FBR for removal from the Sales Tax General Order to withdraw facility of zero-rating on electricity and gas, in addition to other legal action to be taken by the LTUs/RTOs as per law. Chief Commissioners shall, however, ensure no harassment to genuine taxpayers as a result of the exercise, the FBR instructions added. – *Courtesy Business Recorder*

International travelling: NTN may be made mandatory for carrying forex

The government is contemplating declaring National Tax Number (NTN) mandatory for carrying foreign exchange during international travels, it is learnt on Friday. According to sources, as per Section 4 of Protect of Economic Reforms Act, 1992 and

State Bank of Pakistan (SBP) rules, all citizens were allowed to carry up to 10,000 dollars during international trips without any declaration at any stage irrespective of the fact that the person had white money to this extent or not.

Presently, there is no NTN requirement for carrying foreign exchange up to the said limit, encouraging money laundering and huge outflow of foreign exchange. Sources termed the income, generated in Pakistan and converted into foreign exchange without paying taxes, a criminal act, adding that such foreign exchange without explainable source was against the provisions of Anti Money Laundering Act, 2010.

Therefore, the authority is considering suitable amendments to relevant laws and rules wherein only a person having valid NTN and filed return of income for the immediately preceding tax year only to be allowed to carry 10,000 dollars, they said. Replying to a question, sources said foreign exchange, carried by itinerants should be provided by financial institutions after scrutiny of NTN and assessment records. In order to reduce the flight of forex and arrest of rapid currency depreciation, itinerants should be allowed to carry foreign currency to the extent of income assessed and tax paid thereon, sources added. – *Courtesy Business Recorder*

New customs value of betel nut fixed

The Directorate General of Customs Valuation Karachi has fixed new customs value between $0.85 and $1.10 per kg on the import of betel nuts from Indonesia, Malaysia and Thailand to assess the duty accurately. It is learnt that the directorate has issued a valuation ruling for determining customs values of betel nuts in exercise of the powers conferred under Section 25-A of the Customs Act, 1969.

According to the ruling, Model Customs Collectorate (MCC) Appraisement (East) asked the directorate general to determine the fair value of betel nuts of different origins. This prompted an exercise to determine the fair customs value of subject goods. The valuation methods given in Section 25 of the Customs Act, 1969 were followed. The Transaction value method under Sub-Section (1) of Section 25 ibid was found inapplicable because of non-availability of sufficient information. Identical/Similar goods valuation methods provided in Sub-Sections (5) & (6) of Section 25 ibid furnished unreliable values because of considerable variation in declared values. Stakeholders were associated in the valuation exercise including Pakistan Kiryana Merchants association, KCCI and FPCCI. Independent market enquiry' was also conducted. Consequently, Deductive value method under Sub-Section (7) of Section 25 of the Customs Act, 1969 read with Sub-Section (9) ibid was applied to arrive at the assessable customs value.

The meeting was held with the stakeholders including Pakistan Kiryana Merchants Association and representatives of FPCCI to discuss the valuation of betel nuts. In cases where declared/transaction values are higher than the customs value determined in the ruling, the assessing officer shall apply those values in terms of sub-section (1) of Section 25 of the Customs Act, 1969. In case of consignments imported by air, the assessing officer shall take into account the differential between air freight and sea freight while applying the Customs value determined in the ruling.

The values determined vide the ruling shall be the applicable Customs value for assessment of subject imported goods until and unless it is rescinded or revised by the competent authority in terms of Sub-Sections (1) or (3) of Section 25 A of the Customs Act, 1969.

A review petition may be filed against the ruling, as provided under Section 25-D of the Customs Act, 1969, within 30 days from the date of issue, before the director General, Directorate General of Customs Valuation Karachi. The Collectors of Customs may ensure that the values given in the ruling are applied by the concerned staff without fail, the ruling added. – *Courtesy Business Recorder*

Clarification

Federal Board of Revenue official spokesperson and member IR-Policy Shahid Hussain Asad has clarified that the Secretary Finance and the Chairman FBR were summoned by the PAC on 01.01.2014. The FBR did not make any statement before the PAC but only responded to some very specific questions that were asked by the PAC. One of the questions was that whether it is a fact that the tax at source is deducted from the salaries of Parliamentarians.

The Chairman responded to the aforementioned as "this is a fact". However, it was explained to the PAC that despite this every person having income above the threshold was required to file an IT return. Another question that was asked was whether agriculture income tax was to be collected by the FBR's and it was explained that this tax was to be collected by the Provincial Government as per the Constitution. On another question it was explained that the record of the IT as per IT Ordinance is confidential.

FBR would, however, like to clarify that as per sub-section (6) of section 216 the Federal Government is empowered to publish the particulars and the amount of tax paid by a holder of a public office as defined in the National Accountability Ordinance, 1999.

FBR takes strong exception to the negative profiling of its entire workforce in some sections of the print media and would like to clarify that like any other organisation it has a mixed lot of human resource. It has its fair share of officers/officials of integrity and competence. In the last six months concerted efforts have been made to post officers of known integrity at critical positions. These steps have been appreciated by the media also. – *Courtesy Business Recorder*

M/s Agility case: Counter memorial can be filed till February 28: ICSID

International Centre for Settlement of Investment Disputes (ICSID) has accepted the Pakistan's request to grant time extension for filing of counter memorial till February 28, 2014 in M/s Agility case. Sources told on Friday that the Federal Board of Revenue has yet not finalised the law firm for defending case filed by M/s Agility against Pakistan at ICSID, which involves compensation of $63 million.

Pakistan had requested the ICSID to grant extension in time period for filing of counter memorial in case of M/s Agility till appointment of a law firm, as the deadline for submitting the documents has expired on December 4, 2013. The last date for filing of counter memorial by the government of Pakistan with the ICSID was December 4, 2013. As no firm has been finalised to plead the case at ICSID, the FBR had also sought extension in time period from the ICSID for filing of the counter memorial before the tribunal. Pakistani tax authorities wanted at least extension by February 28 for filing of counter memorial with the tribunal.

On the request of the FBR, the ICSID has accepted the request of Pakistani tax authorities and granted extension in time period for filing of counter memorial till February 28, 2014. The FBR is still waiting for the response of the Law Division on the appointment of legal firm. The FBR had already filed a reference with the Law and Justice Division to seek opinion on the appointment of law firm to defend FBR before ICSID in the case of M/s Agility vs Government of Pakistan. Law Division has moved the case to the Attorney General of Pakistan (AGP) for opinion.

Sources said the claim filed by M/s Agility is of about $63 million, including service charges, demurrages and interest, etc. The FBR will try to defend the case to avoid payment of such huge compensation of $63 million. Details of the case revealed that the M/s Agility the software developers of the Pakistan Customs Computerised System (PaCCS) has filed a case against the Pakistani tax authorities at ICSID, seeking compensation for its services in Pakistan. The FBR had challenged the jurisdiction of ICSID for hearing the case of the said company. The tribunal had issued a decision on jurisdiction against the FBR on February 27, 2013. M/s Agility has also filed a memorial on the merits with the ICSID. Now, the case on “Customs Clearance Services” would be heard by the ICSID on merit. Under the present circumstances, the FBR has to immediately hire a law firm for strongly defending its case before ICSID.

