Daily Tax News (DTN)

Huzaima & Ikram
June 14, 2012

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Kind regards

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Finance Bill 2012
Attempting to cripple tax justice system

by

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In the Finance Bill 2012, a number of changes have been proposed that can cripple the already ineffective tax justice system—amendments if approved by Parliament would render office of Commissioner of Appeals ineffectual and that of Appellate Tribunal Inland Revenue (ATIR) a 'camp office' of the Federal Board of Revenue (FBR). These amendments are aimed at obtaining confirmation of arbitrary and unreasonable orders passed with the aim to meet budgetary targets. Karachi and Lahore tax bars have already agitated against the proposed amendments by writing letters to the Minister of Law seeking his interference in the matter to ensure independence of the tax appellate forums[1].

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[1] The following is the text of letter sent by Lahore and Karachi tax bars:

> "We are writing this letter to seek your urgent intervention and bring to your kind notice proposed amendment introduced vide Finance Bill 2012 in respect of Appellate Tribunal Inland Revenue (ATIR), As you are aware, ATIR is the final appellate forum provided under the provisions of Income Tax Ordinance 2001 and Sales Tax Act, 1990, especially on facts. ATIR consists of judicial members and accountant members.
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> a) There has been an age old tradition since introduction of Income Tax Act, 1922 that the Chairman of the ATIR has always been a judicial member, and this was ensured through provision of law in the Income Tax Ordinance, 2001.
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> b) In the present Income Tax Ordinance 2001, section 130(5) provided that the Chairman of the Tribunal shall be a judicial member except in special circumstances an Accountant member may be considered for this post. In the Finance Bill 2012, an attempt is being made to remove this requirement, thus paving the way for any Accountant Member being an officer serving either in Grade 20 or 21 [Inland Revenue Department of Federal Board of Revenue] to become a Chairman. Our Bar members have serious reservations on this proposed amendment as we strongly feel the ATIR being a judicial forum should be Chaired only by a senior Judicial member. We request your urgent intervention in this matter.
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> c) As per section 130(3) of Income Tax Ordinance 2001, the prescribed qualification to be a judicial Member of ATIR is that the person should have exercised powers of District Judge and is qualified to be a Judge of High Court OR has been an Advocate of High Court and is qualified to be Judge of High Court.
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> Whereas as per section 130 (3) of Income Tax Ordinance 2001 the prescribed qualification s for an Accountant Member of ATIR was that the person shall be an

The Finance Bill 2012 has proposed the following amendments that could be extremely detrimental for dispensation of justice to taxpayers:

a) The Commissioner of Appeals has been allowed to give stay only for one month. There is no mandatory provision to pass the order within the same period. Thus after one month, the Department will force recovery through coercive measures. The higher Courts time and again have held that a taxpayer should not be forced to pay any demand contested by him unless his appeal is decided by an independent forum[1] i.e. ATIR. The Department is flouting these verdicts and forcing recovery by attaching accounts of taxpayers even during pendency of appeals. Recently, they have showed utter disrespect towards ATIR and in some other cases, even orders of restraint passed by High Courts.

b) At present in the ATIR, Account Members, coming from FBR, are officers in Grade 21 (Chief Commissioners) or Commissioners in Grade 20 with 5 years' of experience. The Finance Bill 2012 proposes to reduce this condition to 3 years'

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officer of Inland Revenue equivalent to the rank of Regional Commissioner OR a Commissioner Inland Revenue or Commissioner Inland Revenue (Appeals) with at least FIVE years' experience as Commissioner.

This requirement of Commissioner having at least FIVE YEARS experience is now vide proposed amendment in law through Finance Bill 2012 being reduced to a Commissioner having at least THREE years' experience. This Bar has serious reservations on this proposed change of lowering the experience requirement of Commissioner to THREE years and we seek your urgent intervention in the matter. We feel with ATIR being the final tax forum on facts, a Commissioner with at least FIVE Years of experience should be appointed as Accountant Member.

In order to have an impartial and judicious Appellate Tribunal, we also may add that test of Seniority as held by the Hon'ble Supreme Court in *Al Jehad's* case may also be put as condition precedent.

We, therefore, earnestly request you to kindly intervene in the matter and use your good office to have both the proposed amendments in section 130(5) and 130(3) of Income Tax Ordinance 2001 withdrawn from Finance Bill 2012. We request you to ensure the independence of this judicial forum of ATIR".

[1] It is trite law that taxpayers cannot be forced to pay a disputed tax demand unless the matter is decided by an independent forum that in case of income tax, sales tax, federal excise duty is Appellate Tribunal Inland Revenue. The following cases are authority on this:

i) *Sunrise Bottling Co. (Pvt.) Ltd v Federation of Pakistan etc.* (2006) 94 TAX 140 (H.C. Lah.)

ii) *Punjab Provincial Cooperative Bank Ltd, Lahore v DCIT* 2002 PTD 2799

iii) *Riaz Bottlers (Pvt.) Ltd v CIT* (2008) 98 TAX 295 (H.C. Lah.)

iv) PTCL 2010 CL 460

experience. This means induction of junior commissioners who could be influenced by FBR in the hope of better postings on their return to parent department.

c) The Chairman of ATIR is elevated from the Judicial Members, usually the senior most. At present, the Accountant Member can become Chairman but only if extraordinary circumstances exist. The Finance Bill wants to relax this condition, which would pave the way for total control on ATIR by the FBR.

The above changes, if implemented, would further destroy the already ailing 4-tier tax justice system [see '**Need for National Tax Court**'**,** *Business Recorder*, May 6-7, 2011]. This system already consumes so much time for final settlement that the very purpose of seeking remedy becomes meaningless—justice delayed is justice denied aptly applies to the existing tax appellate system.

In developing economies like Pakistan, one of the biggest problems is reluctance of ordinary people to file tax returns and thus submit themselves to scrutiny of their affairs by the tax administration. However, once a taxpayer has faith in the effectiveness of legal remedies against an unjust tax levy or unjust action of the taxation authorities, he is more likely to be truthful and honest to the taxation authorities, and to accept a reasonable levy of tax. The degree of taxpayer satisfaction does therefore go up which, in turn, is a sine qua non for better voluntary compliance resulting in greater resource mobilization. While on the surface, a tax judiciary inherently deals with the involuntary collections enforced by a tax administration, an efficient tax judiciary actually creates conducive atmosphere for better voluntary compliance by the taxpayer aiming at greater resource mobilization for the State. A tax administration which disposes of appeals promptly and speedily reaches a fair and final settlement can itself be classified as a tax incentive.

To a tax collector, an efficient tax judiciary ensures that demands arising out of legitimate tax assessments, which can stand scrutiny of law, are not unnecessarily locked up in litigation. As long as there is pending litigation in relation to a particular tax levy, there is a natural, and quite understandable, desire on the part of the taxpayer not to pay the pending disputed amount. An efficient tax judiciary resolves disputes quickly, quashes demands which are not legally sustainable, and thus segregates serious tax demands from frivolous tax demands, while also giving finality to legitimate tax demands. This in turn ensures that the taxpayer cannot resort to dilatory tactics for paying these genuine and legitimate tax demands which have received judicial approval. An efficient tax judiciary thus helps removing impediments from collection of tax demands by the State, which, once again, results in greater resource mobilization.

An effective [1]tax judiciary does not only settle tax disputes between the citizen and the State, but it also lays down guiding principles on the basis of which future disputes with materially identical facts, are easily resolved. This way, an effective tax judiciary also contributes to smooth functioning of the tax machinery.

The setting up of the [2]Tribunal in 1941 brought about a paradigm shift in the grievance redressal system. The scheme of things in the Tribunal envisaged complete functional independence of the institution, a high degree of legal and technical expertise of the Members manning the benches, user friendly, simpler and informal procedures, and inexpensive and quick justice delivery. Over the decades, the [3]Tribunal has been strengthened with changes made to cope with the increasing burden of cases and growing complexity of disputes.

