



ITBAK's

News & Views

Member's Assistance Committee
Mr. Haider Ali Patel (Convener)
Mr. Abdul Qadir Memon
Mr. Waseem Hashmi
Mr. Ali A. Rahim
Mr. Arshad Siraj Memon
Ms. Yasmeen Ajani

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

NV # 05/2002

August, 2002

Message of the Convener – Members Assistance Sub-committee

Dear Members,

On behalf of the Members Assistance Sub-committee, I am pleased to present the August, 2002 issue of "ITBAK'S News & Views".

In continuation of our programme of education on the provisions of the Income Tax Ordinance, 2001 we have prepared a chart in respect of statements required to be filed under section 165 for deduction of tax under various section of the Income Tax Ordinance, 2001. There are some ambiguities in the Income Tax Rules, 2002 where these statements have been prescribed, however, we have prepared the chart after through examination of these Rules and the related provisions of Income Tax Ordinance, 2001. I request the members to follow the footnotes given at the end of the chart carefully in order to understand the requirements.

Finally, I would like to thank the members of the Members Assistance Committee for their continued support and efforts and would like to personally apologies for the delay in issuance of this issue as the delay was entirely due to my engagements. Inshah Allah, we will try to bring out the September issue as early as possible.

With best regards

Haider Ali Patel, ACA

SUMMARY OF CIRCULARS/NOTIFICATIONS

| CIRCULARS/ NOTIFICATIONS REFERENCE | DATE | ISSUES INVOLVED | ITBAK LIBRARY REF: NO. |
|--|------------|---|------------------------------|
| INCOME TAX | | | |
| Circular No.10 | 19-07-2002 | Clarification regarding rate of withholding tax on Brokerage and Commission u/s.233 of the Income Tax Ordinance, 2001. | 118 |
| Circular No.11 | 23-07-2002 | Clarification regarding reduction in tax liability admissible to only a full time teacher or researcher. | 119 |
| Circular No.12 | 09-08-2002 | Clarification on computation of income-tax payable by a salaried person for the tax year 2003 (Income Year commencing on July 1, 2002). | 120 |
| Circular No.13 | 09-08-2002 | Explanation of important provisions relating to amendments in Income Tax Ordinance, 1979 by the Finance Ordinance, 2002. | 121 |
| Circular No.14 | 22-08-2002 | Clarification regarding maintenance of minimum books of accounts by assesseees taxed under Presumptive Tax Regime. | 122 |
| SRO No.379(I)/2002 | 15-06-2002 | Amendment in SRO 586(I)/91 dated 30-06-1991 to extend exemption to persons engaged in poultry farming and poultry processing from deduction of tax under section 50(4) of the Income Tax Ordinance, 1979. | 123 |
| SRO No.428(I)/2002 | 01-07-2002 | Notification of Income Tax Rules, 2002. | 124 |
| SRO No.510(I)/2002 | 08-08-2002 | Draft amendment in the Income Tax Rules, 2002 regarding taxation of salary. | 125 |

SALES TAX

| | | | |
|------------------------|------------|---|-----|
| Instruction No.48/2002 | 22-06-2002 | Explanation that exemption under serial No.3(XII) of the Sixth Schedule under which meat, poultry and fish are exempt from Sales-tax being un-processed food stuff would not apply to prepared food stuff and similar products prepared from meat, poultry and fish.. | 126 |
| Instruction No.49/2002 | 11-07-2002 | Clarification regarding refund of Sales-tax on packing material used in rice exported from Pakistan. | 127 |
| Instruction No.50/2002 | 12-07-2002 | Time limit for issuance of credit note starts from the day of return goods and debit note are received until the last day of the calendar month in which the returned goods are received. | 128 |
| Instruction No.51/2002 | 12-07-2002 | Input tax charged on diaries and calendars can not be claimed. | 129 |
| Instruction No.52/2002 | 12-07-2002 | Clarification regarding adjustment of Input tax on electricity bills. | 130 |
| Instruction No.53/2002 | 13-07-2002 | Crossed traveler cheques would be acceptable for the purpose of section 73 if they are issued from the business account of the buyer and are crossed in the name of the seller. | 131 |
| Instruction No.54/2002 | 13-07-2002 | Clarification regarding levy of 15% General Sales Tax on vegetable ghee/cooking oil in the 2002-2003 Budget. | 132 |
| Instruction No.55/2002 | 15-07-2002 | Exemption from further tax under the proviso to section 3(1A) of the Sales Tax Act, 1990 not applicable on "Dettol" since it is a disinfectant and not a pharmaceutical product. | 133 |
| Instruction No.56/2002 | 16-07-2002 | Clarification regarding exemption from Sales-tax to Maritime Security Agency. | 134 |
| Instruction No.57/2002 | 16-07-2002 | Imported Edible Oil is chargeable to Sales-tax at the time of supply @ 20%. If such supply is made to an unregistered person than 3% further tax is also chargeable. | 135 |
| Instruction No.58/2002 | 17-07-2002 | Clarification regarding applicability of section 73 on supplies of vegetable ghee/cooking to un-registered person, that supplies of vegetable ghee/cooking oil made by registered persons to unregistered persons other than against payment through banking instruments has shall remain unaffected by the proviso to section 73 even through no further tax is charged, levied or paid thereon. | 136 |
| Instruction No.59/2002 | 02-08-2002 | Clarification regarding Sales-tax exemptions on raw materials for manufacture of pharmaceuticals as specified in S.R.O. No.372(I)/2002 dated June 15, 2002 is effective from that date. | 137 |
| SRO No.432(I)/2002 | 05-07-2002 | Amendments made in S.R.O. No.208(I)/2002 dated 05-04-2002 to correct/include the specifications of certain pharmaceutical products. | 138 |
| SRO No.474(I)/2002 | 30-07-2002 | Imported Canola Seed exempted from levy of Sales-tax under the Sales Tax Act, 1990. | 139 |
| SRO No.475(I)/2002 | 30-07-2002 | Amendments made in S.R.O. No.211(I)/2002 dated 06-04-2002, to allow exemption to only those imported raw materials which are specified in S.R.O. No.372(I)/2002 dated June 15, 2002. | 140 |
| SRO No.555(I)/2002 | 23-08-2002 | Withdrawal of Sales-tax on substances registered as drugs under the Drugs Act, 1976 (XXXI of 1976) and medicaments classified under any heading of Chapter 30 of the First Schedule to the Custom Act, 1969 (IV of 1969). This notification is effective immediately however, it prohibits any person to claim or take refund of any amount of Sales-tax already paid or recovered by him. | 141 |

