



ITBAK's

News & Views

Member's Assistance Committee
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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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Message of the Convenor – 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

SYNOPSIS OF IMPORTANT CASE LAW

CITATION	SECTION	ISSUES INVOLVED
INCOME TAX		
(2002) 86 TAX 68 HC LAH	136	Every question of law need not be referred to Hon'ble High Court, only such questions which have some substance need to be referred. Hon'ble High Court declined to answer question in respect of eligibility of an assessee to avail Self Assessment Scheme in a particular year.
(2002) 86 TAX 71 HC KAR	23	The disallowance made with reference to Rule 33 of the Drug (Licensing, Registering & Advertising) Rules, 1976 held not sustainable in law.
(2002) 86 TAX 31 TRIB	56	The proviso inserted through Finance Ordinance, 2001 in Section 56 held to be retrospective. Action of issuance of notice u/s 56 beyond 5 years held to be illegal.
(2002) 86 TAX 1 TRIB	78	Assessee was held to be an agent u/s 78 in the facts and circumstances when the assessment of non-resident was framed. Assessee contented that at the time order u/s 78 was passed neither it had any business connection nor at that date the non-resident was in receipt of any income from the assessee. The learned Tribunal relying on the dictum of Hon'ble High Court of Sindh in case reported as (1999) 79 TAX 627 held that assessee was illegally treated as agent.
(2002) 86 TAX 48 TRIB	12(18)	For Section 12(18) two conditions have to be simultaneously satisfied i.e. first that there was a loan received by assessee and second that it was claimed and shown by him.
2002 PTD TRIB 2192	129, 130, 134	In this case appeal was filed within statutory time, however appeal fee was not paid. It has been held by Hon'ble Tribunal that memorandum of appeal can be filed but the appeal will not be treated as properly filed unless the appeal fee has been paid. It was further observed that since appeal was presented within time without fee, appeal suffered from deficiency which ought to have been pointed out by the office. If despite this pointation the assessee fails to pay the deficient amount, validity of appeal filed for hearing can be definitely called in question. Since no such notice was given within the limitation period, dismissal of appeal on non payment of appeal fee, held not maintainable. Case remanded for adjudication of the case on merits on payment of appeal fee which appellant was directed to pay within 15 days.
2002 PTD TRIB 1962	13(1)aa	Action taken u/s 13(1)(aa) on a property which was in the name of assessee's wife. There was difference of opinion between learned Members of Hon'ble Tribunal on the point that whether circumstances warranted cancellation or set-aside. The learned Third Member after examining the facts of the case hold that since property was in the name of wife, setting-aside the case would be of no help to the department. It was further observed in respect of non-cooperative attitude of the assessee department is equipped with various penal provisions and assessing officer cannot be allowed to make a harsh assessment or add on income which does not, belong to the assessee under the garb of non-cooperative behavior of the assessee. The department obviously has the option to initiate penalty proceedings for non-cooperation or to start proceedings against wife of the assessee independently.
2002 PTD TRIB 1997	23(1)(vii)	Disallowance of interest was made by the department. The Hon'ble Tribunal after examining various judgments and facts of the case observed that requirement of law is that the loan should have been obtained for the purpose of business. The test as already laid by various judgments is that the capital borrowed should be invested for the purpose if business for which it has been obtained. Interest paid in such circumstances thus becomes allowable deduction. In this regard the observations that the capital has not generated profit, or assessee himself had enough capital or he was not in need of loan from bank or he had given loan to some other company from his own sources without interest or at a lesser interest, all are alien to the requirements provided in the provision u/s 23(1)(vii). The assessing officer's entire effort revolves against his advisability and possible conduct of a prudent businessman. He has failed to take notice that law does not put any such embargo. It was further observed that if the loan amount is put in FDRs and the surplus funds have been utilized for purposes of business than clearly the assessee is not entitled to the deductions because he has used his own funds and not the borrowed funds for the purpose of business.