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[1] In the Sub-continent, income tax was introduced by the British colonial rulers in the year 1860, but for its first eight decades of existence, grievance redressal mechanisms left much to be desired. There was no separation of administrative and appellate functions, and the very Assistant Commissioners and Commissioners, under whose supervision and guidance, tax assessments were done by the Income Tax Officer, were the first and second appellate authority against the order of the Income Tax Officer. There was thus a clear clash of interest between the administrative and appellate functions of the tax authorities. A Commissioner, on one hand, had revenue targets to achieve, and while deciding appeals of the taxpayers, who perceived their tax assessments to be unjust and unfair, application of the taxpayer, refer the points of law for the opinion of the High Court. If the Commissioner so declined to state the case at the request of the taxpayer, the taxpayer could approach the High Court and seek a writ of "mandamus" requiring the Commissioner to state the case. This system of grievance redressal of the taxpayer was not very user friendly, there was no independent adjudication by anyone outside the tax administration on the question of facts, and the costs involved in the legal process, i.e. before High Courts, were very high. This system was perceived to be oppressive and undemocratic. There was so much resentment against this system that the Government had to give in to the public pressure and, by Income Tax (Amendment) Act, 1939, bring about two important reforms—first, that judicial and administrative functions of the tax authorities were separated; and—second, an independent body, the Income Tax Appellate Tribunal was created to hear appeals against orders of the first appellate authority on all questions of facts and law. That is how that Income Tax Appellate Tribunal was set up in the Sub-continent in 1941.

[2] The setting-up of the Tribunal in 1941 was welcomed by the public at large. The then Leader of Opposition in the Legislative Assembly, Mr. Bhulabhai J. Desai, welcomed the proposal by stating on the floor of the Assembly as follows:

> **"… with the intervention of such a Tribunal, a substantial step has been gained from the point of view of the taxpayer, that so far as any injustice will be done to him either by misapplication of law or by a wrong finding of facts by the official hierarchy, he will have now redress from an independent body with sufficient legal and accountancy qualifications….."**

[3] Incidentally, the Income Tax Tribunal was the first Tribunal set up in the Sub-continent, and it was this successful experiment which resulted in setting up of many more Tribunals.

The powers of the ATIR are exercised by the benches [section 130 of the Income Tax Ordinance, 2001]. Cases in which amount of tax or penalty does not exceed Rs. one million can be heard by a single member bench, either by a Judicial Member or an Accountant Member. Majority of the cases are heard by division, or regular, benches which must consist of one Judicial Member and one Accountant Member. There is no ceiling on amount of tax involved or income assessed in the cases to be heard by such division or regular benches. Special benches, of three or more Members, of which at least one Member must be a Judicial Member and one Member must be an Accountant Member, are formed on issues on which either division benches have expressed conflicting views or on issues which are of considerable importance. It is thus ensured that the decision of each of the regular or larger bench has the benefit of inputs from both a Judicial Member and Accountant Member.

The qualification for appointment as Judicial Member is the same as that for the appointment of a High Court judge, and only well experienced and competent people from the legal profession and judiciary are selected.

Prior to amendment in 2007, the Accountant Member must have been an officer of Grade 21. In 2007, Commissioner in Grade 20 having appellate experience of five years was also included. In 2010, the condition of working as Commissioner Appeal was removed. And now the Finance Bill 2012 proposes reduction from 5 to 3 years. Amendments made in 2007, 2010 and those proposed in Finance Bill 2012 are highly undesirable. The officer from FBR having little experience or no experience of appellate work should never be permitted to be part of ATIR.

In India, accountant members are selected from amongst senior officers of Indian Revenue Service and from amongst chartered accountants having at least 10 years of practice in taxation. Thus, every bench has the unique advantage of examining issues from the point of view of a trained legal expert as also from the perspective of a mature revenue person or CA, who has knowledge and understanding of real life tax and business realities. Normally, one of the Members in the bench is sufficiently a senior person with reasonable exposure to the varied situations dealt with in the cases. While, on the factual aspects, a decision of the Tribunal is final, on substantive questions of law, jurisdiction of the High Court can be invoked. Interference by the High Court and the Supreme Court, however, is more of an exception than the rule.

The proposal through Finance Bill 2012 to lower the service period requirement of Commissioner to be Member of the Tribunal to three years [section 130(4)(b)] needs to be reconsidered. Junior Commissioners who may have never even worked as Commissioners of Appeal would lack skills to work as Accountant members. The technical quality of work and understanding of matters required at the Tribunal level would be highly compromised by appointment of such Commissioners.

Amendment proposed in section 130(5) that is deleting the words “and except in special circumstances”, is to facilitate an Accountant Member to become the Chairman of ATIR. This is against the principle of independence of judiciary. A person having lien with FBR (an executive authority) cannot perform the functions of Chairman as it would be in utter violation of Para 5 of the National Judicial Policy 2009 which says:

> **"All special courts/tribunals under the administrative control of Executive must be placed under the control and supervision of the Judiciary, their appointments/postings should be made on the recommendation of the Chief Justices of concerned High Court" [Page 12]**

Thus the original position of law that only a judicial member can be Chairman of the Tribunal must be maintained. In fact, the ATIR should freed from the control of Ministry of law and should be placed under the judiciary [Bill for this was prepared by us; see '**Need for National Tax Court**', *Business Recorder*, May 6-7, 2011].

To make the ATIR a truly independent and effective judicial forum, it is imperative to provide for recruitment of Chartered Accountants (CAs) and Cost and Management Accountants (CMAs), having tax experience of at least ten years, as Accountant Members through Federal Public Service Commission (FPSC). As far as officers from FBR are concerned, the rank should be Chief Commissioner or Commissioner with five years of experience, having served at least two years as Commissioner of Appeals. They should also be inducted for good in Tribunal through FPSC with no lien to go back to FBR. This is necessary to make Tribunal an independent appellate body. Ideally, for recruiting Accountant Members, there should be an independent 'All Pakistan Tax Appellate Service' in which officers from FBR and tax professionals (FCAs and FCMAs) should be selected by FPSC through a transparent procedure, advertising the posts widely on national level.

WHT collection through dealers opposed

The collection of withholding tax through distributors and dealers of manufactured goods will not be possible, said Dr. Hassan Sarosh Akram, central chairman of the Pakistan Poultry Association, while talking to a delegation of poultry farmers.

He explained that distributors of manufactured goods are not organised and besides this most of them are unaware of procedures relating to account maintenance and transactions.

It is apprehended that the distributors would either adopt unhealthy practices or they would go out of business in resentment and thus the liability of paying withholding tax shall fall back on manufacturers of goods who would include one percent withholding tax in their cost of goods and shall try to recover withholding tax from consumers or general public Dr. Akram suggested that provision of collection of withholding tax from distributors on account of sale of manufactured goods as required under section 153-A may kindly be withdrawn in the interest of public at large.

He further stated that public is already under pressure of rising inflation and such step would further add to their miseries. – *Courtesy The News*

LCCI to prepare SOPs for sales tax registration

The Lahore Chamber of Commerce and Industry will prepare Standard Operating Procedures (SOPs) for sales tax registration of manufacturers and traders and forward them to the FBR for approval and implementation.

The understanding was reached during a meeting of a three-member LCCI delegation with chief commissioner, Regional Tax Office (RTO-I) here on Wednesday. The LCCI delegation, led by acting president, Kashif Younis Meher, and comprising former senior vice president, Abdul Basit, and former executive committee member, Shahzad Azam Khan, called on chief commissioner, Raana Ahmad, and informed her about undue delay in the registration of sales tax on industries.

The chief commissioner said that the LCCI should prepare SOPs for the registration of manufacturers and traders, and these would be forwarded to the FBR for final approval. She said that the FBR was making a concerted effort to facilitate genuine businessmen and would continue to do so with the cooperation of the Chambers of Commerce and Industry.

Meher, while appreciating the positive response of the chief commissioner said that the LCCI would have a meeting with all the stakeholders soon for the preparation of SOPs.

He said that it was very unfortunate that some black sheep in the FBR were trying to nullify efforts aimed at tax net expansion.

He explained that when a businessman applies for new sales tax registration for setting up a new industry these elements deliberately make him run from pillar to post.

Meher further said that adequate information is not provided to the machinery importers thereby causing long delays. Machinery lying at ports adds heavy demurrage & detention charges to unit cost which is not anticipated in the feasibilities, he said.

This was the main reason that the FBR had failed to increase the number of taxpayers registered in the sales tax net, he said.

He pointed out that the process of conversion of the status of sales tax registration from individual to company was also long and cumbersome. – *Courtesy The News*

Cases of inadvertence: time limit for assessment, recovery of ST enhanced

The time limit for assessment and recovery of sales tax in case of inadvertence, error and mistake by the registered taxpayer has been increased from three years to five years through a major amendment in the Sales Tax Act 1990 under the Finance Bill (2012-13). Experts told here on Wednesday that the extension of timely limit for recovery in cases of inadvertence and unintentional mistake was seriously criticized by the trade and industry.