In May 2005, the project of PaCCS was launched with (limited functionalities) at Karachi International Container Terminal (KICT) Karachi Port for automated and paperless customs clearances. The said company was selected for development of software. The company had the mandate to review the business cycles, reengineer the business procedures and get it translated into software. The duration of the contract was seven months.

The PaCCS, in pilot mode, was later rolled out to two other terminals, ie, PICT and QICT at Karachi port without formal contractual arrangement, with the company. Later, the system audit of the PaCCS revealed that the system created as a pilot had very limited functionalities. In 2010, the FBR asked the company to wind up its operations in Pakistan. The company claimed cost of its services given to the FBR for about four years. – *Courtesy Business Recorder*

Prime Minister’s amnesty scheme: efforts on to increase revenue, broaden tax base: FBR

Federal Board of Revenue (FBR) Member Tax Policy Shahid Hussein Asad said that the amnesty scheme introduced by the

Prime Minister is an effort to increase revenues, broaden the tax net and bring back those who opted out of tax net during last 10 years.

He was speaking at a seminar organised by the Lahore Tax Bar Association (LTBA) on Friday. Chief Commissioner LTU Mustafa Ashraf, LTBA President Habib-ur-Rehman Zuberi, Ali Ahsen Rana, Shahbaz Siddique, Muhammad Awais and a large number of tax practitioners and people from other walks of life attended the seminar.

Shahid Hussein stated that the scheme was not aimed at encouraging the tax evaders. He said that there were 3 million national tax number holders but returns were not filed by even one million people. He said that only 14,000 corporate companies had submitted their returns till December 31, 2013. Regarding bringing down the sales tax ratio, Shahid Hussein said that the Board could consider it if the taxpayers number is increased. He said that the Prime Minister Tax Amnesty Scheme would not be applicable on the cases which are already in the audit process.

He said that the tax amnesty scheme had been announced for reviving of the economy and national progress. He said it would also increase job opportunities on big scale and those who would start businesses under this scheme would also come back to tax net. He hoped that this scheme could produce two million more taxpayers. He said that every body has to play his role to make Pakistan financially strong and free. Lahore Tax Bar Association (LTBA) President Qari Habib-ur-Rehman Zuberi speaking on this occasion apprised the member tax policy about the queries regarding tax amnesty scheme and problems of the taxpayers. – *Courtesy Business Recorder*

C.No.4(11)ST-L&P/2011/175173-R Islamabad, the 27th December, 2013

SALES TAX GENERAL ORDER NO. 57/2013

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

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. 17 of 2007 dated 13th 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	13	ABDULLAH SIZING	0803520816346	Non Filer
2	23	ADEEM DYING (PROP.M.HABIB) (OLD ADEEM HOS	0801600000819	Non Filer
3	49	AL HUSSAIN DYEING INDUSTRY	0800511100237	Non Filer
4	62	AL HABIB & SONS DYING	0302511100182	Non Filer
5	70	AL-HARAM INDUSTRIES	0902320001182	Non Filer
6	74	ALI DOST BUKRAM FACTORY (PROP.RAO ASGHAR)	0802600000491	Non Filer
7	83	AL-JAMEEL DYING	0301511102337	Non Filer
8	89	AL-KARAM TANNERIES (PVT) LTD.	0309411100228	Non Filer
9	104	AL-TAHIR DYING WORKS	0303511100582	Non Filer
10	106	AMAR TEXTILES (PRIVATE) LIMITED.	0301620000355	Non Filer
11	107	AMIN TEXTILE MILLS (PVT) LTD	0308520202364	Non Filer
12	110	ANAM WEAVING MILLS (PVT) LIMITED	0304520803419	Non Filer
13	132	ASMA DYEING INDUSTRIES	0305320000791	Non Filer
14	137	AWAN DYEING (PVT) LTD	0305620073746	Non Filer
15	144	AYESHA TEXTILE MILLS LTD. NO. 2	0308520204264	Non Filer
16	157	BALAJ TEXTILE MILLS (PVT) LTD	0304520201491	Non Filer
17	170	BILAL SIZING	0804520815264	Non Filer
18	176	BISVIL SIZING	0301570300137	Non Filer
19	185	CAPRI INDUSTRIES	0305520900182	Non Filer
20	187	CARNATION GARMENTS IND. (PVT) LTD	0304620005455	Non Filer
21	190	CHAND DYEING AND FINISHING MILLS	0803520000482	Non Filer
22	195	CHINA DYEING INDUSTRIES	0301511100682	Non Filer
23	199	CNC TEXTILES (PVT) LTD	0302520804346	Non Filer
24	210	CRESCENT COTTON PRODUCTS DIVISION OF CRES	0802520501191	Non Filer

25	214	CRYSTAL TEXTILE PROCESSING MILLS (PVT) LTD	0904511100546	Non Filer
26	215	CRYSTAL TEXTILE PROCESSING MILLS (PVT) LTD	0904511100546	Non Filer
27	218	D.S. CLOTHING (PVT) LTD	0304620005528	Non Filer
28	230	DAWOOD USMAN INDUSTRY	0403511102973	Non Filer
29	234	DIAMOND PROCESSING & TEXTILE INDUSTRIES	0302511101582	Non Filer
30	235	DIAMOND TEXTILE	0405511106182	Non Filer
31	242	DR. FRIGZ INTERNATIONAL (PVT) LTD,	0990999961937	Non Filer
32	245	E.N FABRICS (PVT) LIMITED	1390999912146	Non Filer
33	259	ENDEAVOR (PRIVATE) LIMITED	0302620000591	Non Filer
34	261	EVER GREEN TOTAL BUSINESS CO	0304320000546	Non Filer
35	273	FALCON FINISHING AND DYEING PLANT	0801320000864	Non Filer
36	277	FATIMA ENTERPRISES LTD. ({Merged with 040	0402520201573	Non Filer
37	280	FAZAL IBRAHIM SILK MILLS (PVT) LTD	0301511103573	Non Filer
38	314	H.M SHAFI TEXTILES (PVT) LTD.	0803520900982	Non Filer
39	315	H.M TEXTILE INDUSTRIES (PVT) LTD	0301511102746	Non Filer
40	324	HAIDER SULTAN TEXTILES PROCESSIGN INDUSTRY	0803520000637	Non Filer
41	343	HILAL TANNERIES LTD.,	0910411100173	Non Filer
42	353	HUSSAIN DYEING & PRINTING INDUSTRIES (PVT)	0405511101964	Non Filer
43	361	IBRAR HOSIERY BLEACHING	0801320000455	Non Filer
44	402	JET ERA TEXTILE MILLS LIMITED	0306520806046	Non Filer
45	403	JOORY AND JORRY THREAD WORKS	0801510900428	Non Filer
46	417	KAUSAR TEXTILE INDUSTRIES PVT LTD	0405511102537	Non Filer
47	435	KOHINOOR LOOMS LIMITED	0304520807391	Non Filer
48	443	LAND MARK ENTERPRISES	0305511103382	Non Filer
49	447	LEASEE SARGODHA SIZING SERVICE	0801520846064	Non Filer
50	463	MADINA DYEING	0301511100273	Non Filer
51	469	MAHAD THREAD	0304520900273	Non Filer
52	470	MAJID SIZING INDUSTRIES	0801520501364	Non Filer
53	476	MARHABA INDUSTRY,	0903511100864	Non Filer
54	477	MARHABA INDUSTRY,	0903511100864	Non Filer
55	494	MGM CORPORATION (PVT) LTD	1200520200382	Non Filer
56	497	MIAN PROCESSIGN MILLS (PVT) LTD	0405511103291	Non Filer
57	526	MUNIR INDUSTRIES	0801520885573	Non Filer
58	527	MUSHTAQ TEXTILE PRINTING INDUSTRIES (PVT)	0890999934155	Non Filer
59	536	NI APPARELS INTERNATIONAL	0304610301882	Non Filer
60	542	NASEEM ENTERPRISES (PVT) LIMITED	0407520504319	Non Filer

