



# 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 July, 2002 issue of "ITBAK'S News & Views".

As you all are aware that the new Income tax Ordinance, 2001 has become effective from July 01, 2001. As members of the bar we are equally responsible alongwith the government to facilitate the people at large in order to ensure smooth implementation of the law. The bar has facilitated the members in understanding the law by holding seminars on the Ordinance, 2001.

Through this publication, we intend to continue to assist the members in understanding the new law in a befitting manner. As a first step we are publishing a chart showing the various withholding tax obligations under the new Ordinance, 2001. Members who like to share their views on different topics of the Ordinance, 2001 are advised to provide their articles for future publications..

Finally, I would like to thank the members of the Members Assistance Committee for their continued support and efforts.

With best regards

Haider Ali Patel, ACA

## SUMMARY OF CIRCULARS/NOTIFICATIONS

CIRCULARS/ NOTIFICATIONS REFERENCE	DATE	ISSUES INVOLVED	ITBAK LIBRARY REF: NO.
<b>INCOME TAX</b>			
Circular No.7	15.06.2002	Self Assessment Scheme u/s. 59(1) Assessment Year 2002-2003.	83
Circular No.8	29.06.2002	Clarification regarding collection of Advance Income Tax u/s. 236 of I.T Ord., 2001 from users of pre-paid card and subscribers of Mobile Phones.	84
Circular No.9	29.06.2002	Instructions for expeditious issuance of Exemption Certificate on Import stage u/s. 148 of I.T. Ord, 2001 [Old S.50(5)].	85
SRO (I)/2002	28.05.2002	Double Taxation Treaty between Pakistan and Kuwait signed on 30.06.1998, notified to be effective in respect of taxes withheld at source, for amounts paid or credited on or after 1.1.1999 and in respect of other taxes, for taxable periods beginning on or after 1.1.1999.	86
SRO 322(I)/2002	13.06.2002	Chapter AA-comprising of Rules 33A to 33C inserted in Income Tax Rules, 1982, for mandatory maintenance of Minimum Books of Accounts effective from 1st July, 2002.	87

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CIRCULARS/ NOTIFICATIONS REFERENCE	DATE	ISSUES INVOLVED	ITBAK LIBRARY REF: NO.
SRO 381(I)/2002	15.06.2002	Income Tax Ordinance, 2001, which was earlier enacted on 13.9.2001, notified to come into force with effect from 1st July, 2002.	88
C.No.2(1)S.Asstt/2002	1.7.2002	Jurisdiction of 292 specified persons transferred to Director General of Income Tax and Sales Tax, LTU, Karachi.	89
C.No.2(1)S.Asstt/2002	1.7.2002	Power and functions of CIT(Audit); CIT, (Enf. and Collection Division); CIT (Legal Division) and CIT(Tax payers Service Division), for Large Tax Payers Unit, Karachi, notified.	90
<b>SALES TAX</b>			
Instruction No.41/2002	15.05.2002	Explanation regarding exemption on Raw Materials for the manufacture of pharmaceutical products vide SRO 211(I)/2002 dated 7.4.2002.	91
Instruction No.42/2002	5.06.2002	Sales Tax is payable on the value of CNG Fitted Vehicles, in terms of S.2(46) of Sales Tax Act, by the Manufacturers of Motor Vehicles.	92
Instruction No.44/2002	7.06.2002	Clarification regarding certain specified taxable/exempt materials for Horticulture Division, Pakistan Public Works Department, Islamabad.	93
Instruction No.45/2002	8.06.2002	It is permissible for any person to voluntarily pay amount of sales tax at any time before the due date, subject to certain conditions contained in CBR's letter dated 28.6.2001.	94
Instruction No.46/2002	10.6.2002	Central Excise Duty paid on Ship Plates, after dismantling /breaking of vessels, under SRO No.99(I)/02, dated 13.2.2002, is includible in the value of Ship Plates, for the purpose of charging sales tax thereon.	95
Instruction No.47/2002	12.06.2002	Issuance of Installation –cum-production certificate for Fork-lift-Truck, is a pre-requisite for claim of benefit exemption under SRO 987(1)/99 dated 30.8.1999 as Plant & Machinery.	96
Sales Tax (Amendment)Ordinance, 2002	07.06.2002	S.6(1A) inserted with retrospective effect, as deemed to have always been so inserted, to the effect that no person shall be entitled for any exemption/adjustment /refund of tax on account of absence of such provision in the Sales Tax Act, or on basis of any judicial order, merely on the basis of the doctrine of promissory estoppel or any promise/commitment/ understanding given in writing or other-wise by any Government Department or Authority.	97
STC No.1/4-STB/2002	15.6.2002	Sales Tax Budget Instructions 2002-03, issued in respect of Revenue/Procedural/Administrative/Relief Measures.	98
C.No.Dy.730-M(L)/2002		Chief (Judicial), CBR has issued guidelines for Adjudication Officers in regard to Principles and Functions of Adjudication under Indirect Taxes- Customs, Sales Tax and Central Excise.	99
C.No.Dy.730-M(L)/2002	15.6.2002	Instructions issued for effective Monitoring of Adjudication and court cases through Legal Divisions.	100



