

Mobile companies debarred from deducting tax

The Supreme Court on Tuesday debarred the mobile phone companies from deducting tax on post-paid bills as well. A three-judge bench, headed by Chief Justice Mian Saqib Nisar was hearing a suo motu regarding deduction of tax on service charges on re-load of balance by the cellular companies. The CJP had taken suo motu notice of the high levy charged on mobile phone cards in the country in May.

The Chief Justice said tax deducted from the labourers on re-load of Rs 100 balance is not fair. He asked the FBR counsel whether the service charges should be collected from a person who is making bread at an oven (tandoor).

The advocate general Sindh stated that since the suspension of tax collection on mobile cards, the national exchequer has suffered loss. The Chief Justice said on load of Rs 100 card, Rs 25 are deducted as taxes. The companies also subtract the taxes from the labourers, which should not be permissible and ordered the federal government to make some mechanism and legislate in this regard.

The Punjab advocate general informed the court that due to suspension of tax collection on mobile load/cards, the provincial government is facing Rs 2 billion losses every year. The Chief Justice said the companies are making profit on cards recharge. He inquired what services the provincial governments are providing on the phone call.

The Sindh advocate general said the Sindh government is suffering Rs 1 billion loss every month since the court has suspended the collection of taxes on the load.

The FBR lawyer said Rs 25 deducted on the load of mobile card go to the national exchequer and not the FBR. The additional attorney general and the advocate generals of the provinces sought time to get instructions from their respective governments.

The case was adjourned for an indefinite period.

As per reports, presently, on the charge of Rs100 pre-paid mobile card, 19.5 percent federal excise duty is charged along with 12.5 percent withholding tax and 10 percent service/maintenance charge.

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