61	555	NEW KARACHI DYEING	0405511103528	Non Filer
62	556	NEW LIGHT HOSIERY (PVT) LTD	0801620001882	Non Filer
63	557	NEW SATTAR DYING,	0902511100382	Non Filer
64	558	NEW SALMAN SIZING IND	0801520846891	Non Filer
65	562	NEWAGE PRIVATE LIMITED	0309620082464	Non Filer
66	563	NEWAGE PRIVATE LIMITED	0309620082464	Non Filer
67	590	PARUMA INTERNATIONAL PVT LTD	0801520912473	Non Filer
68	592	PENTAGON TEXTILE PVT. LTD.	0305610300137	Non Filer
69	608	PUNJAB PRINTING MILLS (PVT) LTD	0308511100464	Non Filer
70	609	PUNJAB SIZING INDUSTRIES	0804520807591	Non Filer
71	611	QAIS TEXTILES (PVT) LTD	0301620001673	Non Filer
72	614	QAYYUM RASHID TEXTILE (PVT) LTD	0403511106937	Non Filer
73	621	RAFI COTTON INDS. (PVT) LTD. [merged with	0407520500764	Non Filer
74	629	RANA HOSIERY & TEXTILE MILLS (PVT) LTD	0404580100282	Non Filer
75	634	RECTO INDUSTRIES (PVT) LTD	0304610300719	Non Filer
76	638	REHMAN FARID FABRICS (PVT) LTD	0405511117446	Non Filer
77	666	S S FAFETY INDUSTRIES	0800611600182	Non Filer
78	670	SADAF KNITWEAR (PVT) LTD	0302620052564	Non Filer
79	695	SHABBIR HOSIERY	0801621700319	Non Filer
80	697	SHADMAN COTTON MILLS LIMITED	0308520206655	Non Filer
81	728	SIGMA KNITTING MILLS LTD.	0301620000273	Non Filer
82	748	SUMAIRA TEXTILES (PVT) LIMITED,	0890999137937	Non Filer
83	751	SUN STAR KNITWEAR	0302510900464	Non Filer
84	753	SUPERIOR FACTRICS (PVT) LTD	0310520800128	Non Filer
85	803	YAQOOB INDUSTRY	0301411100128	Non Filer
86	804	YASIN SIZING INDUSTRIES	0801520835091	Non Filer
87	810	YOUSUF TEXTILE MILLS LTD.	0205520200655	Non Filer
88	813	ZAHID JEE FABRICS (LTD),	0404511104455	Non Filer
89	816	ZAINAL TEXTILES (PVT) LTD	0302620001582	Non Filer
90	834	INAYAT SIZING INDUSTRIES	0801520851819	Non Filer
91	848	LABAAS TEXTILE LTD.	0302620045728	Non Filer
92	855	KHALID SAEED LESSEE NEW GOLDEN SIZING	0802520802728	Non Filer
93	859	REHMAN SIZING	0800520807128	Non Filer
94	866	BAOO JEE TEXTILES	0800590004328	Non Filer
95	944	HASSAN SIZING INDUSTRIES (ON LEASE)	0801520835828	Non Filer
96	955	AL-VERA ENTERPRISES (PVT) LTD.	0308511102282	Non Filer
97	977	USMAN SIZING	0800520801919	Non Filer
98	983	FATIMA SPORTS WEAR	0801621700491	Non Filer
99	992	WEAVEX SIZZING INDUSTRY	2400520824373	Non Filer

100	1012	NEW AL-JAMIA SIZING	0801520895973	Non Filer
101	1013	QAMAR COTTON INDUSTRIES	0303300500119	Non Filer
102	1090	NEW KASHMIR SIZING INDUSTRIES	0803520839864	Non Filer
103	6	A. L. M. SURGICARE	0905901805937	RTO Recommendation
104	186	CARE & CURE SURGICO	0905999977819	
105	262	EXAMPLE IMPEX	0905950682728	
106	263	F.I. NAZIR INDUSTRIES	0905999934346	
107	405	K.T. SURGICO	0905901815346	
108	533	NAYYAR INDUSTRIES (PVT) LTD.	0910570300164	

S.R.O. 1072(I)/2013, Islamabad, the 27th December, 2013.– In exercise of the powers conferred by sub-section (4) of section 3 of the Federal Excise Act, 2005, the Federal Government is pleased to direct that the following amendments shall be made in its Notification No. SRO 77(I)/2013, dated the 7th February, 2013, namely:–

In the aforesaid Notification,-

(i) In condition (a), after the figure "2013", the words, comma and figures "and decision of the ECC in its meeting held on 7th September, 2013 whereby a maximum of five hundred thousand metric tons of sugar was allowed to be exported" shall be added; and

(ii) In explanation, for the words "tax period", occurring for the first time, the words "three tax periods" shall be substituted.

No.SRB-3-4/MTP/47/2012/10202 Karachi, the 30th December, 2013

SINDH REVENUE BOARD CIRCULAR NO. 10/2013

Subject: **Direct debit e-payment facility for SRB taxpayers – implementation on e-SRB system.**

An IT system for on-line sales tax deposit and transfer of funds has been developed and implemented, in association with National Bank of Pakistan, on e-SRB Portal system. This facility is available for such of the SRB taxpayers who have their bank accounts in any of the non-line branches of NBP in Pakistan which shall transfer the funds (amounts and/or withheld amounts of Sindh sales tax) directly in Sindh Government's head of account "B-02384". Such of the taxpayers, using the facility, shall also receive, directly, the electronically generated CPRs from NBP.

2. The SRB taxpayers, desirous of availing of the Direct Debit e-Payment Facility are advised to visit the details and procedure of the facility on SRB website www.srb.gos.pk under its "User Guide" panel.

3. In case any taxpayer has any problem in understanding this Direct Debit Facility and/or in case he has any query to make or any clarification to seek, he may call SRB helpline (021) 111-778-000 or visit SRB helpdesk at the 9th Floor of Shaheen Complex, M.R. Kayani Road, Karachi, or contact SRB at info@srb.gos.pk or at e-support@srb.gos.pk at his convenience.