The representatives of the trade have argued that the time limit of 5 years provided in case of a fraudulent act committed by a person. On the other hand, the FBR has proposed amendment in the Sales Tax Act by treating both acts of inadvertence and fraudulent with same yard stick has no justification. The issue was reportedly taken up by the representatives of business community during the last visit of Chairman FBR to Karachi after budget (2012-13). Tax authorities have shown their concurrence and assured business and trade that the legal position of section 11 of the Sales Tax Act would be reverted to its original status prior to Finance Bill (2012-13).

Following is the text of the proposed amendment in section 11 of the Sales Tax Act through Finance Bill (2012-13): Where a person who is required to file a tax return fails to file the return for a tax period by the due date or pays an amount which, for some miscalculation is less than the amount of tax actually payable, an Officer of Inland Revenue shall, after a notice to show cause to such person, make an order for assessment of tax, including imposition of penalty and default surcharge in accordance with section 33 and 34.

Provided that where a person required to file a tax return files the return after the due date and pays the amount of tax payable in accordance with the tax return along with default surcharge and penalty, the notice to show cause and the order of assessment shall abate.

Where a person has not paid the tax due on supplies made by him or has made short payment or has claimed input tax credit or refund which is not admissible under this Act for reasons other than those specified in sub-section (1), an Officer of Inland Revenue shall, after a notice to show cause to such person, make an order for assessment of tax actually payable by that person or determine the amount of tax credit or tax refund which he has unlawfully claimed and shall impose a penalty and charge default surcharge in accordance with section 33 and 34.

Where by reason of some collusion or a deliberate act any tax or charge has not been levied or made or has been short-levied or has been erroneously refunded, the person liable to pay any amount of tax or charge or the amount of refund erroneously made shall be served with a notice requiring him to show cause for payment of the amount specified in the notice.

Where, by reason of any inadvertence, error or misconstruction, any tax or charge has not been levied or made or has been short-levied or has been erroneously refunded, the person liable to pay the amount of tax or charge or the amount of refund erroneously made shall be served with a notice requiring him to show cause for payment of the amount specified in the notice: Provided that, where a tax or charge has not been levied under this sub-section, the amount of tax shall be recovered as tax fraction of the value of supply.

It said that the no order under this section shall be made by an Officer of Inland Revenue unless a notice to show cause is given within five years, of the relevant date, to the person in default specifying the grounds on which it is intended to proceed against him and the officer of Sales Tax shall take into consideration the representation made by such person and provide him with an opportunity of being heard:

Provided that order under this section shall be made within one hundred and twenty days of issuance of show cause notice or within such extended period as the Commissioner may, for reasons to be recorded in writing, fix provided that such extended period shall in no case exceed ninety days:

Provided further that any period during which the proceedings are adjourned on account of a stay order or Alternative Dispute Resolution proceedings or the time taken through adjournment by the petitioner not exceeding sixty days shall be excluded from the computation of the period specified in the first proviso.

(6) Notwithstanding anything in sub-section (1), where a registered person fails to file a return, an officer of Inland Revenue not below the rank of Assistant Commissioner shall subject to such conditions as specified by the Federal Board of Revenue, determine the minimum tax liability of the registered person.

(7) For the purpose of this section, the expression "relevant date" means;

(a) the time of payment of tax or charge as provided under section 6; and;

(b) in a case where tax or charge has been erroneously refunded, the date of its refund. – *Courtesy The News*

Revenue loss of Rs 1.4 billion: Customs activity badly hurt by Karachi strike

The strike call given by All Karachi Tajir Ittehad (AKTI) against extortion and traders' killings has caused activity at the Customs House, Karachi, to shrink to 30 per cent, resulting in a revenue loss of at least Rs 1.4 billion to the national exchequer. The attendance at Customs House remained normal but importers and exporters did not turn up because of the strike call.

Although no major untoward incident was reported on Wednesday, the country's financial hub was completely paralysed after a major

Karachi-based political party supported the strike. Later, other political parties, local transporters' associations, petroleum dealers and others joined the traders' strike to express resentment against unabated incidents of extortion in the city. Subsequently, the civic life in the country's commercial hub came to a grinding halt, as all petrol pumps, shops and hotels across the metropolis remained closed between dawn and dusk. Even small vendors and public transport remained off the roads, forcing people to stay inside their homes.

Examinations in the Federal Urdu University of Arts, Science and Technology, Board of Intermediate, Sindh Board of Technical Education and Jinnah College for Women were postponed and the attendance in private and government offices remained thin.

Customs sources told that traders and their clearing agents filed Goods Declarations (GD) in low numbers, pointing out that the filing of declarations was possible online. They said traders were unable to take their cargo consignments from the port area because of the unavailability of public transport.

A Customs official said that all collectorates at Karachi Port and Port Qasim registered the same situation in connection with the filing of goods declarations. According to him, on an average, 500-600 export goods declarations are filed every day, adding that 400-450 such decalarations are filed electronically every day. The department, he said, collected a revenue of Rs 400-450 million per day. He said that the number of goods declarations filed in appraisement and preventive collectorates "is almost double" against other collectorates where containers with full load (FCL) and containers with loose load (LCL) were handled. – *Courtesy Business Recorder*

Power, gas consumption by new applicants: ST zero-rating facility linked to certification by LTUs, RTOs

The Federal Board of Revenue (FBR) will not allow sales tax zero-rating facility on electricity and natural gas consumed by new applicants of five zero-rated sectors where Large Taxpayer Units (LTUs) and Regional Tax Offices (RTOs) have not certified that registered persons have correctly discharged their sales tax liabilities.

Sources told on Wednesday that the Board would not allow sales tax zero-rating facility on electricity and natural gas by new applicants till the field formations issue the said certificates. As per SRO125(1)/2011 dated December 31, 2011, all registered person of the five zero-rated sectors are required to charge sales tax at reduced rate of 5% on sales to unregistered persons, persons registered in non zero-rated sectors or to retailers, on the goods mentioned in the table of the said SRO. However, the data revealed that this liability is not being correctly discharged by the registered persons.

The FBR has, therefore, decided that, as a first step, audit/scrutiny of the records of the registered person availing facility of zero-rating on electricity and gas under various sales tax general orders (STGOs) is being conducted by the respective RTOs/LTUs, to check as to whether the liability of sales tax @ 5% or 16%, as the case may be, has been correctly discharged by these registered persons.

In case, it is found that the registered persons have not correctly discharged their liabilities of sales tax, then RTOs/LTUs would recommend withdrawal of facility of zero-rating on electricity and gas from these units. The initial exercise has been started in the field formations and reports are being sent to the Board with recommendations that the facility of zero-rating on electricity and gas may be continued or the facility may be withdrawn. In cases where RTOs/LTUs recommend withdrawal of facility of zero-rating, thorough audit of the last one year would also be conducted by the LTUs/RTOs.

Sources said that it has also been decided that all future requests of availing the facility of zero-rating on electricity and gas shall only be entertained at the FBR, if the same is accompanied by the certification from the RTO/LTU that the registered person has been correctly discharging the liabilities of sales tax especially sales tax @ 5% under SRO 1125(1)/2011.

Certain reports received from RTO, Karachi and LTU, Karachi has been returned by the FBR for re-submission along with the report of audit/scrutiny that these persons have correctly discharged their liabilities of sales tax, they added. When contacted, a tax expert said that the new applicants of sales tax zero-rating facility on electricity and natural gas of five zero-rated sectors are facing difficulties in processing of their documents.

There is a delay in issuance of sales tax zero-rating facility on electricity and natural gas consumed by new applicants of five zero-rated sectors. The Large Taxpayer Units and Regional Tax Office have to submit the certificates that the registered person has been correctly discharging the liabilities of sales tax especially sales tax @ 5% under SRO 1125(1)/2011. Without such certificate, the registered person cannot avail the sales tax zero-rating facility from the Board. – *Courtesy Business Recorder*

Seminar on 'role of post clearance audit in facilitation of trade' held

A seminar on the "Role of post clearance audit in trade facilitation", organised by Directorate General of PCA in collaboration with Directorate General of Training and Research (Customs), was held at Directorate of Training Karachi on June 13.

The seminar was presided by Chief Collector Customs (South) and attended by representatives of Federation of Pakistan Chamber of Commerce Industry Karachi, Chamber of Commerce and Industry Karachi, Custom Clearing Agents Association and large numbers of Customs Officers/officials and tax consultants. The targeted audience included importers, Exporters, Customs Agents, representatives of Trade Association and officials of the customs department.

