

Traders need no tax incentive certificates for raw materials import

KARACHI: Importers need not to obtain tax exemption certificates pertaining to import of certain raw materials that avail concessionary taxes, a top official said.

Badaruddin Qureshi, chief commissioner of Inland Revenue at Large Taxpayers Unit (LTU) Karachi said taxpayers may not require to obtain exemption certificates for import of raw materials and capital goods as reduced rates are defined along with customs tariff codes.

The LTU Karachi has jurisdiction over large corporate entities collecting over 33 percent revenue of the national tax collection.

The large-sized entities are facing challenges in customs clearance of their imported raw materials due to changes brought into Income Tax Ordinance, 2001 through Finance Act 2020.

Qureshi, addressing a meeting, said the concessional rates of one, two and five percent of advance income tax have been defined through induction of 12th Schedule into Income Tax Ordinance 2001.

Capital goods and raw materials have been divided in three parts. In first two parts, the goods have been specified along with customs tariff codes. Therefore, requirement of exemption certificate is not necessary in those parts. However, this has to be clarified by the Federal Board of Revenue (FBR), he said.

The taxpayers have also raised problems related to lockdown, which restricted physical appearance in various issues, including audit hearing and they requested the chief commissioner to allow meeting through video link.

The chief commissioner said the provision of video hearing has been incorporated in audit cases through Finance Act 2020. However, the FBR would issue procedures for conducting online meetings, he added.

Lockdown associated with coronavirus has eased across the country after keeping economic activities on halt since late March.

The chief commissioner allowed the taxpayers to appear online mode in various tax issues. But, he said documents should be provided to concerned officials for proceedings for availing online appearance facility.

Taxpayers further raised concerns over stuck refunds with the LTU Karachi and demanded early release of funds in order to improve liquidity issues of businesses.

The chief commissioner said the finance advisor has already issued directives for clearance of refunds amounting up to Rs50 million. He assured the importers that scrutiny of claims for release of such amount refunds would be completed by July 31 and the FBR would start sending the amount directly to taxpayers' bank account from first week of next month.