S.R.O. 1073(I)/2013, Islamabad, the 27th December, 2013.– 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 amendments shall be made in its notification No. S.R.O. 1274(I)/2006 dated 29th December 2006, namely:–

In the aforesaid Notification,–

(i) in the preamble,–

(a) for the word "table", wherever occurring, the word "TABLE-I" shall be substituted; and

(b) after the bracket and figure "(9)", occurring for the second time, the following shall be inserted, namely,–

"and the goods specified in column (3) of TABLE-II below, falling under the Heading and sub-Heading numbers of First Schedule to the said Act as specified in column (2) of said TABLE-II, from so much of customs-duty as specified in First Schedule to the said Act as is in excess of the rates specified in column (4), (5) and (6) of said TABLE-II from corresponding dates as specified in columns (4), (5) and (6) thereof"; and

(ii) for the existing paragraph 2, the following paragraph 2 shall be substituted, namely:–

"2. In case the rate of customs-duty specified in columns (4), (5), (6), (7), (8) and (9) of TABLE-I or columns (4), (5) and (6) of TABLE-II below, is higher than the rate of customs-duty specified in the First Schedule to the said Act, lower rate of customs duty shall be applicable."; and

(iii) after paragraph 2, the existing Table shall be renamed as "TABLE-I" and after "TABLE-I", re-named as aforesaid, the following "TABLE-II" shall be added, namely:–

"TABLE-II

S.No	HS Code	Tariff Description	Rate of Duty With Effect From (%)		
			1st January 2012	1st January 2013	1st January 2014
(1)	(2)	(3)	(4)	(5)	(6)
1	0207.1100	- - NOT CUT IN PIECES, FRESH OR CHILLED	20	10	5
2	0207.1200	- - NOT CUT IN PIECES, FROZEN	20	10	5
3	0207.1300	- - CUTS AND OFFAL, FRESH OR CHILLED	20	10	5
4	0207.1400	- - CUTS AND OFFAL,	20	10	5

		FROZEN			
5	0401.1000	-OF A FAT CONTENT, BY WEIGHT, NOT EXCEEDING 1 %	20	10	5
6	0401.2000	-OF A FAT CONTENT, BY WEIGHT, EXCEEDING 1 % BUT NOT EXCEEDING 6 %	20	10	5
7	0403.1000	-YOGURT	20	10	5
8	0403.9000	-OTHER	20	10	5
9	0406.2000	-GRATED OR POWDERED CHEESE, OF ALL KINDS	20	10	5
10	0406.9000	-OTHER CHEESE	20	10	5
11	0701.9000	-OTHER	0	0	0
12	0702.0000	TOMATOES, FRESH OR CHILLED.	0	0	0
13	0703.1000	-ONIONS AND SHALLOTS	0	0	0
14	0703.2000	-GARLIC	0	0	0
15	0710.2100	- - PEAS (PISUM SATIVUM)	10	7	5
16	0710.2200	- - BEANS (VIGNA SPP., PHASEOLUS SPP.)	10	7	5
17	0710.2900	- - OTHER	10	7	5
18	0710.4000	-SWEET CORN	10	7	5
19	0711.9000	-OTHER VEGETABLES; MIXTURES OF VEGETABLES	10	7	5
20	0712.2000	-ONIONS	10	7	5
21	0803.1000	-PLANTAINS	20	10	5
22	0804.5010	- - - GUAVAS	20	10	5
23	0804.5020	- - - MANGOES	20	10	5
24	0804.5030	- - MANGOSTEENS	20	10	5
25	0804.5040	- - - FROZEN MANGO	20	10	5
26	0804.5050	- - - MANGO PULP	20	10	5
27	0804.5090	- - - OTHER	20	10	5
28	0805.1000	-ORANGES	20	10	5
29	0805.2010	- - - KINO (FRESH)	20	10	5
30	0805.2090	- - - OTHER	20	10	5
31	0805.4000	- GRAPEFRUIT, INCLUDING POMELOS	20	10	5
32	0805.5000	-LEMONS (CITRUS LIMON, CITRUS LIMONUM) AND	20	10	5

		LIMES (CITRUS AURANTIFOLIA,CITRUS LATIFOLIA)			
33	0805.9000	-OTHER	20	10	5
34	0806.2000	-DRIED	20	10	5
35	0807.1100	- - WATERMELONS	20	10	5
36	0807.1900	- - OTHER	20	10	5
37	0809.2100	-- SOUR CHERRIES	20	10	5
38	0809.2900	-- OTHER	20	10	5
39	0809.3000	-PEACHES, INCLUDING NECTARINES	20	10	5
40	0809.4000	-PLUMS AND SLOES	20	10	5
41	0810.1000	-STRAWBERRIES	20	10	5
42	0811.1000	-STRAWBERRIES	20	10	5
43	0811.9000	-OTHER	20	10	5
44	0812.1000	-CHERRIES	20	10	5
45	0812.9000	-OTHER	20	10	5
46	0813.1000	-APRICOTS	20	10	5
47	0813.3000	-APPLES	20	10	5
48	0813.5000	-MIXTURES OF NUTS OR DRIED FRUITS OF THIS CHAPTER	20	10	5
49	1101.0010	- - - OF WHEAT	0	0	0
50	1101.0020	- - - OF MESLIN	10	7	5
51	1108.1100	- - WHEAT STARCH	10	7	5
52	1508.1000	-CRUDE OIL	Rs. 13150/MT	Rs. 6575/MT	Rs. 3288/MT
53	1508.9000	-OTHER	Rs. 14300/MT	Rs. 7150/MT	Rs. 3575/MT
54	1512.1100	- - CRUDE OIL	Rs. 15000/MT	Rs. 7500/MT	Rs. 3750/MT
55	1512.2100	- - CRUDE OIL, WHETHER OR NOT GOSSYPOL HAS BEEN REMOVED	Rs. 15000/MT	Rs. 7500/MT	Rs. 3750/MT
56	1512.2900	- - OTHER	Rs. 16800/MT	Rs. 8400/MT	Rs. 4200/MT
57	1514.1100	- - CRUDE OIL	Rs. 15000/MT	Rs. 7500/MT	Rs. 3750/MT
58	1514.1900	- - OTHER	Rs. 16800/MT	Rs. 8400/MT	Rs. 4200/MT
59	1514.9100	- - CRUDE OIL	Rs. 9050/MT	Rs. 4525/MT	Rs. 2263/MT
60	1514.9900	- - OTHER	Rs. 10200/MT	Rs. 5100/MT	Rs. 2550/MT
61	1515.1100	- - CRUDE OIL	Rs. 9500/MT	Rs. 4750/MT	Rs. 2375/MT
62	1515.1900	- - OTHER	Rs. 10800/MT	Rs. 5400/MT	Rs. 2700/MT
63	1515.2100	- - CRUDE OIL	Rs. 15000/MT	Rs. 7500/MT	Rs. 3750/MT