CITATION	SECTION	ISSUES INVOLVED
2002 PTD TRIB. 2106	13(1)(a)	Gross profit rate applied against the history of the case without any plausible reasoning. The learned Tribunal disapproved the action. Addition under Section 13(1)(a) was made when assessee was not maintaining the books of accounts addition was held to be unsustainable in law as it was observed that it is not a case of quoting wrong clause of Section 13 which leads to different eventuality.
2002 PTD 2112	80C, 80CC, W.W.F.	It has been held that Worker Welfare Fund is not leviable in the cases falling under Section 80C and Section 80CC.
2002 PTD (TRIB) 2159	24(c)	<p>Additions made u/s.24(c) by passing order under Section 66A. In this case in some instances, the assessee (payer) had paid the tax and in some instances the recipient had had paid the tax. The learned Tribunal held that order passed under Section 66-A is not valid.</p> <p>Powers under Section 66A used by IAC on the ground of excessive use of electricity compared to previous year. Action not approved by learned Tribunal.</p>
2002 PTD 2169	Rule 8(5) of Third Schedule	<p>Issue regarding interpretation of Rule 8(5) of the Third Schedule to the Income-tax Ordinance, 1979 came before the Hon'ble High Court for consideration. The Departmental officer misconstrued the provision of Rule 7(b) read with Rule 8(5). The issue was that assessee had purchased Factory building, for the sum of Rs.118,191 and sold it at Rs.750,000. The assessee in its return workout W.D.V. at Rs.95,783 and accumulated depreciation Rs.22,408 was offered for tax under clause 7(b)(i) excess of (Rs.750,000- 118,191) Rs.631,809 was declare as capital gain and exempt from payment of Income-tax. The departmental officer taxed entire excess amount. After the round of litigation the learned Income-tax Appellate Tribunal gave the meaning of word building in Rule 8(5) as provided under Rule 2. It was concluded by learned Income-tax Appellate Tribunal that for the purposes of determination of sale proceeds in respect of the factory building in dispute could not be taken to be an amount determined to be equal to the lower of the original cost and sale price and fair market value whichever is higher and it will have to be determine at an amount higher than the sale price or the fair market value in accordance with Rule 8(5). The Hon'ble High Court of Sindh held that the interpretation made by the assessing officer as well as learned Income-tax Appellate Tribunal was not correct.</p> <p>It was held that definition of words or terms in Rule 8 of the Third Schedule are to be taken in unqualified and unconditional terms for the purposes of scheme pertaining to depreciation.</p> <p>The Hon'ble High Court observed that while deciding the case the I.T.A.T. further ignored cardinal interpretation of statutes that law is to be interpreted in the totality of the scheme in particular statute and is not to be taken in isolation. It was further held that when an expression, word or term, is used by the Legislature in a particular statute at various places and the said term or word has been defined in the said statute with the note that the definitions in the said statute shall be implied unless the context otherwise requires, then ordinarily the definition given in the statute is to be accepted while applying or interpreting the provisions of that particular statute and if any deviation is to be made then it has to be shown that the context in which the said word or term has been used requires otherwise. For doing so, the Court is bound to explain and highlight the context which requires deviation from the definition given in the statute and must show with reference to the context that a word or term should take some other complexion or colour, with particular reference to the context. However, if the definitions are given in unqualified terms and it is not stated in the definition clause that the words or terms used may be taken in any other sense with reference to the context then the Court is not empowered to assign any other meaning to the word or term used in the statute.</p> <p>Hon'ble High Court further found that the Assessing Officer while applying Rule 7(b) of the Third Schedule, equated the expression "sale proceeds" with total sale. Consideration as per registered sale-deed., ignoring the fact that the Legislature has not used the expression sale consideration or sale price in Rule 7(b) but has used the expression sale proceeds. Legislature has not left the determination of sale proceeds at the discretion of Assessing Officer and has defined the same in Rule 8(5). In the case of actual sale it has been defined to mean the sale price thereof or the fair market value, whichever is Higher but has added a proviso by Finance Ordinance. 1980 to the effect that in case of a</p>