The officers of the Directorate of Post Clearance Audit made presentations in the seminar. Sanaullah Abro, Deputy Director gave presentation on 'Customs Modernisation and PCA' and PCA Deputy Director Mohammad Ashfaq Khan gave presentation on 'Trade Facilitation and PCA'. In the presentations, the need and importance of PCA was highlighted and it was stressed that frontline checks on clearance of goods needed to be shifted at post clearance stage to achieve the objectives of trade facilitation, immediate clearance and economic development.

Mohammad Usman, Advisor to Customs Committee of KCCI, shared his views on process of PCA. His views were supported by Saifullah Khan, President Karachi Custom Clearing Agents Association. FPCCI Vice President Shakeel Ahmed Dingra, during his speech, highlighted the need of facilitation of trade and about streamlining and transparency in audit.

In the end of seminar, Amir Muhammad Khan Marwat, Chief Collector of Customs (South), in his remarks highlighted the importance of PCA in trade facilitation. He mentioned that PCA was necessary for the success of any automated clearance system and Post Audit function would ensure the successful operation of

WeBOC. He stated that robust and vibrant PCA was essential for modernisation of Customs in Pakistan. – *Courtesy Business Recorder*

Share in divisible pool: Punjab expects federal receipts of Rs 650,735 million

The centre's transfers from the Federal Divisible Pool Taxes to the Punjab government are expected to increase to Rs 650,735.911 million during the financial year 2012-13. The Punjab government calculated this in its budget document for 2012-13.

"Because of an increase in the nominal size of the Federal Divisible Pool, transfers to Punjab are expected to increase to Rs 650, 735.911 million during FY 2012-13 against budget estimates for FY 2011-12 of Rs 531,528.327 million," the budget document said.

The share of the Divisible Pool Taxes for FY 2012-13 is based on the Federal Board of Revenue's (FBR) target of Rs 2,381,000 million. This would actually mean that the budget estimates 2012-13 are likely to be 22 percent higher than the revised estimates for 2011-12.

Under the 7th National Finance Commission Award, the percentage share of the provinces in the Divisible Pool is 57.50 percent with effect from FY 2011-12. Under this award, the Divisible Pool now comprises taxes on income, customs, duties, sales tax, federal excise excluding excise duty on gas charged at well head, and any other tax levied by the federal government.

According to the budget document, major increase in the Divisible Pool Taxes is expected from the Income Tax and Sales Tax. These two taxes collectively contribute 83.6 percent of Punjab's share from the Federal Divisible Pool. Land Customs and Federal Excise contribute the balance 16.4 percent.

The Punjab budget estimates 2012-13 of Straight Transfers have been pitched at Rs 6,585.092 million compared to budget estimates of Rs 5,423.944 million in 2011-12. Straight Transfers comprise a smaller portion of the financing package to Punjab by comparison with other provinces such as Sindh and Balochistan.

Under Article 161 of the Constitution and the NFC Award, Straight Transfers to provinces include the net proceeds of the federal excise duty on natural gas and the net proceeds of royalty on crude oil and natural gas assigned to the provinces. The Punjab budget estimates 2012-13 of Federal Grants at Rs 2,147 million against budget estimates of Rs 4,506.387 million in 2011-12. The provincial government is expected to receive project grants worth Rs 117 million, whereas estimates of Federal Grants have been pitched at Rs 2,030 million. – *Courtesy Business Recorder*

17 days remaining: FBR to collect Rs 287 billion to meet revenue target

The Federal Board of Revenue (FBR) is facing an uphill task to collect Rs 287 billion in the remaining 17 days of June 2012 to meet the revenue collection target of Rs 1,952 billion, requiring an extraordinary growth of around 45-50 percent.

Sources told here on Wednesday that the FBR has provisionally collected over Rs 1,665 billion during July 2011-June 13, 2012 against Rs 1,348 billion in the corresponding period of last fiscal, reflecting a growth of 24 percent. As compared to the ambitious revenue collection target of Rs 1,952 billion for 2011-2012, the tax machinery has been able to collect over and above Rs 1,665 billion during July 2011-June 13, 2012.

This clearly shows that the FBR has to collect Rs 287 billion in the remaining days of June 2012. During last year, the FBR had collected approximately Rs 232 billion during June 2011. The remaining target of Rs 287 billion is not a small figure, but it would be very difficult and challenging for the FBR to collect Rs 287 billion in the remaining 17 days of current month.

Taking into account the figure of Rs 287 billion for amassing target of Rs 1,952 billion by the end of current month, around 45-50 percent growth in revenue would be required in remaining days of June 2012. The budgetary target of Rs 1,667 billion was downward revised to Rs 1,604 billion during 2010-11. The revised target of Rs 1,604 billion was further scaled down to Rs 1,588 billion in 2010-11.

The net revenue collection of the FBR stood at Rs 1,550 billion for 2010-11 against thrice revised target of Rs 1,588 billion. On the other hand, the FBR has not even revised downward revenue collection target of Rs 1,952 billion set in budget 2011-12. The tax machinery is making day and night efforts to cross the psychological barrier of Rs 1,952 billion by the end of current fiscal.

Even the revenue projections for current fiscal have not been revised once. The latest data itself speaks of the efforts made by the FBR to reach the figure of Rs 1,952 billion during current fiscal without slashing the said budgetary tax projections.

The FBR team headed by FBR Chairman Mumtaz Haider Rizvi is trying its level best to meet the target, but the slowdown in business activities, load shedding and undocumented economy has impact on the overall revenue collection of the FBR. The FBR and its tax machinery has no control over the economic indicators and law and order situation having direct impact on the overall revenue collection during current fiscal. – *Courtesy Business Recorder*

No. NBFCD/178/2012 Islamabad, the 11th June, 2012

SECP CIRCULAR NO. 20/2012

Subject: **Restriction of sharing of management fee by AMCs with Unit holders.**

The practice of sharing management fee earned by Asset Management Companies (AMCs) on Collecitve Investment Schemes (CIS) with the unit holders of CIS prevails in the mutual fund industry. This practice is considered as one of the factors that hampers the broadening of investor base which is imperative for sustainable growth of the mutual fund industry. Upon deliberation of this issue and considering the feedback of Mutual Funds Association of Pakistan (MUFAP), the Commission in exercise of powers conferred under section 282D of the Companies Ordinance 1984, hereby directs all AMCs to comply with the following instructions:–

a) AMCs shall not share, directly or indirectly, the management fee earned on CIS under its management with any of the unit holders of such CIS in any form whether in cash or in kind; and

b) AMCs, while entering into an agreement with the distributor of Mutual Funds, shall ensure that such distributor does not share commission/fee in any form with the underlying unit holders of a CIS. Whenever an AMC becomes aware of any distributor sharing commission/fee received from AMCs with its clients (i.e. unitholders of CIS), the AMC shall immediately report the same to MUFAP which may consider cancellation of registration of such distributor.

This direction shall come into force with immediate effect and all the AMCs are required to ensure meticulous compliance in letter and spirit. Any violation/circumvention of this direction shall be dealt with in accordance with the relevant provision of the Companies Ordinance 1984.

S.R.O. 727(I)/2012, Islamabad, the 12th June, 2012.– The following draft of further amendment in the Income Tax Rules, 2002, which the Federal Board of Revenue proposes to make in exercise of the powers conferred by sub-section (1) of section 237 of the Income Tax Ordinance, 2001 (XLIX of 2001), is hereby published for he information of all persons likely to be affected thereby, as required by sub-section (3) of the said section, and notice is hereby given that the draft will be taken into consideration after fifteen days of its publication in the official Gazette.

2. Any objection or suggestion, which may be received from any person, in respect of the said draft, before the expiry of the aforesaid period, shall be considered by the Federal Board of Revenue.

