

**Sarhad CCI submits proposals for federal budget 2019-2020**

PESHAWAR: Sarhad Chamber of Commerce and Industry (SCCI) has called for making the judgment of Alternate Dispute Resolution Committee (ADRC) binding upon the Federal Board of Revenue (FBR), unless there is a specific ground, that could be referred back for the final judgment.

The demand has been made in its recommendations on the upcoming Federal Budget 2019-2020. The copy of the recommendations has already been dispatched to relevant authorities for inclusion in the budget.

The recommendations further said that scope of cases to be referred to ADRC should be without any restriction as a large number of disputed cases are lying pending for want of decision for years. Similarly, cases referred to ADRC should be in time targeted with specific direction to ADRC to finalize judgment within 60 days of referral of the case in the first instance.

The chamber said that despite availability of the provisions for the benefit of taxpayers under Section 134A of the Income Tax Ordinance, 2001, the role of ADRC have practically eliminated by authorities enforcing law and dealing with the taxpayers. FBR has got no explanation as to why it is reluctant in formation and/or in accommodating recommendations from ADRC if formed, for the benefit of the taxpayers.

It said that an apparent reason for practically eliminating the role of ADRC appears to be non-seriousness of the FBR itself and/or concerned authorities including the commissioners that are supposedly to act as one of the members of such committees. The chamber sincerely recommend reintroduction (reinforcement) of the role of ADRC in the same spirit as provided in the law, ibid, falling which it is viewed somewhat lack of confidence upon its own policies the FBR have formulated.

For the addressing of the hardships of importers, the SCCI has recommended the reduction of income tax at import stage to 1% to automatically abolish the requirement of the issuance of certificate from the Zone Commissioner. It said that in pursuance of Clause (9A) of Part-II of the 2nd Schedule to the Income Tax Ordinance, 2001 income tax @3% was being collected on import of raw materials subject to issuance of reduced rate certificate by the Commissioner of the Zone. The process of issuance of the certificate is so difficult that is repeated after every six months. In the absence of that the importers have to bear 6% standard rate that is extra-ordinarily exorbitant. Therefore, in order to remove the difficulty the rate of collection of income tax at import stage should be reduced to 1%.

The reduction in rate would find ways to help the importers in resolving their genuine intricacies, including those operating in Khyber Pakhtunkhwa province with a mere difference of boundary of erstwhile Fata/Pata where units located are enjoying tax free operation as taxation laws have not been extended to those regions of the province.

In another recommendation, the Sarhad Chamber pinpoints that SRO 1065 that empowers several amendments in 2nd Schedule to the Income Tax Ordinance, 2001 that vide Clause (86) includes that

the provisions of Section 111 shall not apply to investment made by an individual in a Greenfield industrial undertaking directly or as an original allottee in the purchase of shares of a company establishing an industrial undertaking or capital contribution in the AOP establishing an industrial undertaking if the said investment is made on or after 1.1.2014 and commercial production commence on or before 30.06.2016.

The chamber recommends the same relief with time extension to June 30, 2023. Moreover, it is suggested that the restrictions imposed/outlined in Sub-Clause (c) where the concession granted was not applicable to various investment sectors. The aforesaid restriction has in fact, nullified the impact of attraction for investment as the prospective investors are willing to invest only in projects feasible for investment and the investment for the sake of investment. The SCCI called for the removal of the anomaly in the best interest of the country.

The SCCI has strongly recommended that the Commissioner Inland Revenue's recognition should not involve cumbersome process of documentation for cases having already licensed u/s 42 as NPO. Furthermore, cases referred by FBR to PCP should be finalized within a quarter at the most, and the PCP should be given timeframe of finalizing their recommendations within 30 days with rights of appeal within next 30 days before the Commissioner Inland Revenue (Appeals) in case of any adverse response.

The chamber has also called for the abolition of sub-section (1A) and (1B) of Section 100C of the Income Tax Ordinance, 2001 and the appreciation and acknowledgment declaration of the NPO's financial statements if there are in order and in line with International Financial Reporting Standards (IFRS).

At present, the chamber said the Commissioner/Additional Commissioner invariably select NPO u/s 122 (5A) of the Income Tax Ordinance, 2001 by issuing notices u/s 122(9) directly by imposing tax on surplus of NPOs reported during a particular year.

## RECORDER REPORT