CITATION	SECTION	ISSUES INVOLVED
		building the term "sale proceeds" shall mean an amount equal to the lower of original cost and sale price or fair market value whichever is higher. Thus when the legislature has itself given a particular definition that has to be adhered to: The Assessing officer has not given any finding on the point that the proviso to Rule 8(5) in the Third Schedule is not applicable in case of sale proceeds pertaining to the factory building. It appears that the Assessing officer worked out the income under Rule 7(b) of the Third schedule out of ignorance and without taking into consideration the first proviso Rule 8(5)".
DECISION OF FEDERAL TAX OMBUDSMAN		
2002 PTD 1978 FTO	85 and 138	The Hon'ble Federal Tax Ombudsman after examining the facts and law held that assessment of deceased person cannot be made in the hands of the complainant and all the legal heirs should have been brought on record and the demand notice u/s 85 should have been served after completion of assessment proceedings on the legal heirs before issuance of the recovery certificate. The Hon'ble FTO recommended that CIT should cancel illegal assessments in exercise of powers u/s 138 and if the limitation period permits, reassessment proceedings could be initiated in accordance with law on all the legal heirs according to their respective shares in inheritance of property. Further recommended disciplinary proceedings against the officer.
2002 PTD 1993 FTO	80 D Clause 118A Second Schedule.	Assessee filed complain on the point that their case is exempt under Clause 118A and tax u/s 80 D is not leviable. The Hon'ble Federal Tax Ombudsman after examining the judgment of Hon'ble Supreme Court in 1997 PTD 1555 in the case of Elahi Cotton Mills and provisions of Protection of Economic Reforms Act, 1992 held that judgment of Hon'ble Supreme Court and Section 6 of the Protection of Economic Reforms Act, 1992 were not applicable to the case of Clause 118A. Complaint was dismissed.
(2002) 86 TAX 1 FTO	2	If any matter is subjudiced before any authority and allegation of maladministration are made which are not directly raised in the proceedings before the authority, the Hon'ble FTO will have jurisdiction to entertain and decide the complaint. Inaction and delay by CBR in implementing the order of Hon'ble High Court without sufficient cause has been held to be covered under the term of maladministration.
(2002) 86 TAX 9 FTO	2	If in the procedure or process adopted by CBR for recovery of taxes, there exists any illegality or irregularity causing prejudice or injustice depriving a person of his legitimate right, it will amount to maladministration. CBR directed to frame fresh Rules for remuneration of the Receivers, providing a scale of such remuneration/fee
2002 PTD 2222 FTO	2	The issue regarding non acceptance of return under Self Assessment Scheme and failure to issue notice u/s 62 claimed by the complainant as an act of maladministration. Same issues raised before the Hon'ble FTO, It has been held that such issues cannot be entertained. It has been further clarified that in cases where appeal or revision is pending and the issue of maladministration has not been raised, the same can be agitated before the Federal Tax Ombudsman.
2002 PTD 1970 FTO	2	The appeal of the Complainant was remanded back for denovo decision according to the instructions of the appellate authority. The adjudicating authority fixed the case for hearing from time to time but matter was lingering for over 5 years. It was submitted before Hon'ble FTO that under the Customs Act, the adjudicating authority is under legal obligation to decide the case within 45 days. The Hon'ble FTO has observed that it is regrettable that officers of the Revenue so blatantly disregard the law, Rules and regulation and instructions on facilitation to tax payers. In the present case delay in adjudication is denial of justice to a citizen who has waited for too long in getting finality to the case. This is a classic example of maladministration caused by indifference.
2002 PTD 1974 FTO	2	The Hon'ble FTO declined interference in a case as the matter was subjudice before the learned Tribunal and same questions had been raised in complaint. It was further observed that directions and recommendations made by the Ombudsman to CBR that letters written by the assessee or any person should at least be acknowledged within a week and replied within 3 weeks. The directions violated by CBR amounts to maladministration.

CITATION	SECTION	ISSUES INVOLVED
2002 PTD 2129 FTO.		In this case the Assessing Officer had extended his action beyond the directions by the Commissioner of Income-tax (Appeals). It was held that where case was remanded with specific directions or deciding a particular issue the officer concerned had to restrict the proceedings within four corners of the direction. Any attempt to ignore, cross, exceed or reduce the directions held to be illegal, un-authorised and without jurisdiction.
2002 PTD 2140		Complaint against officer alleging harassment bribery and corruption. Complaint subsequently withdrawn. The Hon'ble FTO disapproved false and frivolous complaint and awarded cost.

WEALTH TAX

(2002) 86 TAX 44 TRIB	17B	Revisional action taken u/s 17B on the basis of subsequent judgment, held illegal.
2002 PTD TRIB 2014	Rule 8(2)(c)(ii)	Calculation of Break Up Value of shares. Whether the surplus arising out of revaluation of assets can be considered while computing the Break up Value of Shares. The Hon'ble Tribunal held that it cannot be termed as Reserve and therefore cannot be added for determination.