DRAFT AMENDMENT

In the aforesaid Rules, in the Second Schedule,-

(a) after "Part-I B", the following new Parts shall be inserted, namely:–

FBR

RETURN OF TOTAL INCOME/STATEMENT OF FINAL TAXATION

UNDER THE INCOME TAX ORDINANCE, 2001 (FOR INDIVIDUAL / AOP)

IT-2 (Page 1 of 2)

N°

Registration

Taxpayer's Name				NTN	
CNIC (for Individual)				Gender	Male / Female
Business Name				Year Ending	
Business Address				Tax Year	2012
Res. Address				Person	IND / AOP
E-Mail Address		Phone		Res. Status	Non-Res. / Resident
Principal Activity		Code		Birth Date	
Employer	NTN	Name		Filing Section	
Representative	NTN	Name		RTO/LTU	
Authorized Rep.	NTN	Name		Is authorized Rep. applicable?	Yes / No

Ownership

NTN	Proprietor/Member/Partners' Name	% in Capital	Capital Amount
Others			
Total		100%	

Manufacturing/ Trading, Profit & Loss Account (including Final/Fixed)

Sr.	Items		Code	Total
1	Net Sales (excluding Sales Tax/ Federal Excise Duty & Net of Commission/ Brokerage)	[to be reconciled with Annex-C]	3103	
2	Cost of Sales [3 + 4 + 5 - 6]	[to be reconciled with Annex-C]	3116	
3	Opening Stock		3117	
4	Net Purchases (excluding Sales Tax/ Federal Excise Duty & Net of Commission/ Brokerage)		3106	
5	Other Manufacturing/ Trading Expenses	[Transfer from Sr-7 of Annex-G]	3111	
6	Closing Stock		3118	
7	Gross Profit/ (Loss) [1-2]	[to be reconciled with Annex-C]	3119	
8	Other Revenues/ Fee/ Charges for Professional and Other Services/ Commission		3131	
9	Profit & Loss Expenses	Transfer from Sr-24 of Annex-G]	3189	
10	Net Profit/ (Loss) [(7 + 8) - 9]		3190	

Adjustments

Sr.	Items		Code	Total
11	Inadmissible Deductions	[Transfer from Sr-22 of Annex-E]	3191	
12	Admissible Deductions (excluding tax depreciation/ including proportionate FTR income	[to be reconciled with Annex-?]	3192	
13	Unadjusted Loss from business for previous year(s)	[Transfer from Sr. 27 of Annex-A]	3902	
14	Un-absorbed Tax Depreciation for previous/ current year(s)		3988	

Total / Taxable Income Computation

Sr.	Items	Code	Total
15	Total Income [Sum of 16 to 21]	9099	
16	Salary Income	1999	
17	Business Income/ (Loss) [(10 + 11) - 12 - 13 - 14]	3999	
18	Share from AOP [Income/(Loss)]	312021	
19	Capital Gains/(Loss) u/s 37	4999	
20	Other Sources Income/ (Loss)	5999	
21	Foreign Income/ (Loss)	6399	
22	Deductible Allowances [23 + 24 + 25]	9139	
23	Zakat	9121	
24	Workers Welfare Fund (WWF)	9122	
25	Workers Profit Participation Fund (WPPF)	9123	
26	Charitable donations admissible as straight deduction	9124	
27	Taxable Income/ (Loss) [15 - 22]	9199	
28	Exempt Income/ (Loss) [Sum of 29 to 34]	6199	
29	Salary Income	6101	
30	Property Income	6102	
31	Business Income/ (Loss)	6103	
32	Capital Gains/(Loss)	6104	
33	Agriculture Income	6106	
34	Other Sources Income/ (Loss)	6105	

Tax Computation

Sr.	Items	Code	Total
35	Tax chargeable on Taxable Income @	9201	
36	Tax Reductions/Credits/Averaging (including rebate on Behbood Certificates, etc.) (from Annex xxx)	9249	
37	Difference of minimum Tax Chargeable on business transactions [37(e)(v) minus 37(e)(iii)]	9303	

	(i)	(ii) Proportionate Chargeable Income	(iii) Proportionate tax*	Rate	(iv) Minimum tax	(v) Higher of (iii) or (iv)
(a) Import of Edible Oil U/S 148(8)				3%		
(b) Import of Packing Material U/S 148(8)				5%		
(c) Transport Services U/S 153(1)(b)				2%		
(d) Other Services U/S 153(1)(b)				6%		
(e) Total						

*[(35 minus 36) divided by 27 multiply by 37(a)(i) or 37(b)(i) or 37(c)(i) or 37(d)(i), as the case may be]

Sr.	Items	Code	Total
38	Minimum tax on electricity consumption under section 235(4) Amount of tax collected alongwith electricity bill where the monthly bill amount is upto Rs. 30,000	9304	
39	Balance tax chargeable [(34 minus 35 plus 36) or 37, whichever is higher	9305	
40	Difference of minimum Tax Chargeable U/S 113 [39(iv) minus 38, if greater then zero, else zero] (i) Total Turnover ___ (iii) Reduction @ ___ - (ii) Minimum tax @ 1% - (iv) Net Minimum tax -	9306	
41	Net tax chargeable [38 + 39 + 85]	9307	
42	Total Tax Payments (Transfer from Sr. 28 of Annex-B)	9499	
43	Tax Payable/ Refundable [40 - 41 + WWF Payable from Sr. 29 of Annex-B]	9999	
44	Refund Adjustments (not exceeding current year's tax payable)	9998	
45	Annual personal expenses for individual only (transfer from Sr. 12 of Annex-D)	6109	

Refund

Net Tax Refundable, may be credited to my bank account as under:

A/C No. ____________

Bank ____________ Branch Name & Code ____________ Signature

FBR	**RETURN OF TOTAL INCOME/STATEMENT OF FINAL TAXATION** **UNDER THE INCOME TAX ORDINANCE, 2001 (FOR INDIVIDUAL / AOP)**				N°	IT-2 (Page 2 of 2)	
	Taxpayer's Name				NTN		
	CNIC (for individual)				Tax Year	**2012**	
	Business Name				RTO/LTU		

		Source	Code	Receipts/Value	Rate (%)	Code	Tax Chargeable
Final Tax	46	Imports	64013		5	92013	
	47		64011		2	92011	
	48		64012		1	92012	
	49		64015		3	92015	
	50	Dividend	64032		10	92032	
	51		64033		7.5	92033	
	52	Profit on Debt	64041		10	92041	
	53	Royalties/Fees (Non-Resident)	640511		15	920511	
	54		640512			920512	
	55	Contracts (Non-Resident)	640521		6	920521	
	56	Insurance Premium (Non-Resident)	640524		5	920524	
	57	Advertisement Services (Non-Resident)	640525		10	920525	
	58	Supply of Goods	640611		3.5	920611	
	59		640612		1.5	920612	
	60		640613			920613	
	61	Payments to Ginners	640614		1	920614	
	62	Contracts (Resident)	640631		6	920631	
	63	Exports/related Commission/Service	640641		0.5	920641	
	64		64072		1	92072	
	65	Foreign Indenting Commission	64075		5	92075	
	66	Prizes/Winnings of cross word puzzles	64091		10	92091	
	67	Winnings - Others	64092		20	92092	
	68	Petroleum Commission	64101		10	92101	
	69	Brokerage/Commission	64121		10	92121	
	70	Advertising Commission	64122		5	92122	
	71	Services to Zero rated taxpayers U/S 153(1)(b)	64123		1	92123	
	72	Goods Transport Vehicles				92141	
	73	Gas consumption by CNG Station	64142		4	92142	
	74	Distribution of cigarette and pharmaceutical products	64143		1	92143	
Fixed Tax	75	Retail Turnover upto 5 million	310102		1	920202	
	76	Retail Turnover above 5 million	310103			920203	
	77	Property Income	210101			920235	
	78	Capital gains on Securities held for < 6 months	610401		10	951041	
	79	Capital gains on Securities held for >= 6 months and < 12 months	610402		8.00	951042	
	80	Capital gains on Securities held for >= 12 months	610403		0	951043	
	81	Purchase of locally produced edible oil	310431		2	920208	
	82	Flying Allowance	112001		2.5	920234	
	83	Services rendered / contracts executed outside Pakistan	63311		1	920236	
	84	Employment Termination Benefits	118301			920211	
	85	**Final/Fixed Tax Chargeable (46 to 84)**				9202	

Verification

I, ______________________________

holder of CNIC No. ______________________, in my capacity as

____

Self/ Partner or Member of Association of Persons/ Representative (as defined in section 172 of the Income Tax Ordinance, 2001) of Taxpayer named above, do solemnly declare that to the best of my knowledge and belief the information given in this Return/Statement u/s 115(4) and the attached Annex(es), Statement(s), Document(s) or Detail(s) is/are correct and complete in accordance with the provisions of the Income Tax Ordinance, 2001 and Income Tax Rules, 2002 (The alternative in the verification, which is not applicable, should be scored out).

Date : ______________ Signatures: ______________

Acknowledgement

Signatures & Stamp
of Receiving Officer with Date

Annex-A

Depreciation, Initial Allowance and Amortization

Tax Year 2012

Reg/no/CNIC No.