64	1515.2900	- - OTHER	Rs. 16600/MT	Rs. 8300/MT	Rs. 4150/MT
65	1515.5000	-SESAME OIL AND ITS FRACTIONS	Rs. 9050/MT	Rs. 4525/MT	Rs. 2263/MT
66	1516.1000	-ANIMAL FATS AND OILS AND THEIR FRACTIONS	Rs. 10200/MT	Rs. 5100/MT	Rs. 2550/MT
67	1701.9100	- - CONTAINING ADDED FLAVOURING OR COLOURING MATTER	10	7	5
68	1806.3100	- - FILLED	20	10	5
69	1806.3200	- - NOT FILLED	20	10	5
70	2008.3000	-CITRUS FRUIT	10	7	5
71	2008.4000	-PEARS	10	7	5
72	2008.5000	-APRICOTS	10	7	5
73	2008.6000	-CHERRIES	10	7	5
74	2008.9100	- - PALM HEARTS	10	7	5
75	2009.5000	-TOMATO JUICE	20	10	5
76	2009.9000	-MIXTURES OF JUICES	20	10	5
77	2201.9000	-OTHER	20	10	5
78	2204.1000	-SPARKLING WINE	20	10	5
79	2204.2100	- - IN CONTAINERS HOLDING 2 L OR LESS	20	10	5
80	2204.2900	- - OTHER	20	10	5
81	2204.3000	-OTHER GRAPE MUST	20	10	5
82	2205.1000	-IN CONTAINERS HOLDING 2 L OR LESS	20	10	5
83	2205.9000	-OTHER	20	10	5
84	2206.0000	OTHER FERMENTED BEVERAGES (FOR EXAMPLE, CIDER, PERRY, MEAD); MIXTURES OF FERMENTED BEVERAGES AND MIXTURES OF FERMENTED BEVERAGES AND NON-ALCOHOLIC BEVERAGES, NOT ELSEWHERE SPECIFIE	20	10	5
85	2207.1000	-UNDENATURED ETHYL ALCOHOL OF AN ALCOHOLIC STRENGTH BY VOLUME OF 80 % VOL OR HIGHER	20	10	5
86	2208.4000	- RUM AND OTHER SPIRITS OBTAINED BY DISTILLING	20	10	5

		FERMENTED SUGAR-CANE PRODUCTS			
87	2208.5000	-GIN AND GENEVA	20	10	5
88	2208.6000	-VODKA	20	10	5
89	2208.7000	-LIQUEURS AND CORDIALS	20	10	5
90	2208.9000	-OTHER	20	10	5
91	2306.1000	-OF COTTON SEEDS	10	7	5
92	2402.9000	-OTHER	20	10	5
93	2403.9100	- - “HOMOGENISED” OR “RECONSTITUTED” TOBACCO	20	10	5
94	2403.9910	- - - TOBBACO FOR CHEWING	20	10	5
95	2403.9990	- - - OTHER	20	10	5
96	2523.1000	-CEMENT CLINKERS	0	0	0
97	2523.2100	- - WHITE CEMENT, WHETHER OR NOT ARTIFICIALLY COLOURED	10	7	5
98	2523.2900	- - OTHER	0	0	0
99	2523.3000	-ALUMINOUS CEMENT	10	7	5
100	2833.2910	- - - SULPHATES OF FERROUS	5	5	5
101	2833.2920	- - - SULPHATES OF LEAD	5	5	5
102	2833.2930	- - - OF CHROMIUM	10	7	5
103	2833.2940	- - - OF ZINC	5	5	5
104	2833.2990	- - - OTHER	5	5	5
105	3304.3010	- - - NAIL POLISH	20	10	5
106	3304.3090	- - - OTHER	20	10	5
107	3304.9910	- - - FACE AND SKIN CREAMS AND LOTIONS	20	10	5
108	3304.9920	- - - TONICS AND SKIN FOOD	20	10	5
109	3304.9990	- - - OTHER	20	10	5
110	3305.9010	- - - CREAM FOR HAIR	20	10	5
111	3305.9020	- - - DYES FOR HAIR	20	10	5
112	3305.9090	- - - OTHER	20	10	5
113	3402.1210	- - - PHARMACEUTICAL GRADE	10	7	5
114	3402.1220	- - - OTHER THAN IN RETAIL PACKING	10	7	5

115	3402.1290	- - - OTHER	10	7	5
116	3405.1010	- - - FOR FOOTWEAR	20	10	5
117	3405.1020	- - - FOR LEATHER	10	7	5
118	3405.2000	-POLISHES, CREAMS AND SIMILAR PREPARATIONS FOR THE MAINTENANCE OF WOODEN FURNITURE, FLOORS OR OTHER WOODWORK	10	7	5
119	3405.3000	-POLISHES AND SIMILAR PREPARATIONS FOR COACHWORK, OTHER THAN METAL POLISHES	20	10	5
120	3505.1010	- - - DEXTRINS	10	7	5
121	3505.1020	- - - DEXTRINS OF PHARMACEUTICAL GRADE	10	7	5
122	3505.1090	- - - OTHER	10	7	5
123	3605.0000	MATCHES, OTHER THAN PYROTECHNIC ARTICLES OF HEADING 36.04.	20	10	5
124	3808.9110	- - - MOSQUITO COILS, MATS AND THE LIKE	20	10	5
125	3808.9120	- - - NAPTHALENE BALLS	20	10	5
126	3808.9130	- - - SEX PHEROMONE	0	0	0
127	3808.9140	- - - PB ROPE L& LTT	0	0	0
128	3808.9150	- - - PARA DICHLOROBENZENE BLOCKS	20	10	5
129	3808.9170	- - - PRODUCTS REGISTERED UNDER THE AGRICULTURAL PESTICIDES ORDINANCE 1971	5	5	5
130	3808.9180	- - - PHOSPHATIC INSECTICIDES	5	5	5
131	3808.9191	- - - - EMAMECTINE BENZOATE	10	7	5
132	3808.9199	- - - - OTHER	5	5	5
133	3809.9110	- - - PRINTING GUM (PREPARATION OF MODIFIED STARCHES WITH OTHER GUMS HAVING SPECIFIC APPLICATION IN TEXTILE PRINTING	0	0	0

134	3809.9190	- - - OTHER	10	7	5
135	3809.9300	- - OF A KIND USED IN THE LEATHER OR LIKE INDUSTRIES	10	7	5
136	3907.7000	- POLY(LACTIC ACID)	10	7	5
137	3920.5100	- - OF POLY(METHYL METHACRYLATE)	10	7	5
138	3920.7100	- - OF REGENERATED CELLULOSE	10	7	5
139	3920.7300	- - OF CELLULOSE ACETATE	10	7	5
140	3920.7900	- - OF OTHER CELLULOSE DERIVATIVES	10	7	5
141	3925.3000	-SHUTTERS, BLINDS (INCLUDING VENETIAN BLINDS) AND SIMILAR ARTICLES AND PARTS THEREOF	20	10	5
142	3926.2010	- - - PLASTIC BELTS	10	7	5
143	3926.2090	- - - OTHER	10	7	5
144	3926.3000	-FITTINGS FOR FURNITURE, COACHWORK OF THE LIKE	10	7	5
145	3926.9010	- - - SYNTHETIC FLOATS FOR FISHING NETS	10	7	5
146	3926.9020	- - - COILS OF PLASTICS (CONTRACEPTIVES AND ACCESSORIES THEREFOR)	5	5	5
147	3926.9030	- - - TRANSMISSION, CONVEYOR OR ELEVATOR BELTS	10	7	5
148	3926.9040	- - - LABORATORY WARE	10	7	5
149	3926.9050	- - - COLOSTOMY BAGS AND URINE BAGS	0	0	0
150	3926.9060	- - - SHOE LASTS	10	7	5
151	3926.9070	- - - DESIGN PATTERNS, CARDS FOR TEXTILE AND LEATHER GARMENTS	5	5	5
152	3926.9091	- - - -PLASTIC TAGS AND STAPLES FOR GARMENTS	5	5	5
153	3926.9099	- - - -OTHER	10	7	5
154	4012.1100	- - OF A KIND USED ON MOTOR CARS (INCLUDING STATION WAGONS AND	20	10	5