CIRCULARS/ NOTIFICATIONS REFERENCE	DATE	ISSUES INVOLVED	ITBAK LIBRARY REF: NO.
SRO 334(I)/2002	15.6.2002	Enabling powers granted to CBR to appoint DG and other Sales Tax Officers having jurisdiction over the cases in Large Tax Payers Unit (LTU), Karachi.	101
SRO 335(I)/2002	15.6.2002	Mandatory requirement of legible and conspicuous expression of LTU on the top right corner on the Monthly Sales Tax Return by such Registered Persons. Selected for assessment in LTU.	102
SRO 336(I)/2002	15.6.2002	PNSC Branch, of NBP, Karachi, designated for payment of sales tax on return-cum-challan form by a Registered person in LTU.	103
SRO 337(I)/2002	15.6.2002	Certain amendments in SRO 448(I)/2000 dated 01.07.2000, in relation to regulating business of LTU.	104
SRO 338(I)/2002	15.6.2002	Cases relating to Registered Persons in LTU, under S.11(2) and S.36 shall be adjudicated by an officer of Sales Tax not below the rank of Collector.	105
SRO 339(I)/2002	15.6.2002	Certain amendments in the Registration, Voluntary Registration and De-Registration Rules, 1996, in regard to transfer of cases to LTU. Further, Proprietorship and Partnership Firm having single manufacturing unit, whose business premises and manufacturing unit is located in different areas, shall apply to the Collector for transfer to the same location where manufacturing unit is located.	106
SRO 340(I)/2002	15.6.2002	Certain amendments made in the Sales tax Recovery Rules, 1992. Superintendent and Senior Auditors role made effective for recovery.	107
SRO 342(I)/2002	15.6.2002	Zero-rating of Sales tax is available to supplies of locally manufactured Plant & Machinery to Petroleum and Gas sector exploration and production companies, including OGDC, their contractors and sub-contractors, subject to fulfillment of specified conditions.	108
SRO 343(I)/2002	15.6.2002	Goods exempted u/s.13 shall be charged to tax at zero percent on their export by a manufacturer, who makes local supplies of both taxable and exempt goods.	109
SRO 344(I)/2002	15.6.2002	Amendments made in Special Procedure for collection and payment of Sales Tax (Electric Power) Rules 2000, whereby Input Tax can now be claimed of electricity bills raised by a distribution company, provided such bills indicate registration number and address of the registered person claiming the same. Further, if consumption of power by Registered person is both for taxable as well as non-taxable activity, then proportionate input tax is admissible under apportionment of Input Tax Rules, 1996.	110
SRO 345(I)/2002	15.6.2002	SRO 267(I)/2002 dated 15.5.2002, rescinded in regard to repayment of sales-tax u/s. 61 on export of goods. However, such re-payment will be admissible if bill of export has been filed prior to 15.6.2002.	111

