



# ITBAK's

## News & Views

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A monthly publication of the Income Tax Bar Association, Karachi covering information on recent important judicial pronouncements, circulars and clarifications

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### SUMMARY OF CIRCULARS/NOTIFICATIONS

CIRCULARS/ NOTIFICATIONS REFERENCE	DATE	ISSUES INVOLVED	ITBAK LIBRARY REF: NO.
<b>INCOME TAX</b>			
Circular No.1 of 2003	31-01-2003	Clarified that instructions issued through CBR Circular No.6 of 2002 dated 04.05.2002 for acceptance of Exemption Certificates issued by competent Tax Authorities of Pakistan and AJK and credit for tax paid are equally applicable to period even prior to 04.05.2002.	01
SRO No.935(I)/2002	21.12.2002	Prococol-2 executed on 02.05.2002 between Pakistan and Denmark for certain amendments in ADTA, made effective from the dates as mentioned in said Protocol.	02
SRO No.936(I)/2002	18.12.2002	ADTA between Pakistan and Syrian Arab Republic issued and made effective retrospectively from 01.05.2002.	03
<b>SALES TAX</b>			
Instruction No.02/2003	21.01.2003	Persons liable to be enrolled under the Turnover Tax Regime under S.3 of the Sales Tax Act, can be compulsorily enrolled in terms of S.3A(4) read with S.19.	04
Instruction No. 03/2003	06.02.2003	New Sales Tax Audit criteria issued for Custom Agents, who deposit sales tax below the prescribed minimum benchmark, level per document filed.	05
SRO No.36(I)/2003	09.01.2003	Registration of M/s. Riaz Textile Mills (Pvt.) Limited, Sheikhpura transferred from Collectorate of Sales Tax & Central Excise, Rawalpindi to Lahore, under power vested in Rule 6(1) of the Registration, Voluntary Registration and De-Registration Rules, 1996.	06
Press Report		Draft of Registration and De-Registration Rules, 2003 issued.	07
Sales Tax General Order No. 06 of 2002	26.12.2002	Procedure prescribed in respect of documents to be filed on or after 16.01.2003 for payment of Sales tax on services provided by Customs Agents under the Provincial Sales tax Laws.	08
<b>CORPORATE LAW</b>			
Circular No.17 of 2002 (Earlier missing)	18.12.2002	Directives issued to all Non-Bank Finance Companies (NBFCs) engaged in soliciting investments/deposits through issuance of Certificates of Investment (COIs) or Certificates of Deposit (CODs) to submit the specified current information to SECP.	09
Circular No.19 of 2002	27.12.2002	Listing Regulation No.37 of Karachi Stock Exchange requires Listed Companies to appoint only those firms of Auditors, as their External Auditors, who have been given a satisfactory rating under the Quality Control Review Program of the ICAP, as per list issued by ICAP and circulated by SEAP	10

Circular No.1 of 2003	23.01.2003	Clarified that Sole Proprietor Chartered Accountants cannot be appointed as auditors by their business names and shall be appointed in their personal names only, whereas auditors can be appointed by their business name, if they are practicing as a Firm of Chartered	11
Circular No.2 of 2003	23.01.2003	Clarification about re-classification of Revaluation Surplus in respect of investment Properties, at the time of first application of IAS 40.	12
SRO 825(I)/2002	22.11.2002	Responsibility of Commissioners specified to oversee the Working of Various Divisions/ Wings of Commission.	13
SRO 18(I)/2002	03.01.2003	Delegation of Powers and functions to the Executive Director (Specialized Companies Division), in respect of certain relevant statutory provisions applicable to Non-Banking finance Companies (NBFCs).	14
SRO 45(I)/2003	13.01.2003	Directives for treatment of Surplus on Revaluation of Fixed Assets under S.235, in order to ensure consistency in compliance with the requirements of IAS 16 – Property, Plant and Equipment and IAS 12 Income Taxes (Revised).	15
SRO 49(I)/2003	15.01.2003	Third Schedule of Companies Ordinance, 1984 substituted, to simplify formats of Form – A Annual Return of Company having Share Capital and Form - B Annual Return of Company not having Share Capital.	16
SRO 50(I)/2003	16.01.2003	Delegation of further powers and functions under the specified provisions to Executive Director (Enforcement & Monitoring) in case of Listed Companies and Executive Director (Company Law Administration) in case of companies other than Listed Companies and powers to Registrar (Headquarters) and Addl.Registrar of Companies, Karachi/Lahore.	17
SRO 64(I)/2003	13.01.2003	Draft of Securities and Exchange Commission of Pakistan (Appellate Bench Procedure) Rules, 2002, issued.	18
SRO 66(I)/2003	22.01.2003	Certain amendments made in Fourth Schedule, in respect of Disclosure requirements in Financial Statements of Listed Companies.	19
Press Reports	08.02.2003	Directives issued by SECP to the Management of Stock Exchanges for Strengthening Broker's conduct of business in order to safeguard public interest, prohibit unfair trade practices and inculcate good governance in business	20

**SYNOPSIS OF IMPORTANT CASE LAW**

CITATION	SECTION	ISSUES INVOLVED
<b>INCOME TAX</b>		
2002 PTD(Trib) 3039	136(1), 66A, 62/135, 50(4) and 50(5)	<p>While rejecting the reference filed by the department, the learned ITAT has decided the following questions as under:</p> <ul style="list-style-type: none"> <li>• The assessment under Section 62/135 cannot be revised under Section 66A of the Ordinance being the issue which has already been the subject matter of appeal before the CIT(A) and the ITAT.</li> <li>• The question of claiming credit of tax deduction under Section 50(4) or 50(5), is a question of fact and not of law.</li> <li>• If the imports have been made in the name of the assessee, the credit of tax deducted and paid at source under Section 50(4) and 50(5) will go to the assessee.</li> </ul>

