

**Government of Pakistan
Revenue Division
Federal Board of Revenue
Inland Revenue**

C.No.1(3)DG(WH)/Circular/2021/96508-R.

Islamabad, July 1, 2021

Circular No. 01 of 2022 – Operations
(Inland Taxes)

The purpose of Circular No.5 of 2011 issued on April 30th, 2011, was “the management of tax collection and its accounting procedure.” In 2010s, a lot of changes have taken place in the way taxes are managed across Formations as well as at the Headoffice – particularly due to ever-increasing induction of technology into the systems. There also has been a fundamental shift in the approach of the Headoffice from an artificially and managed distribution of revenues amongst Formations to an automatic and natural one, that is, the credit of any tax paid must vest in the Formation which holds jurisdiction over the taxpayer – **as long as the taxpayer is identifiable.**

2. Accordingly, it is imperative that instructions vis-à-vis management of tax collection under various heads and on various counts, reporting of the same by Formations, and its accounting procedures are laid down afresh for implementation across the board.

(A) Baseline Principle

(i) Credit for all **Income Tax payments** via CPRs made by taxpayers or by withholding agents under any of the withholding tax provisions including those at import stage in respect of the **identifiable taxpayers**, shall be with the Formation which holds jurisdiction over the taxpayer.

(ii) Credit for all **Sales Tax payments** via CPRs made by Registered Persons/taxpayers or by withholding agents under withholding tax provisions including those at import stage in respect of identifiable taxpayers, shall be with the Formation which holds jurisdiction over the Registered Person/taxpayer.

(iii) Credit for all **Federal Excise payments** via CPRs made by Registered Persons/taxpayers as well as those made at the import stage in

respect of identifiable taxpayers, shall be with the Formation which holds jurisdiction over the Registered Persons/taxpayer.

(iv) Credit for **Sales Tax on Services payments** chargeable under the Islamabad Capital Territory (Sales Tax on Services) Ordinance, 2001 (ICTO), via CPRs made by the Registered Person/taxpayer or by withholding agents under withholding tax provisions, would be with: -

- (a) Corporate Tax Office, Islamabad, in respect of its own Registered Persons/Taxpayers; &
- (b) Regional Tax Office, Islamabad, in respect of its own Registered Persons/Taxpayers, as well as those providing or rendering taxable services within the municipal limits of Islamabad Capital Territory but whose jurisdiction rests with other Formations.

(v) Credit for **Capital Value Tax payments** levied under Section 7 of the Finance Act, 1989 (repealed), via CPRs made by taxpayers or by the Registrar in lieu of purchase or transfer of property within the municipal limits of ICT would be with Regional Tax Office, Islamabad.

(B) Exceptions to Baseline Principle

- (i) Credit for any taxes/duty payments (under above tax heads) **remaining un-identified** would go to the Formations which holds jurisdiction over the withholding agent or authority collecting the tax.
- (ii) Credit for any **miscellaneous tax payments/receipts** by unidentified persons/taxpayers would vest in the Formation concerned and in case of multiple-Formation stations, in the Regional Tax Office; and Regional Tax Office-I, in case of Karachi.
- (iii) Credit for book adjustments would be with the Formation holding territorial jurisdiction over the withholding agent/authority.

(C) Un-Registered Identified Persons

Credit for tax payments of all kinds by or on behalf of unregistered (with FBR) but identified persons (on the basis of valid CNIC) would be with the Formation which is entitled to hold jurisdiction over the case. PRAL would promptly develop a mechanism to auto-allot jurisdiction to all such persons.

3. This Circular comes into force with immediate effect. Simultaneously, Circular No. 5 of 2011, and Circular No. 12 of 2021, along with all other instructions and amendments, if any, stand rescinded.

Aisha Asad
11/7/2021
Aisha Asad
Secretary (WH)

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