SALES TAX

(2002) 86 TAX 77 HC LAH	13 read with SRO 553, 555, 670 & 672 of 94	Assessee a manufacturer of Tyres and Tubes enjoyed exemption of Sales Tax on Parts and components supplied to approved manufacturer, assemblers of tractors, motorcycles and scooters. Exemption was withdrawn and re-introduced. Department contented that tyres do not form the part of vehicles. The Hon'ble High Court held that tyres do form part of the vehicle.
2002 PTD TRIB 2241	2(22),2(30)	No sales tax on Advances or deposits received for sale. Sales tax is payable with regard to supply that has already been incurred.
2002 PTD 2237 FTO	12 of the Finance Act, 1991	Assessment to be made on the basis of transaction value when the taxable supply actually took place
2002 PTD 077	3	Issue regarding chargability of Section 3 of Sales-tax Act, 1990 in respect of printing material and computer stationery prepared by printing paper for exclusive use by WAPDA, the Hon'ble High Court examined the amendment made in Section 3 in respect of substitution of word business by taxable activity. After examining various judgments it has been held by the Hon'ble High Court, that after amendment of item No.49 of the Legislative List the Federal Legislature had certainly been given the jurisdiction to impose tax on consumption which includes self-consumption. However, the charging provisions of section 3 of the Sales Tax Act in the present form cannot be extended to a self-consumption which does not happen at any stage of business being carried out by a person.

(NOTE FOR MEMBERS .This is a very important judgment it is suggested that learned members read this judgment thoroughly).

2002 PTD 2089
(Peshawar H.C.)

In this case issue arose whether the provision of Sales Tax Act, 1990 is applicable to Tribal Areas and whether registration of a person is necessary. It has been held that Registration for a person residing in the Tribal Area would become necessary if he makes a taxable supply in Pakistan (including zero rated supply) in the course or furtherance of any taxable activity carried on by him. The sales tax is an indirect tax, which is payable by the consumer and the role of a registered person is only confined to collection of said tax on behalf of the Government. In such circumstances, when the nature of the supply of the goods of petitioners is that a consumer cannot be burdened for its collection, then it would obviously amount to payment of such tax from their own without any chance of its recovery from the consumer, which is against the very object, of the law. Hence a person not engaged in taxable supply/activity is not liable to be registered under section 14 of the Sales Tax Act, if such person manufactures or produces goods in the tribal areas where

CITATION	SECTION	ISSUES INVOLVED
		the Sales Tax Act is not extended. Similar would be the position of a person not engaged in the supply of taxable goods within the meanings of Section 18 of the Act, which deals with voluntary registration. It was further held that since Sale Tax Act, 1990 has not been extended to Tribal Areas Sales-tax is not chargeable in respect of whole seller, retailer and consumer in the Tribal Areas.

CORPORATE ASSET TAX

(2002) 86 TAX 65
HC LAH

Work in Progress held to be included in the assets for the purposes of working out the value of assets for levy of Corporate Asset Tax

2002 PTD TRIB 1982 12(7), 17A

Assessee's contention that assessment of Corporate Assets Tax was time barred having being finalized in deviation of Section 17A of the Wealth Tax Act, 1963. The Hon'ble Tribunal held that there is no time limit for making the assessment. Further deleted the additional tax on the ground that CBR was not clear on a number of points.

(NOTE FOR MEMBERS) It is stated that there is a contrary view in respect of limitation where it has been held that notice for Corporate Asset Tax issued after the limitation provided u/s 17 is not a legal notice).

PROTECTION OF ECONOMIC REFORMS ACT, 1992 & NAB ORDINANCE, 1999

PLD 2002 Kar 374

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The immunity available in Section 5 of the Protection of the Economic Reforms Act, 1992 is not available from the applicability or operation of the provisions contained in the National Accountability Bureau Ordinance, 1999.

Non Obstante clauses in two Acts, latter would prevail.