NTN

Depreciable Assets

	Description	Code	WDV (BF)	Additions	Deletions	Rate (%)	Initial Allowance	Rate (%)	Extent (%)	Depreciation	WDV (CF)
1	Building (all types)	3202				50%		10%			
2	Machinery and plant (not otherwise specified)	320301				50%		15%			
3	Computer hardware (including allied items)	320302				50%		30%			
4	Furniture (including fittings)	320303				0%		15%			
5	Technical and professional books	320304				50%		15%			
6	Below ground installations of mineral oil concerns	320306				50%		100%			
7	Off shore installations of mineral oil concerns	320307				50%		20%			
8	Machinery and equipment used in manufacture of IT p	320308				50%		30%			
9	Motor vehicles (not plying for hire)	32041				0%		15%			
10	Motor vehicles (plying for hire)	32042				50%		15%			
11	Ships	32043				50%		15%			
12	Air crafts and aero engines	32044				50%		30%			
13	Machinery and equipment Qualifying for 1st year Allowance	320309				90%		15%			
14	Computer hardware including printer, monitor and allied items, that have been used previously in Pakistan	320312				0%		50%			
15	Any plant or machinery that has been used previously in Pakistan	320310				0%		15%			
16	Any plant or machinery in relation to which a deduction has been allowed under another section for the entire cost of the asset in the tax year in which the asset is acquired.	320311				0%		15%			
	Total										

Intangibles

	Description	Code	Acquisition Date	Useful Life(Years)	Original Cost				Extent (%)	Amortization	
17	Intangibles	3205									
18	Expenditure providing long term advantage/benefit	3207									
19	Total										

	Description	Code			Original Expenditure			Rate (%)		Amortization	
20	Pre commencement expenditure	3206						20%			

Brought Forward Adjustments

	Description	Code	Amount	Tax Year	Description	Code	Amount	Tax Year
21	Unadjusted Business loss for previous year adjusted against Business income for current year	3902		2006	Unabsorbed Amortization of intangibles / expenditure providing long term advantage/benefit for previous year(s) adjusted against Total Income for current year	3987		upto 2011
22	Unadjusted Business loss for previous year adjusted against Business income for current year	3902		2007	Amortization of intangibles / expenditure providing long term advantage/benefit for current year adjusted against Total Income for current year	3987		2012
23	Unadjusted Business loss for previous year adjusted against Business income for current year	3902		2008	Unabsorbed tax depreciation/initial allowance of fixed assets for previous year(s) adjusted against Total Income for current year	3988		upto 2011
24	Unadjusted Business loss for previous year adjusted against Business income for current year	3902		2009	Depreciation/initial allowance of fixed assets for current year adjusted against Total Income for current year	3988		2012
25	Unadjusted Business loss for previous year adjusted against Business income for current year	3902		2010				
26	Unadjusted Business loss for previous year adjusted against Business income for current year	3902		2011				
27	Total (Not exceeding the amount of Business Income available for adjustment) (transfer to Sr. 13 of Main Return)				Total (Not exceeding the amount of Total Income available for adjustment) (transfer to Sr. 14 of Main Return)			

FBR

Annex-B
Tax Already Paid

2012
B

NTN		CNIC (for individual)	

Section	No.	Particulars	Code	Amount of Tax deducted (Rs.)
Tax Collected/Deducted at Source (Adjustable Tax only)	1	On import of goods (other than tax deduction treated as final tax)	94019	
	2	From salary	94029	
	3	On dividend income (other than tax deduction treated as final tax)	94039	
	4	On Government securities	94043	
	5	On profit on debt (other than tax deduction treated as final tax)	94049	
		Certificate/Account No. etc. / Bank / Branch / Share%		
	6	On payments received by non-resident (other than tax deduction treated as final tax)	940539	
	7	On payments for goods (other than tax deduction treated as final tax)	940619	
	8	On payments for services (other than tax deduction treated as final tax)	940629	
	9	On payments for execution of contracts (other than tax deduction treated as final tax)	940639	
	10	On property income	940640	
	11	On withdrawal from pension fund	94028	
	12	On cash withdrawal from bank	94119	
		Certificate/Account No. etc. / Bank / Branch / Share%		
	13	On certain transactions in bank	94120	
	14	With Motor Vehicle Registration Fee	94179	
		Registration No. / Engine / Seating Capacity / Owner's Name / Manufacturer Particulars		
	15	On sale/purchase of shares through a Member of Stock Exchange	94131	
	16	On trading of shares through a Member of Stock Exchange	94138	
	17	On financing of carry over trade	94139	
	18	With motor vehicle token tax (Other than goods transport vehicles)	94149	
		Registration No. / Engine / Seating Capacity / Owner's Name / Share%		
	19	With bill for electricity consumption	94159	
		Consumer No. / Subscriber's CNIC / Subscriber's Name / Share%		
	20	With telephone bills, mobile phone and pre-paid cards	94169	
		Number / Subscriber's CNIC / Subscriber's Name / Share%		
	21	On Sale by Auction	94180	
	22	On purchase of domestic air travel ticket	94121	
	23	**Total Tax Deductions at source (Adjustable Tax) [Sum of 1 to 22]**	94599	
	24	**Total Tax Deductions at source (Final Tax)**	94591	
Tax Payments	25	**Advance Tax U/S 147(1) [a + b + c + d]**	9461	
		a. First installment / CPR No.		
		b. Second installment / CPR No.		
		c. Third installment / CPR No.		
		d. Fourth installment / CPR No.		
	26	**Advance Tax U/S 147(5B) [a + b + c + d]**	9461	
		a. First installment / CPR No.		
		b. Second installment / CPR No.		
		c. Third installment / CPR No.		
		d. Fourth installment / CPR No.		
	27	Admitted Tax Paid U/S 137(1) CPR No.	9471	
	28	Total Tax Payments [23 + 24 + 25 + 26+27] (Transfer to Sr. 43 of Main Return)		
	29	WWF Payable with Return (WWF payable will be adjusted against the excess payments made during the current year)	9308	

Note-1 : Grey blank fields are for official use

FBR

Annex C

Breakup of Sales in case of Multiple Businesses

Taxpayer Name		NTN	0
CNIC/Reg.No.		Tax Year	2012
Business Name		RTO/LTU	0

2012 C

BUSINESS WISE BREAKUP OF SALES

Sr.	Business Name & Business Activity		Sales	Cost of Sales	Gross Profit/Loss
	(1)		(2)	(3)	(4) = (2) - (3)
1	**Business Name**				
	Business Activity				
2	**Business Name**				
	Business Activity				
3	**Business Name**				
	Business Activity				
4	**Business Name**				
	Business Activity				
5	**Business Name**				
	Business Activity				
	Total (to be reconciled with Sr. 1, 2 & 7 of Main Return)				

Signature:

Note : Grey blank fields are for official use

FBR

Annex - D

Details of Personal Expenses (for individual)

2012 D

Taxpayer Name			
NTN		CNIC (for individual)	

PERSONAL EXPENSES

Sr	Description	Expenses	
1	Residence electricity bills		
2	Residence telephone/mobile/internet bills		
3	Residence gas bills		
4	Residence rent/ground rent/property tax/fire insurance/security services/water bills		
5	Education of children/ spouse/ self **(Optional, it can be included in Sr-9)**		
6	Travelling (foreign and local) **(Optional, it can be included in Sr-9)**		
7	Running and maintenance expenses of Motor vehicle(s)		
8	Club membership fees/bills		
9	Other personal and household expenses		
10	Total personal expenses (Sum of 1 to 9)		
11	**(Less) Contribution by family members**		
12	**Net Personal Expenses (10 - 11) transfer to Sr-44 of Main Return**		
13	Number of family members/dependenets	Adults	Minor
		1	3

Signature: ____________________

FBR	Annex - E Deductions (Admissible & Inadmissible)		2012 E
Taxpayer Name			
NTN		CNIC (for Individual)	

