

Proposed section 156A in Customs Act: Senate body terms it "draconian" law

The Senate Standing Committee on Finance here on Monday declared the new penal provision in federal taxes laws regarding imprisonment of tax officials as a "draconian" law, which would be applicable on all government officials in different departments/organisations and would have serious implications.

While reviewing the Finance Bill 2019, Chairman Senate Standing Committee on Finance Farooq H Naek observed, "I am warning you (Federal Board of Revenue) that it is a draconian law. You are bringing all government officers within the domain of this new law." The chairman of the committee was referring to the new section 156A (proceedings against persons) proposed in the Customs Act 1969 through the Finance Bill 2019.

Chairman Federal Board of Revenue (FBR) Syed Shabbar Zaidi informed the committee that there were general complaints that the tax laws have prescribed harsh punishments only for the taxpayers and there were no punishments for the tax officials. "Across the country, we have received complaints that the tax officials were not punished due to non-availability of penal provisions against them. For the first time, the FBR has proposed criminal proceedings against tax officials in all three fiscal laws. Under Finance Bill 2019, the FBR can give punishments to the corrupt tax officials," he said.

The FBR officials explained that the section 156A (proceedings against persons) has been introduced in the Customs Act 1969. Under the Finance Bill 2019, the Board shall prescribe rules for initiating criminal proceedings against any authority mentioned in sections 3 to 3DDD, including any person subordinate to the aforesaid authority, who wilfully and deliberately commits or omits an act which results in personal benefits and undue advantage to the authority or the person or taxpayer or both.

Where proceedings have been initiated against a person or authority, the Board shall simultaneously intimate the relevant government agency to initiate criminal proceedings against the taxpayer, the FBR said.

The proceedings under this section shall be without prejudice to any liability that the authority, person or taxpayer may incur under any other law for the time being in force, the Finance Bill 2019 added.

On the conclusion of the meeting, the FBR chairman informed media persons that the proposed amendment for initiating proceedings against tax officials would not be withdrawn and they are committed to making it a part of the Finance Act 2019.

Earlier, an official of Ministry of Interior informed the committee that the government has made two major amendments in the Stamps Act through Finance Bill 2019. The amendments in the Stamps Act are related to the Islamabad Capital Territory. Firstly, district collector has been empowered to conduct valuation of immovable properties and determine values of the land. Presently, DC is not legally empowered to determine valuation of immovable properties within Islamabad Capital Territory.

The Ministry of Interior official said where any instrument chargeable with ad valorem duty under Articles 23, 31 or 33 of Schedule-I relates to an immovable property, the value of the immovable property shall be calculated according to the valuation table notified by the district collector in respect of immovable property situated in the locality.

Where an instrument relates to immovable property consisting of land and structure, it shall state the value of the land and structure separately and the value of the structure stated in the instrument shall, subject to the provisions of this Act, be accepted, he added.