		RACING CARS)			
155	4012.1200	- - OF A KIND USED ON BUSES OR LORRIES	20	10	5
156	4012.1300	- - OF A KIND USED ON AIRCRAFT	5	5	5
157	4012.2000	-USED PNEUMATIC TYRES	20	10	5
158	4412.1000	- OF BAMBOO	10	7	5
159	4412.9400	- - BLOCKBOARD, LAMINBOARD AND BATTENBOARD	10	7	5
160	4412.9900	- - OTHER	10	7	5
161	4811.5910	- - - THERMAL FAX PAPER	10	7	5
162	4811.5920	- - - VOLATILE CORROSIVE INHOBITOR (VCI) PAPER	5	5	5
163	4811.5930	- - - FLOOR COVERINGS ON A BASE OF PAPER OR OF PAPERBOARD, WHETHER OR NOT CUT TO SIZE	20	10	5
164	4811.5990	- - - OTHER	10	7	5
165	4818.3000	-TABLECLOTHS AND SERVIETTES	20	10	5
166	4818.5000	-ARTICLES OF APPAREL AND CLOTHING ACCESSORIES	10	7	5
167	4818.9000	-OTHER	5	5	5
168	5407.8110	- - - UNBLEACHED	10	7	5
169	5407.8120	- - - BLEACHED	10	7	5
170	5407.8200	- - DYED	10	7	5
171	5407.8300	- - OF YARNS OF DIFFERENT COLOURS	10	7	5
172	5512.1110	- - - UNBLEACHED	10	7	5
173	5512.1120	- - - BLEACHED	10	7	5
174	5512.1900	- - OTHER	10	7	5
175	5512.2110	- - - UNBLEACHED	10	7	5
176	5512.2120	- - - BLEACHED	10	7	5
177	5512.2900	- - OTHER	10	7	5
178	5513.1110	- - - UNBLEACHED	10	7	5
179	5513.1120	- - - BLEACHED	10	7	5
180	5513.1210	- - - UNBLEACHED	10	7	5
181	5513.1220	- - - BLEACHED	10	7	5

182	5513.1310	- - - UNBLEACHED	10	7	5
183	5513.1320	- - - BLEACHED	10	7	5
184	5513.1910	- - - UNBLEACHED	10	7	5
185	5513.1920	- - - BLEACHED	10	7	5
186	5513.2900	- - OTHER WOVEN FABRICS	10	7	5
187	5513.3900	- - OTHER WOVEN FABRICS	10	7	5
188	5513.4900	- - OTHER WOVEN FABRICS	10	7	5
189	5514.1910	- - - UNBLEACHED	10	7	5
190	5514.1920	- - - BLEACHED	10	7	5
191	5514.2900	- - OTHER WOVEN FABRICS	10	7	5
192	5514.4900	- - OTHER WOVEN FABRICS	10	7	5
193	5515.2110	- - - UNBLEACHED	10	7	5
194	5515.2190	- - - OTHER	10	7	5
195	5515.2210	- - - UNBLEACHED	10	7	5
196	5515.2290	- - - OTHER	10	7	5
197	5515.2910	- - - UNBLEACHED	10	7	5
198	5515.2990	- - - OTHER	10	7	5
199	5515.9110	- - - UNBLEACHED	10	7	5
200	5515.9190	- - - OTHER	10	7	5
201	5515.9910	- - - UNBLEACHED	10	7	5
202	5515.9990	- - - OTHER	10	7	5
203	5516.1200	- - DYED	10	7	5
204	5516.1300	- - OF YARNS OF DIFFERENT COLOURS	10	7	5
205	5516.1400	- - PRINTED	10	7	5
206	5516.2100	- - UNBLEACHED OR BLEACHED	10	7	5
207	5516.2200	- - DYED	10	7	5
208	5516.2300	- - OF YARNS OF DIFFERENT COLOURS	10	7	5
209	5516.2400	- - PRINTED	10	7	5
210	5516.3100	- - UNBLEACHED OR BLEACHED	10	7	5
211	5516.3200	- - DYED	10	7	5
212	5516.3300	- - OF YARNS OF DIFFERENT COLOURS	10	7	5
213	5516.3400	- - PRINTED	10	7	5
214	5516.4100	- - UNBLEACHED OR	10	7	5

		BLEACHED			
215	5516.4200	- - DYED	10	7	5
216	5516.4300	- - OF YARNS OF DIFFERENT COLOURS	10	7	5
217	5516.4400	- - PRINTED	10	7	5
218	5516.9100	- - UNBLEACHED OR BLEACHED	10	7	5
219	5516.9200	- - DYED	10	7	5
220	5516.9300	- - OF YARNS OF DIFFERENT COLOURS	10	7	5
221	55169400	- - PRINTED	10	7	5
222	5702.2000	-FLOOR COVERINGS OF COCONUT FIBRES (COIR)	20	10	5
223	5806.1000	-WOVEN PILE FABRICS (INCLUDING TERRY TOWELLING AND SIMILAR TERRY FABRICS) AND CHENILLE FABRICS	20	10	5
224	5809.0000	WOVEN FABRICS OF METAL THREAD AND WOVEN FABRICS OF METALLISED YARN OF HEADING 56.05, OF A KIND USED IN APPAREL, AS FURNISHING FABRICS OR FOR SIMILAR PURPOSES, NOT ELSEWHERE SPECIFIED	20	10	5
225	5901.9010	- - - BUCKRAM	20	10	5
226	5901.9090	- - - OTHER	20	10	5
227	6112.2000	-SKI SUITS	20	10	5
228	6117.9000	-PARTS	20	10	5
229	6212.3000	-CORSELETTES	20	10	5
230	6403.9100	- - COVERING THE ANKLE	20	10	5
231	6806.1000	-SLAG WOOL, ROCK WOOL AND SIMILAR MINERAL WOOLS (INCLUDING INTERMIXTURES THEREOF), IN BULK, SHEETS OR ROLLS	10	7	5
232	6909.1200	- - ARTICLES HAVING A HARDNESS EQUIVALENT TO 9 OR MORE ON THE MOHS SCALE	10	7	5