	Sr.	Particulars	Code	Amount (Rs.)
Admissible Deductions	1	Tax Amortization	319287	
	2	Tax Depreciation	319288	
	3	Income/(Loss) relating to Final and Fixed tax [Transfer from Annex-F]	319289	
	4	Other Admissible Deductions	319290	
	5	Total [Add 1 to 4] to be transferred to *Sr-11 of main return*	3192	
Deductions not allowed / inadmissible	1	Cess, rate or tax that is levied on the profits or gains or assessed as a percentage or otherwise on the basis of profits or gains	319101	
	2	[illegible] company was liable to deduct tax at source unless the company has deducted and paid the tax as required by the Income Tax [illegible]	319102	
	3	Entertainment expenditure in excess of prescribed limits	319104	
	4	Contribution to an un-recognized provident fund, pension fund, superannuation fund or gratuity fund	319105	
	5	Contribution to a provident fund or other fund established for the benefit of the employees, unless effective arrangements have been made to deduct tax at source in respect of which the recipient is chargeable to tax under the head "salary"	319106	
	6	Fine or penalty for the violation of any law, rule or regulation	319107	
	7	Personal expenditure	319108	
	8	Provisions or amounts carried to reserves or funds etc. or capitalised in any way	319109	
	9	Profit on debt, brokerage, commission, salary or other remuneration paid by an AOP to its members	319110	
	10	Any salary, rent, brokerage or commission, profit ondebt, payment to non-resident or payment for services or fee on which tax was required to be deducted and paid but was not deducted and paid	319110	
	11	[illegible] or crossed bank draft (excluding expenditures not exceeding Rs. 10,000 or on account of freight charges, travel fare, postage, [illegible]	319112	
	12	Salary exceeding Rs. 10,000 per month paid otherwise than by a crossed cheque or direct transfer of the funds to the employee's bank account	319113	
	13	Capital expenditure	319114	
	14	Provisions for bad debts, obsolete stocks, etc.	319115	
	15	Apportionment of expenditure including profit on debt, financial cost and lease payments relatable or attributable to non-business activities	319116	
	16	Mark-up on lease financing	319118	
	17	Accounting pre-commencement expenditure written off	319120	
	18	Accounting loss on disposal of depreciable assets / intangibles	319121	
	19	Accounting amortization	319123	
	20	Accounting depreciation	319124	
	21	Any other (please specify)	319125	
	22	Total [Add 1 to 21] to be transferred to Sr-11 of main return	3191	-

Signature ____________________

FBR

Annex - F	2012
Bifurcation of Income/(Loss) from business attributable to Sales/Receipts Etc. subject to Final Taxation	F

Taxpayer Name		
NTN	CNIC (for Individual)	

		Particulars	Code	Total Amount (Rs.)	Code	Subject to Final Taxation Amount (Rs.)	Subject to Normal Taxation Amount (Rs.)
1.		Sales (net of brokerage, commission and discount)	3010		3010F		
	(a)	Local sales/supplies - Out of imports (Trading)	30101		30101F		-
	(b)	Local sales/supplies - Others	30102		30102F		-
	(c)	Execution of contracts	30103		30103F		-
	(d)	Export sales	30104		30104F		-
	(e)	Others	30105	-	30105F		-
	(f)	Sub-total [Add 1(a) to 1(e)]	30106	-	30106F	-	-
	(g)	Selling expenses (Freight outward, etc.)	30107		30107F		-
	(h)	**Net ex-factory or F.O.B. sales [1(f) minus 1(h)]**	30108	-	30108F	-	-
2.		Cost of sales	3011		3011F		
	(a)	Apportioned on the basis of:		(i) Actual / Identifiable			
				(ii) Average / proportionate to sales			✓
	(b)	As per income statement	30111	-	30111F	-	-
	(c)	Adjustment of inadmissible costs etc.	30112		30112F		
	(i)	Accounting depreciation	301121		301121F	-	-
	(ii)	Accounting amortization	301122		301122F	-	-
	(iii)	Others	301123		301123F	-	-
	(iv)		301124		301124F	-	-
	(d)	**Sub-total [Add c(i) to c(iv)]**	30113	-	30113F	-	-
	(e)	**Revised cost of sales [2(b) minus 2(d)]**	30114	-	30114F	-	-
3.		Gross profit/(loss) / other business revenues/receipts	3012		3012F		
	(a)	Gross profit [1(h) minus 2(e)]	30121	-	30121F	-	-
	(b)	Other business revenues/receipts	30122		30122F		
	(i)	Brokerage and commission	301221		301221F		-
	(ii)	Transport services	301222		301222F		-
	(iii)	Royalty & fee for technical services (non-residents)	301223		301223F		-
	(iv)	Others	301224	-	301224F		-
	(v)	Other inclusions/exclusions in income	301225	-	301225F		-
	(c)	**Total gross income [Add 3(a) to 3(b)(v)]**	30123	-	30123F	-	-
4.		Administrative, selling, financial expenses etc.	3013		3013F		
	(a)	Apportioned on the basis of:		(i) Actual / Identifiable			
				(ii) Average / proportionate to gross income			✓
	(b)	As per income statement	30131	-	30131F	-	-
	(c)	Adjustment of inadmissible expenditures etc.	30132		30132F		
	(i)	Accounting depreciation	301321		301321F	-	-
	(ii)	Accounting amortization	301322		301322F	-	-
	(iii)	Markup lease financing	301323	-	301323F	-	-
	(iv)	Selling expenses (Freight outward, etc.)	301324	-	301324F	-	-
	(v)	Other inadmissible deductions	301325	-	301325F	-	-
	(vi)	Others	301326		301326F	-	-
	(d)	**Sub-total [Add c(i) to c(vi)]**	30133	-	30133F	-	-
	(e)	Adjustment of admissible expenditures etc.	30134		30134F		
	(i)	Tax depreciation (Total)	301341	-	301341F	-	-
	(ii)	Tax amortization (Total)	301342	-	301342F	-	-
	(iii)	Lease rentals	301343	-	301343F	-	-
	(iv)	Other admissible deductions	301344	-	301344F	-	-
	(v)	Others	301345	-	301345F	-	-
	(f)	**Sub-total [Add e(i) to e(v)]**	30135	-	30135F	-	-
	(g)	**Net expenditure [4(b) minus to 4(d) plus 4(f)]**	30136	-	30136F	-	-
5.		**Net profit/loss from business [3(c) minus 4(g)]**	3014	-	3014F	-	-

Signature ____________________

ANNEX-G
Breakup of Expenses

(Separate form should be filled for each business)

2012

G

Registry				
Taxpayer Name		NTN	
CNIC		Tax Year	2012
Business Name		RTO/LTU	
Business Address		Business City	

	Sr.	Description	Code	Amount
Manufacturing & Trading Expenses	1	Salaries,Wages	311101	
	2	Electricity	311102	
	3	Gas	311103	
	4	Stores/Spares	311106	
	5	Repair & Maintenance	311108	
	6	Other Expenses	311118	
	7	**Total [Add 1 to 6] [Transfer to Sr. 5 of main Return]**	**31100**	
Profit & Loss Account Expenses	8	Rent/ Rates/ Taxes	3141	
	9	Salaries & Wages	3144	
	10	Travelling/ Conveyance	3145	
	11	Electricity/ Water/ Gas	3148	
	12	Communication Charges	3154	
	13	Repairs & Maintenance	3153	
	14	Stationery/ Office Supplies	3155	
	15	Advertisement/ Publicity/ Promotion	3157	
	16	Insurance	3159	
	17	Professional Charges	3160	
	18	Profit on Debt (Markup/Interest)	3161	
	19	Donations	3163	
	20	Bad Debts Written Off	31821	
	21	Obsolete Stocks/Stores/Spares Written Off	31822	
	22	Selling expenses(Freight outwards etc.)	31080	
	23	Others	31090	
	24	**Total [Add 8 to 23] [Transfer to Sr. 9 of main Return]**	**3170**	

Signature ____________________

"Part - II D

WEALTH STATEMENT UNDER SECTION 116
OF THE INCOME TAX ORDINANCE, 2001

WS 1/2

N°

Taxpayer's Name		NTN	
CNIC		Tax Year	2012
Address		RTO/LTU	

Particulars/Description of assets and liabilities *(Please read WS Notes for guidance)* Code

1. Business Capital (Indicate name of business) 821311 -

Sr.	Name of Business	Code	Amount (Rs.)
1		82131101	-
2		82131102	-
3		82131103	-
4		82131104	-
5		82131105	-
6		82131106	-
7		82131107	-
8		82131108	-
9		82131109	-
10		82131110	-

2. Non-Agricultural Property (Indicate location, Size/Area & Identification) 711111 -

Sr.	Location and Identification	Code	Amount (Rs.)
1		71111101	-
2		71111102	-
3		71111103	-
4		71111104	-
5		71111105	-
6		71111106	-
7		71111107	-
8		71111108	-
9		71111109	-
10		71111110	-

