

# E-News & Views

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## A Publication of KTBA

April 2022 to June 2022

**A publication covering information on recent important judicial pronouncements, circulars and clarifications**

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**PRESIDENT'S DESK**



My Dear and Worthy Members

The Second issue of E-News and Views is again a great effort of the Convener the young dynamic Barrister Mr. Hameer Arshad Siraj whose dedication towards the task is unmatched.

As you all know that this unique publication of our Bar contains first hand information of Notifications / Circulars and legal Judgements which serve as a ready reckoner and is also a source of many important legal references in all respects and a great help for citation and legal compliances in Federal and Provincial taxation matters.

Here I would like to acknowledge that the team headed by Mr. Hameer worked very hard in compilation of all the data and I also would like to congratulate the sub-committee of E-News and Views for their effort and time given to make this publication the best possible and a useful one not only for the members of the Bar but also for the tax fraternity as a whole.

Wish you all a very Happy New Year 2023

**Syed Rehan Hasan Jafri**

**FROM THE DESK OF THE CONVENER**



Dear Fellow Members

It is my great pleasure to present the second publication of E-News & Views of this Committee.

We have compiled in this issue, Circulars, SROs and Notifications concerning revenue laws of the Country issued from April, 2022 till June, 2022.

This publication also covers circulars and notifications issued by the Sindh Revenue Board and the Securities & Exchange Commission of Pakistan. In addition to the aforesaid, synopsis of important case laws dealing with Income Tax, Sales Tax, Federal Excise Duty and Customs are also part of this publication.

We graciously welcome your suggestions and comments which would indeed help us in our pursuit of improving the readership as well as quality of this publication.

I am extremely grateful to the team of E-News & Views for completing the task. I am confident that this E-News & Views Committee will continue to be an informative publication for the respected members of our bar.

Yours in service,

**Hameer Arshad Siraj**

## DIRECT TAX CIRCULARS AND SROs

### Direct Tax Circulars

CIRCULARS REFERENCE	DATE	DESCRIPTION
13 of 2022	April 7, 2022	Explanation of important amendments introduced in the Income Tax Ordinance, 2001, via the Income Tax (Amendments) Ordinance, 2022
14 of 2022	May 31, 2022	AEOI Implementation Manual

### Direct Tax SROs

SRO REFERENCE	DATE	SUBJECT
549(I)/2022	April 23, 2022	Draft amendment in Rule 74- Service Documents Electronically
548(I)/2022	April 23, 2022	Amendment in S.R.O 345(I)/2022 dated 02.03.2022
588(I)/2022	May 10, 2022	Sub-rule (23dd) of Rule 13N of Income Tax Rules, 2002
593(I)/2022	May 14, 2022	Amendment in SRO 337(I)/2022 dated 02.03.2022
597(I)/2022	May 19, 2022	Amendment in Rule 74 - Service Documents Electronically
820(I)/2022	June 21, 2022	Draft Income Tax Return Forms for Salaried Persons, AOPs, Business Individual and Companies for Tax Year 2022
978(I)/2022	June 30, 2022	Income Tax Return Forms for Salaried Persons, AOPs, Business Individual and Companies for Tax Year 2022

## Indirect Tax CIRCULARS AND SROs

### Indirect Tax Circulars

CIRCULAR REFERENCE	DATE	DESCRIPTION
08 of 2022	April 26, 2022	Explanation of Important Amendment to Rule 150ZF to Sales Tax Rules, 2006 through SRO. 541(I)/2022 Dated 22.04.2022

### Indirect Tax SROs

SRO REFERENCE	Dated	SUBJECT
489(I)/2022	April 4, 2022	Fixation of value of steel products for sales tax purpose
500(I)/2022	April 9, 2022	Change in STR-7 Form
541(I)/2022	April 22, 2022	Amendment in Rule 150 ZF of Chapter XIV-B in Sub-Chapter-1
563(I)/2022	April 29, 2022	Amendment in Sales Tax Rules ,2006 (Refund to Agriculture Tractor Manufacturers)
587(I)/2022	May 10, 2022	Fixation of value for supply of CNG for sales tax purposes
729(I)/2022	June 2, 2022	Exemption of Sales Tax on Import of Oxygen Cylinder for Medical Purpose