Provision contained in subordinate legislature shall not override the provisions contained in the main Act/Ordinance enacted by the legislature itself

Immunity available to FEBC not available under the NAB Ordinance, 1999

**STATEMENTS REQUIRED TO BE FILED UNDER SECTION 165 IN RESPECT OF DEDUCTIONS
OF TAX MADE UNDER VARIOUS SECTIONS OF THE INCOME TAX ORDINANCE, 2001**

INCOME TAX ORDINANCE, 2001	INCOME TAX RULES, 2002	DESCRIPTION	Annual (See Note A)	Quarterly (See Note B)	Others
SECTION	RULE				
149	51A	Deduction of tax from salary	*** ✓	✓	-
150	52	Deduction of tax by domestic companies from dividend paid)	✓	-	** ✓
151(1)(c)*	53	Deduction of tax on profit/interest on bonds, certificates, debentures, securities or other instruments *[Appears to be a error as 151(1)(c) should be 151(1)(d)]	✓	✓	-
151(1)(a)	54/55 - do -	Deduction of tax from - • Yield on National Savings Schemes including (DSCs, under NSS.)	✓	✓	-
151(1)(b)	- do -	• Profit on debt on an account or deposit maintained with a banking company or financial institution	✓	✓	-
151(1)(c)	- do -	• Profit on any security issued by the Federal or Provincial Government or Local Authority.	✓	✓	-
233	- do -	• Brokerage or commission	✓	✓	-
152	- do -	• Professional fees (other than fees for technical services) paid by or on behalf of the Government, Local Authority, public company, banking company, foreign consultant or consortium to a non-resident	✓	✓	-
153	56	Deduction of tax from resident contractors, suppliers, and or permanent establishment of non-resident contractors, supplier, etc.	*** ✓	✓	-
155	57	Deduction of tax on rent of immovable property)	✓	✓	-
152	58	Deduction of tax from payment to non-resident	✓	✓	-
154(1)	59	Deduction of tax from foreign exchange proceeds by authorised dealers in foreign exchange on - • export of goods	✓	✓	-
154(2)	- do -	• indenting commission	✓	✓	-
154(3)	60	Deduction of tax from payments for supply of goods to exporters under back to back inland letters of credit	✓	✓	-
156	61	Tax deducted on winning of prize bonds, raffles, lottery, crossword puzzles etc.	✓	-	-
148	62	Collection of tax from all importers at the time of imports of goods by Collector of Customs	✓	-	* ✓
234	64	Tax collected at the time of collection of motor vehicles tax by Excise and Taxation Department	✓	✓	-
236	66	Collection of tax on telephone bill or on sale or issuance of prepaid phone cards by all telephone companies.	✓	✓	-

Note A Annual Statement for the period from July 1 to June 30 required to be filed within 2 month after the end of the financial year

Note B Quarterly Statements for the period ended September 30, December 31, March 31 and June 30 required to be filed by 15th of the month next following.

* Six monthly statement for the period ended on December 31 and June 30 required to filed by 15th of the month next following.

** Rule 52 requires annual as well as six monthly statement, however Rule 51(5) also requires a statement to be filed on each declaration of dividend, within sixty days from date of declaration of dividend. Therefore, the requirement of six monthly statement seems to be overlapping.

*** No annual statement required, however, provisions of section 165 require annual statements in all cases of deduction/collection of tax required under Division II and III of Part V of Chapter X and Chapter XII of the Income Tax Ordinance, 2001.

Where a person is required to furnish both quarterly and annual statements, the annual statement shall include reconciliation of the total amount paid, the total tax deducted or collected, the amount where tax was not deducted or collected owing to the application of an exemption certificate or where provision of the relevant section for deduction or collection was not applicable or due to the amount being lower than threshold, tax was not deducted should be added as part of the statement.

FUTURE CPE ACTIVITIES

DATE	SEMINAR/ WORKSHOP	CHIEF GUEST/ SPEAKERS	VENUE
October, 2002	Workshop on Income Tax Ordinance, 2001	Announce latter	Announce latter

The Members Assistance Sub-committee claims no responsibility to the correctness of the contents published. The information provided is non-exhaustive and members are advised to refer to the respective documents/case law cited for understanding the issue involved.

**Pay your
TAXES for
Stronger
Pakistan**

**30th
September**

**FILE YOUR
INCOME TAX RETURNS BY
30th SEPTEMBER, 2002**