

# National Budget Conference 2015-16

## Analytical view on Finance Bill 2015

by

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# Clause 13AA inserted under Section 2 of the Income Tax Ordinance

- after clause (13A), the following new clause shall be inserted, namely:- “(13AA) “consumer goods” means goods that are consumed by the end consumer rather than used in the production of another good;”;
- "Other than" means except while "rather than" means instead of.

# Remarks

- The said definition will not fulfill the requirement of law. **Distributors** of different goods, which are used by, end consumers as well as producers of another goods will suffer loss and may face litigation. Due to the reason that **distributors of consumer goods are paying 0.2% minimum tax u/s 113 instead of 1% of their turnover.** Now It will be in the hand of IRO to charge 0.2% or 1% of turnover. It is **suggested** that the words **rather than used in the production of another good** **may kindly be deleted**
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# Contd. Remarks

- The Goods which are consumed by end consumer as well as used in the production of another good
- Milk, Butter, yogurt
- Ghee & Cooking Oil
- Paint
- Cement, Etc. Etc.

# Clause 22A inserted under Section 2 of the Income Tax Ordinance

- after clause (22), the following new clause shall be inserted, namely:- “(22A) “**fast moving consumer goods**” means **consumer goods which are supplied in retail marketing as per daily demand of a consumer;**”;

# Remarks

- The said proposed definition will also not fulfill the requirement of law. Whether **goods which are not demanded by consumer on daily basis will be fast moving consumer goods**, if the answer is negative, then a few goods will be fast moving consumer goods.

# Section 113B

- in section 113B, (Minimum Tax on land developer) for the expression “at the rates as the Federal Government may notify in the official Gazette” the words “at the rate of **two per cent** of the value of land notified by any authority for the purpose of stamp duty” shall be substituted;

# Remarks

- Developer shall pay **two per cent of the value of land** (as per stamp duty paid) on the income of sale of such residential, commercial or **other plots or booked**.

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# Section 137(2)

- in section 137, in sub-section (2),
- (a) for the word “fifteen” the word **“thirty”** shall be substituted;
- (b) in the first proviso, for the word “sixty”, the word, “forty-five” shall be substituted; and
- (c) in the second proviso, for the word **“sixty”**, the word, “forty-five” shall be substituted;

# Remarks

- Period of payment from the date of order enhanced from 15 days to 30 days. In case of provisional assessment u/s 122C period reduced from 60 days to 45 days.

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# Section 153(3)

- in section 153, (Payments for goods, services and contracts) in sub-section (3), in the proviso,
- (a) for clause (b), the following clause shall be substituted, namely:-
- “(b) tax deductible on transactions referred to in clause (b) of sub-section (1) shall be,-
- (i) adjustable, with effect from tax year 2009, if payments are received by a company; and
- (ii) a minimum tax, if payments are received by a person other than a company;”
- (b) in clause (c), for the full stop, at the end, a semicolon and the word “and” shall be substituted and thereafter the following new clause shall be added, namely:-
- “ (d) tax deducted under clause (c) of sub-section (1) in respect of a **sportsperson shall be final tax** with effect from tax year 2013.”;

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# Remarks

- Section 153 (3) Proviso
- The benefit which given to sports persons may also be extended to professionals. (as under)
- (d) tax deducted under clause (c) of sub-section (1) in respect of a **sportsperson and Professionals (chartered accountants, cost & management accountants, advocates) shall be final tax** with effect from tax year 2013.”;

# Section 154 Exports

- in section 154, (Exports)after sub-section (4), the following new sub-section shall be added, namely:— “(5) The provisions of sub-section (4) shall not apply to a person who irrevocably opts not to be subject to final taxation: Provided that this option shall be exercised at the time of filing of return under section 114: Provided further that the tax deducted under this sub-section shall be minimum tax.”

# Remarks

- Tax deducted against exports shall be minimum tax if exporter irrevocably opts not to be subject to final taxation. If the said tax will be minimum tax which obviously not refundable, It will not be advisable to exporter avail this opportunity instead of FTR.

# Section 177 Audit

- in section 177, **(Audit)** after sub-section (10), the following new sub-sections shall be added, namely:-
- “(11) The Board may appoint as many **special audit panels** as may be necessary, comprising two or more members from the following:-
- (a) an officer or **officers of Inland Revenue**;
- (b) a firm of **Chartered Accountants**
- (c) a firm of **Cost and Management Accountants** as or
- (d) **any other person** as directed by the Board, to conduct an audit,

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- (12) Special audit panel shall be headed by a **Chairman** who shall be an officer of Inland Revenue.
  - (13) **Powers under sections 175 and 176** for the purposes of conducting an audit under subsection (11), **shall only be exercised by an officer or officers of Inland Revenue**, who are member or members of the special audit panel, and authorized by the Commissioner.
  - (14) .....
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- (15) If any one member of the special audit panel, other than the Chairman, is absent from conducting an audit, the proceedings of the audit may continue, and the audit conducted by the special audit panel shall not be invalid or be called in question merely on the ground of such absence.

- (16) Functions performed by an officer or officers of Inland Revenue as members of the special audit Panel, for conducting audit, shall be treated to have been performed by special audit panel.
- (17) .....

# Remarks

- Special audit panel shall be headed by a **Chairman who shall NOT be an officer of Inland Revenue.**
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- (13) **Powers under sections 175 and 176** for the purposes of conducting an audit under sub-section (11), **shall only be exercised by an the Chairman with the consent of audit panel**

# 236P (New Section)

- **236P. Advance tax on banking transactions otherwise than through cash.**— (1) Every banking company shall collect advance adjustable tax **from a non-filer** at the time of sale of any instrument, including demand draft, pay order, special deposit receipt, cash deposit receipt, short term deposit receipt, call deposit receipt, rupee traveller's cheque or any other instrument of such nature.

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# Remarks

- If ATL will not properly updated on daily basis it will create trouble.

# Thanks

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