233	7216.2100	- - L SECTIONS	10	7	5
234	7304.2200	- - DRILL PIPE OF STAINLESS STEEL	10	7	5
235	7304.2400	- - OTHER, OF STAINLESS STEEL	10	7	5
236	7310.1000	-OF A CAPACITY OF 50 L OR MORE	10	7	5
237	7310.2900	- - OTHER	10	7	5
238	7311.0010	- - - FOR CNG	0	0	0
239	7311.0020	- - - FOR LPG	0	0	0
240	7311.0030	- - - FOR CRYOGENIC	5	5	5
241	7311.0040	- - - FOR AEROSOL PRODUCTS	10	7	5
242	7311.0090	- - - OTHER	10	7	5
243	7315.2000	-SKID CHAIN	10	7	5
244	7317.0010	- - - NAILS	20	10	5
245	7317.0020	- - - TACKS	20	10	5
246	7317.0030	- - - DRAWING PINS	20	10	5
247	7317.0090	- - - OTHER	20	10	5
248	7318.1100	- - COACH SCREWS	20	10	5
249	7318.1200	- - OTHER WOOD SCREWS	20	10	5
250	7318.1300	- - SCREW HOOKS AND SCREW RINGS	20	10	5
251	7318.1400	- - SELF-TAPPING SCREWS	20	10	5
252	7318.2300	- - RIVETS	10	7	5
253	7318.2400	- - COTTERS AND COTTER-PINS	10	7	5
254	7320.2000	-HELICAL SPRINGS	20	10	5
255	7320.9010	- - - OF A KIND SOLELY AND PRINCIPALLY USED IN MANUFACTURE OF VIDEO CASSETTES	10	7	5
256	7320.9020	- - - CONTROL SPRING FOR HYDRAULIC LIFT FOR AGRICULTURAL TRACTORS OF SUB - HEADING 8701.9020	20	10	5
257	7320.9090	- - - OTHER	20	10	5
258	7321.8200	- - FOR LIQUID FUEL	20	10	5
259	7321.8900	- - OTHER, INCLUDING APPLIANCES FOR SOLID	20	10	5

		FUEL			
260	7407.1010	- - - BARS	5	5	5
261	7407.1020	- - - RODS	5	5	5
262	7407.1030	- - - TWISTED COPPER BARS	5	5	5
263	7407.1040	- - - BUSBARS OF ELECTROLYTIC GRADE OF 99.9 % PURITY	5	5	5
264	7407.1090	- - - OTHER	10	7	5
265	7411.1010	- - - CAPILLARY TUBE OF DIAMETER UPTO 2.25 MM	5	5	5
266	7411.1020	- - - INTERNALLY GROOVED TUBES	5	5	5
267	7411.1090	- - - OTHER	10	7	5
268	8424.8900	- - OTHER	5	5	5
269	8427.2010	- - - OF A CAPACITY NOT EXCEEDING 3 TON	5	5	5
270	8427.2090	- - - OTHER	5	5	5
271	8438.3010	- - - FOR SUGARCANE CRUSHERS	5	5	5
272	8438.3090	- - - OTHER	5	5	5
273	8438.4000	-BREWERY MACHINERY	10	7	5
274	8446.1000	-FOR WEAVING FABRICS OF A WIDTH NOT EXCEEDING 30CM	10	7	5
275	8446.2100	- - POWER LOOMS	10	7	5
276	8448.3310	- - - SPINDLE FLYERS AND RING TRAVELLERS	5	5	5
277	8448.3320	- - - SPINDLES	5	5	5
278	8448.3330	- - - SPINNING RINGS	10	7	5
279	8448.4210	- - - REEDS	10	7	5
280	8448.4290	- - - OTHER	10	7	5
281	8474.3110	- - - FOR CEMENT INDUSTRY	5	5	5
282	8474.3120	- - - CONCRETE BATCHING PLANT	5	5	5
283	8474.3130	- - - CONCRETE TRANSIT MIXER DRUM	5	5	5
284	8474.3190	- - - OTHER	5	5	5
285	8474.3900	- - OTHER	5	5	5

286	8474.8010	- - - HYDRAULIC PRESS FOR CERAMIC INDUSTRY OF CAPACITY EXCEEDING 80 TONS	5	5	5
287	8474.8090	- - - OTHER	5	5	5
288	8484.2010	- - - FOR USE WITH THE MACHINES/ COMPONENTS OF VEHICLES OF CHAPTER 87	20	10	5
289	8484.2020	- - - METAL JACKETED GASKETS	5	5	5
290	8484.2090	- - - OTHER	5	5	5
291	8486.1000	- MACHINES AND APPARATUS FOR THE MANUFACTURE OF BOULES OR WAFERS	5	5	5
292	8486.2000	- MACHINES AND APPARATUS FOR THE MANUFACTURE OF SEMICONDUCTOR DEVICES OR OF ELECTRONIC INTEGRATED CIRCUITS	5	5	5
293	8486.3000	- MACHINES AND APPARATUS FOR THE MANUFACTURE OF FLAT PANEL DISPLAYS	5	5	5
294	8486.9000	- PARTS AND ACCESSORIES.	5	5	5
295	8516.8010	- - - ELECTRIC HEATING ELEMENT FOR REFRIGERATORS/POWER CONDENSATION HEATER FOR MOTORS	10	7	5
296	8516.8090	- - - OTHER	20	10	5
297	8517.1810	- - - VIDEO PHONES	10	7	5
298	8517.1890	- - - OTHER	10	7	5
299	8517.6210	- - - VOICE FEQUENCY TELEGRAPHY	5	5	5
300	8517.6220	- - - MODEMS	5	5	5
301	8517.6230	- - - HIGH BIT RATE DIGITAL HIERARCHY SYSTEM (SDH)	5	5	5
302	8517.6240	- - - DIGITAL LOOP CARRIER SYSTEM (DLC)	5	5	5
303	8517.6250	- - - SYNCHRONOUS	5	5	5

		DIGITAL HIERARCHY SYSTEM (SDH)			
304	8517.6260	- - - MULTIPLEXERS, STATISTICAL MULTIPLEXERS	5	5	5
305	8517.6290	- - - OTHER	10	7	5
306	8517.6910	- - - ISDN SYSTEM	5	5	5
307	8517.6920	- - - ISDN TERMINAL ADAPTERS	5	5	5
308	8517.6930	- - - ROUTERS	0	0	0
309	8517.6940	- - - SUBSCRIBER END EQUIMENT	5	5	5
310	8517.6950	- - - SET TOP BOXES FOR GAINING ACCESS TO INTERNET	5	5	5
311	8517.6960	- - - ATTACHEMENTS FOR TELEPHONES	5	5	5
312	8517.6970	- - - NETWORKING EQUIPMENTS LIKE LAN BRIDGES, HUBS, SWITCHES AND REPEATERS	0	0	0
313	8517.6980	- - - MULTI-STATION ACCESS UNITS	0	0	0
314	8517.6990	- - - OTHER	5	5	5
315	8519.8110	- - - DUBBING SYSTEM OF A KIND USED IN FILM STUDIOS AND PRODUCTION HOUSES	5	5	5
316	8519.8190	- - - OTHER	10	7	5
317	8521.1010	- - - V.C.R.	10	7	5
318	8521.1020	- - - V.C.P.	10	7	5
319	8521.1090	- - - OTHER	10	7	5
320	8521.9010	- - - LASER VIDEO DISC PLAYER	10	7	5
321	8521.9090	- - - OTHER	10	7	5
322	8525.6010	- - - BLUE TOOTH WHETHER OR NOT CAPABLE OF CONNECTING TO AN AUTOMATIC DATA PROCESSING MACHINE	5	5	5
323	8525.6020	- - - RADIO PAGING APPARATUS	5	5	5

