



**INCOME TAX, SALES TAX & FEDERAL EXCISE DUTY  
REGIONAL TAX OFFICE KARACHI**

- **TAX ARREARS SETTLEMENT  
INCENTIVE SCHEME 2008**

- **TITLE**

- This scheme is called "Tax Arrears Settlement Incentive Scheme 2008"

# **TAX AREARS SETTLEMENT INCENTIVE SCHEME 2008**

- **PURPOSE:**

- To provide an opportunity to the tax payers and the tax deducting agents, who have failed to discharge their tax responsibilities, to pay the same tax now without paying any penalty or additional tax

- **LEGAL AUTHORITY:**

- FBR Circular No. 4 of 2008 issued in exercise of powers conferred under section 146B of the Income Tax Ordinance, 2001



- **APPLICABILITY :**

- Applicable to all tax payers against whom Income Tax arrears, including penalty and additional Tax for non payment, are outstanding
- Applicable to the withholding agents who failed to withhold the tax or did not deposit the tax after making deductions
- Applicable to taxpayer who has disputed the tax demand before the Appellate authorities
- The Scheme includes Individual, a company or AOP as defined in section 80 of Income Tax Ord: 2001
- The Scheme includes Tax, Penalty and additional Tax (Accrued and actual )

## ● PROCEDURE

- The taxpayer shall submit the prescribed statement of outstanding arrears along with penalty and additional tax, accrued and actual, and shall offer the settlement of arrears under this scheme
- The Commissioner within 07 days of the receipt of statement, shall issue a certified copy of the arrear statement confirming from the office record the total amount of arrears and accept the offer for the proposed settlement if the arrears as per the office record is same as declared by the taxpayer
- Where the outstanding arrears as per the Commissioner's record is different from the tax payer's statement, the commissioner shall communicate the correct amount and the proposed settlement to tax payer within 07 days of the receipt of statement
- The Taxpayer shall deposit the principal amount of arrears within 07 days of the communication from the commissioner
- The arrear can be paid in installments provided each installment is paid by due date and not later than 30<sup>th</sup> September, 2008, along with additional Tax @ 5% par annum on the unpaid amount of arrears



- **MANDATORY PRE-REQUISITES:**

- The Taxpayer shall submit a statement on the prescribed form to the commissioner quantifying the outstanding arrears along with penalty and additional tax for non payment
- The scheme is effective till 30<sup>th</sup> September 2008.
- The taxpayer shall deposit the principal amount of tax within 07 days after confirmation from the commissioner that the tax payable shown in the statement is correct
- If the tax is agreed to be paid in installments, each installments shall be paid by due date with additional tax @ 5% per annum

- **GUARENTEES AND ASSURANCES:**

- Once the principal amount of arrears, in lump sum or in agreed installments, is fully paid, the additional tax and penalty shall stand waived off provided additional tax @ 5% per annum is paid if the tax is paid in installments within stipulated time
- The Commissioner shall issue a certificate to the tax payer on the prescribed format, confirming the payment of arrears and waiver of additional tax and penalties due to the arrears



- **ARREARS IN APPEAL :**

- The arrear in dispute before appellate authorities shall also be settled in the same manner as the other arrear, subject to following conditions :
  - a) The tax payer withdraws his appeal
  - b) the disputed tax is paid in lump sum or in 03 monthly installments with additional tax @ 5% per annum
- The tax payer settling his arrear disputed in appeal shall be entitled to a relief of 10% of the amount of arrear disputed in appeal along with waiver of additional tax and penalty if any
- However, the waiver of additional tax and penalty allowed under this scheme shall be withdrawn if the tax payer fails to pay total tax liability within the agreed period