3. Agricultural Property (Indicate location, Size/Area & Identification 711211 -

Sr.	Location and Identification	Code	Amount (Rs.)
1		71121101	-
2		71121102	-
3		71121103	-
4		71121104	-
5		71121105	-
6		71121106	-
7		71121107	-
8		71121108	-
9		71121109	-
10		71121110	-

4. Agricultural Property (Tractor, Trolley, Loader, Tubewell, Turbine, Sprinkler, Planter, Harvester, Thrasher, Driller & other Agricultural Equipments etc. & Live Stock) 712111 -

Sr.	Property Name	Code	Amount (Rs.)
1		71211101	-
2		71211102	-
3		71211103	-
4		71211104	-
5		71211105	-
6		71211106	-
7		71211107	-
8		71211108	-
9		71211109	-
10		71211110	-

5. Investments (Specify stocks, shares, debentures, unit certificates, other certificates, deposits and certificates of National Saving Schemes,mortgages, loans, advances, etc.)	712611	-
Sr. Description of Investments	Code	Amount (Rs.)
1	71261101	-
2	71261102	-
3	71261103	-
4	71261104	-
5	71261105	-
6	71261106	-
7	71261107	-
8	71261108	-
9	71261109	-
10	71261110	-

6. Loans and Advances, etc.	712641	-
Sr. Creditor Name	Code	Amount (Rs.)
1	71264101	-
2	71264102	-
3	71264103	-
4	71264104	-
5	71264105	-
6	71264106	-
7	71264107	-
8	71264108	-
9	71264109	-
10	71264110	-

7. Motor vehicles (Indicate make, model and registration number) 712211 -

Sr.	Registration	Make	Model with Year	Engine Capacity (CC)	Code	Amount (Rs.)
1					71221101	-
2					71221102	-
3					71221103	-
4					71221104	-
5					71221105	-
6					71221106	-
7					71221107	-
8					71221108	-
9					71221109	-
10					71221110	-

8. Jewellery (Indicate description and weight)	712411	-
Sr. Description and weight with unit of measure (e.g 10 Tolas)	Code	Amount (Rs.)
1	71241101	-
2	71241102	-
3	71241103	-
4	71241104	-
5	71241105	-
6	71241106	-
7	71241107	-
8	71241108	-
9	71241109	-
10	71241110	-

9. Furniture and Fittings - Residence	712311	-
Sr. Description	Code	Amount (Rs.)
1	71231101	-
2	71231102	-
3	71231103	-
4	71231104	-
5	71231105	-
6	71231106	-

7		71231107	-
8		71231108	-
9		71231109	-
10		71231110	-

10. Cash & Bank Balances | 7128 | -

(a) Non-business cash in hand | 712811 | -

(b) Non-business bank balances, etc. in current/ deposit/ savings account | 712711 | -

Sr.	Account No	Country	Bank Name	City Name	Br. Code	Branch Name	Code	Amount (Rs.)
1							71271101	-
2							71271102	-
3							71271103	-
4							71271104	-
5							71271105	-
6							71271106	-
7							71271107	-
8							71271108	-
9							71271109	-
10							71271110	-

11. Any Other Assets | 7126 | -

Sr.	Description	Code	Amount (Rs.)
1		71267101	-
2		71267102	
3		71267103	-
4		71267104	-
5		71267105	-
6		71267106	-
7		71267107	-
8		71267108	-
9		71267109	-
10		71267110	-

12. Assets, if any, standing in the name of spouse, minor children & other dependents* | 713111 | -

Sr.	Description	Code	Amount (Rs.)
1		71311101	-
2		71311102	-
3		71311103	-
4		71311104	-
5		71311105	-
6		71311106	-
7		71311107	-
8		71311108	-
9		71311109	-
10		71311110	-

13. Total Assets [Sum(1 to 12)] | 719999 | -

14. Liabilities (including mortgages, loans, overdrafts, advances, borrowings, amounts due under hire purchase agreement) | 8213 | -

Sr.	Business Name	Code	Amount (Rs.)
1		72111101	-
2		72111102	-
3		72111103	-
4		72111104	-
5		72111105	-
6		72111106	-
7		72111107	-
8		72111108	-
9		72111109	-

10		72111110	-

15. **Total Liabilities [sum(14(a) to 14(b)]** 729999 -

16. **Net Wealth of the current year [13 minus 15]** 799999 -

17. **Annual personal expenses (To be Reconciled with Annex D)** 749999 -

18. **Number of family members and dependents** 740000 Minors

19. **Assets, if any, transferred to any person** 714111 -

Sr.	Description	Code	Amount (Rs.)
1		71411101	-
2		71411102	-
3		71411103	-
4		71411104	-
5		71411105	-
6		71411106	-
7		71411107	-
8		71411108	-
9		71411109	-
10		71411110	-

Verification

I, ______________________________, holder of CNIC No. ______________ in my capacity as Self / Representative* of Taxpayer named above, do hereby solemnly declare that to the best of my knowledge the assets and liabilities of myself, my spouse or spouses, minor children and other dependents as on ______________ and of my personal expenditure for the year ended ______________ are correct and complete in accordance with the provisions of the Income Tax Ordinance, 2001 and Income Tax Rules, 2002.

(The alternative in the verification, which is not applicable, should be scored out.)

* As defined in section 172 of the Income Tax Ordinance, 2001

Date (dd/mm/yyyy): ______________ Signature ______________

WEALTH RECONCILIATION STATEMENT

WS 2/2

N°

Taxpayer's Name		NTN	
CNIC		Tax Year	**2011**
Address		RTO/LTU	

	Particulars	Code	Amount (Rs.)
1	Net assets as on 30-06-2012		
2	Net assets as on 30-06-2011		
3	Increase/Decrease [1 - 2]		-
4	Income		-
	a) Income declared for the Tax Year - 2012		
	b) Exempt income including agriculture income		
	c) Others		-
	i)		
	ii)		
	iii)		
	iv)		
	v)		
5	Expenditures		-
	a) Personal expenditures		
	b) Other expenditures		-
	i)		
	ii)		
	iii)		
	iv)		
	v)		
6	Increase/ Decrease in wealth [4 - 5]		-

Date : ______________ Signature: ______________

RETAILER'S STATEMENT U/S 115 (4)
OF THE INCOME TAX ORDINANCE, 2001
(For retailers (Individuals) having annual turnover upto 5 million rupees but not having any other taxable source of income)

IT-4 (English)

REGISTRATION

1	CNIC		Tax Year 2012
2	NTN (if available)		Gender Male / Female
3	Business Name		
4	Business Address	Province	District
5	Principal Activity		
6	Phone No.		Electricity No.
7	Mobile No.		Gas Ref. No.

COMPUTATION

	Description	Amount
8	Opening Stock	
9	Net Sales during the year	
10	Closing Stock	
11	Turnover Tax payable u/s 113A @ 1 % of turnover (1% of Sr-11)	
12	Turnover Tax Paid	
13	CPR No.	CPR Date

Income from Other Sources

14	Agriculture Income	
15	Foreign Remittance (along with proof)	
16	Dividend income	
17	Profit on debt	

PESONAL EXPENSES

	Description	Expenses
18	Residence electricity bills	
19	Residence telephone/mobile/internet bills	
20	Residence gas bills	
21	Residence rent/ground rent/property tax/fire insurance/security services/water bills	
22	Education of children/ spouse/ self **(Optional, it can be included in Sr-26)**	
23	Travelling (foreign and local) **(Optional, it can be included in Sr-24)**	
24	Running and maintenance expenses of Motor vehicle(s)	
25	Club membership fees/bills	
26	Other personal and household expenses	
27	**Total personal expenses (Sum of 18 to 26)**	
28	(Less) Contribution by family members	
29	Net Personal Expenses (27 - 28)	
30	Number of family members/dependenets	Adults ___ Minors ___

VERIFICATION

I, ______________________ holder of CNIC No. ____________

In my capacity as Self/ Representative (as defined in section 172 of the Income Tax Ordinance, 2001) of Taxpayer named above, do solemnly declare that to the best of my knowledge and belief the information given in this Statement is correct and complete in accordance with the provisions of the Income Tax Ordinance, 2001 and Income Tax Rules, 2002 (The alternative in the verification, which is not applicable, should be scored out).

Date : ____________ Signature

ACKNOWLEDGEMEN

Signature & Stamp
of Receiving Officer with Date

Note-1 : Retailers having turnover of more than Rs. 5 million should file IT-2 Return instead of this Statement
Note-2 : Retailers having any other source of income should file IT-2 Return instead of this Statement "

3. This notification shall be applicable for the Tax Year 2012.