324	8525.6030	- - - WALKIE TALKIE SET	10	7	5
325	8525.6040	- - - VSAT TERMINALS	10	7	5
326	8525.6050	- - - OTHER SATELLITE COMMUNICATION EQUIPMENT	10	7	5
327	8525.6060	- - - VEHICLE TRACKING SYSTEM	5	5	5
328	8525.6070	- - - MODEMS	5	5	5
329	8525.6090	- - - OTHER	10	7	5
330	8528.7300	- - OTHER, MONOCHROME	20	10	5
331	8532.2100	- - TANTALUM	10	7	5
332	8532.2400	- - CERAMIC DIELECTRIC, MULTILAYER	10	7	5
333	8536.4900	- - OTHER	5	5	5
334	8542.3100	- - PROCESSORS AND CONTROLLERS, WHETHER OR NOT COMBINED WITH MEMORIES, CONVERTERS, LOGIC CIRCUITS, AMPLIFIERS, CLOCK AND TIMING CIRCUITS, OR OTHER CIRCUITS	5	5	5
335	8542.3200	- - MEMORIES	5	5	5
336	8542.3300	- - AMPLIFIERS	5	5	5
337	8542.3900	- - OTHER	5	5	5
338	8713.9000	-OTHER	5	5	5
339	8714.2000	-OF CARRIAGES FOR DISABLED PERSONS	5	5	5
340	9403.8100	- - OF BAMBOO OR RATTAN	20	10	5”.

C.No.4(3)ST-L&P/2011-1955 Islamabad, the 3rd January, 2014

SALES TAX GENERAL ORDER NO. 01/2014

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

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. 16 of 2007 dated 13th 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	5	A.B.T. INTERNATIONAL	1200510600655	Non Filer
2	31	AHMED PROCESSING MILLS (PVT) LTD.	1100511110346	Non Filer
3	32	AHMED SILK MILLS (PVT) LTD.	0201511105646	Non Filer
4	44	AL-AMIN WOOLLEN MILLS (PVT) LTD,	0101510600264	Non Filer
5	49	AL-ERUM INDUSTRIES	0201511103664	Non Filer
6	77	AL-HASEEN INDUSTRIAL & ENGINEERING CORP.	1100620042446	Non Filer
7	79	ALMA LEATHERS	1200410500855	Non Filer
8	80	AL-MAARIJ TWISTING.	1100520400919	Non Filer
9	87	AMINN FABRICS LTD, SITE KOTRI	0101531000282	Non Filer
10	102	ARGUS KNITWEAR (PVT) LTD.	1202511100128	Non Filer
11	114	ASIF INDUSTRIES.	1100520855591	Non Filer
12	115	ASIM INDUSTRIES (PVT) LTD.	0201511100446	Non Filer
13	119	ASSOCIATED INDUSTRIES GARMENT PAK. (PVT).	0202511108291	Non Filer
14	129	BAIG SPINNING MILLS LTD.	0202520500246	Non Filer
15	139	BILAL INDUSTRIES	1102999915446	Non Filer
16	166	COMMODITIES & TEXTILE (PVT) LTD,	1201620000391	Non Filer
17	194	DOSTSONS COTTON MILLS (PVT) LTD.	1200520502664	Non Filer
18	205	EUROMODE (PVT) LTD.	1200620004937	Non Filer
19	206	EVERGREEN INDUSTRIES	1100610307573	Non Filer
20	223	FATANI IMPEX (PVT) LTD	1200620008864	Non Filer
21	226	FAYAZ FILAMENT (PVT) LIMITED.	060I520000837	Non Filer
22	243	G.B. SPORTSWEAR (PVT) LTD.	1200620001391	Non Filer
23	296	HASSAAN DYEING PROCESS.	1100320008273	Non Filer
24	314	ICI PAKISTAN LTD	0308520000146	Non Filer
25	349	JAMIA SPINNING & WEAVING MILLS (PVT) LTD,	1200520500846	Non Filer
26	431	MECCA DYEING	1200511102582	Non Filer
27	433	MEHRAN DYEING (PVT) LTD.	0208511100882	Non Filer
28	434	MEHRAN GARMENTS	1200600102428	Non Filer
29	469	MUSTAFA INDUSTRIES	1200580201073	Non Filer
30	497	NEW STAR SILK MILLS	0201511105728	Non Filer
31	522	PAKISTAN NATIONAL TEXTILE MILLS LTD	1200511102664	Non Filer
32	540	POLYRON LIMITED.	0601520000264	Non Filer
33	637	SHAFI TEXTILE PRINTER	0206511101146	Non Filer

34	676	SOPHIA TEXTILE (PVT) LTD	1100610384091	Non Filer
35	707	TEXMACO INDUSTRIES.	1100520815091	Non Filer
36	714	TILON (PRIVATE) LIMITED.	0601520000591	Non Filer
37	715	TIME TEXTILE INDUSTRIES	1100551100119	Non Filer
38	716	TOP ONE DYING	0202511101182	Non Filer
39	718	TRADE EXCHANGE SERVICES	110011900214	Non Filer
40	755	X-PERTEX OLD (EXPER TEX)	0202590700173	Non Filer
41	770	ZAP TEXTILES	1200511102746	Non Filer
42	806	S.R. CORPORATION.	1100520400755	Non Filer
43	825	ARTISTIC SPINNING MILLS (PVT) LTD	1750520502755	Non Filer
44	158	CLASSIC DENIM MILLS	1200520946319	De-notifying
45	165	COMMERCIAL TEXTILE & PRINTING	0202511102582	Misuse
46	213	FAISAL SHEHZAD WEAVING MILLS (PVT) LTD	1121999956337	Misuse
47	227	FAZAR OMER INDUSTRIES	0201511101437	Misuse
48	256	GIA ASSOCIATES (PVT) LTD	1200580200655	RTO (As per request)
49	398	M.I. INDUSTRIES	1100511114146	Misuse
50	609	SADAF TEXTILE	1100511113073	Misuse
51	798	L.K. TOWEL INDUSTRIES	1100580232819	Non Existent
52	838	DATA SAHIB BLEACHING FACTORY	1100580221682	Misuse

No. PRA/Orders/06/2012, Lahore, the 03rd January, 2014.– In exercise of the powers conferred under section 76 of the Punjab Sales Tax on Services Act, 2002 (XLII of 2012), the Punjab Revenue Authority, with the approval of the Government, is pleased to direct that in the Punjab Sales Tax on Services (Definitions) Rules, 2012, the following amendment shall be made:

AMENDMENT

In the said rules, after rule 4, the following rule 4A shall be inserted.

> "**4A. Inclusion of certain services.–** Where a definition of any taxable service includes a service or services defined separately in these rules, the tax shall be payable on such service or services regardless of its or their status with reference to the Second Schedule of the said Act."