**Indirect Tax Notifications- SRB**

<b>NOTIFICATION REFERENCE</b>	<b>Dated</b>	<b>SUBJECT</b>
No.SRB-3-4/11/2022	April 11, 2022	Notification
No. SRB-3-4/12/2022	April 29, 2022	Notification
No. SRB-3-4/13/2022	April 30, 2022	Notification
No.SRB/3-4/14/2022	May 28, 2022	Notification
No.SRB/3-4/15/2022	May 28, 2022	Notification
No.SRB-3-4/16/2022	June 07, 2022	Notification
No. SRB-3-4/17/2022	June 28, 2022	Amendments in notification No. SRB-3-4/15/2019 dated 27th June, 2019 allowing extension of exemption period (upto 30th June, 2024) in relation to the Standalone Cable TV Operators Services.
No. SRB-3-4/18/2022	June 28, 2022	Amendments in notification No. SRB-3-4/19/2021 dated 30th June, 2021 allowing extension in the period (upto 30th June, 2024) in relation to the reduced rate of 5% SST in relation to the services provided or rendered by recruiting agents for overseas employment (tariff heading 9805.6000)
No. SRB-3-4/19/2022	June 28, 2022	Amendments in notification No. SRB-3-4/5/2019 dated 8th May, 2019 allowing extension of exemption period (upto 30th June, 2023) in relation to the health insurance services.
No. SRB-3-4/20/2022	June 28, 2022	Amendments in the notification No. SRB-3-4/8/2013 dated 1st July, 2013 issued under section 8(2) of the Sindh Sales Tax on Services Act, 2011
No. SRB-3-4/21/2022	June 28, 2022	Amendments in the notification No. SRB-3-4/7/2013 dated 18th June, 2013 for exemption under section 10 of the Sindh Sales Tax on Services Act, 2011
No. SRB-3-4/22/2022	June 28, 2022	Exemption of Sindh sales tax on certain specified services provided or rendered to GIZ
No. SRB-3-4/23/2022	June 28, 2022	Amendments in the Sindh Sales Tax on Services Rules, 2011
No. SRB-3-4/24/2022	June 28, 2022	Amendment in the Sindh Sales Tax Special Procedure (Transportation or Carriage of Petroleum Oils through Oil Tankers) Rules, 2018

**Circulars Issued by SECP**

<b>Notification Order No.</b>	<b>Dated</b>	<b>SUBJECT</b>
369(I)/2022	March 03, 2022	Draft Amendments in Insurance Companies (Sound & Prudent management) Regulations, 2012
301(I)/2022	March 25, 2022	Amendments to Securities Broker (Licensing & Operations) Regulations, 2016
530(I)/2022	April 20, 2022	Amendments in Companies (Incorporation) Regulations, 2017
253(I)/2022	April 20, 2022	Designation of Officer of SECP
537(I)/2022	April 22, 2022	Notification for amendments in Public Offering (Regulated Securities Activities) Regulations, 2017
558(I)/2022	April 27, 2022	Draft Amendment to Rule 34 of Insurance Rules, 2017 – Qualification required for insurance agents
561(I)/2022	April 30, 2022	Amendments to the Futures Exchanges (Licensing and Operations) Regulations, 2017
568(I)/2022	May 10, 2022	Notification for Fee to be charged for Filing of Statement of Beneficial Ownership
602(I)/2022	May 27, 2022	Amendments in Third Schedule to the Companies Act, 2017
562(I)/2022	June 01, 2022	Amendments in AMLCFT Regulations, 2020
765(I)/2022	June 09, 2022	Delegation of Power (REIT Function)
808(I)/2022	June 21, 2022	Amendments to the Securities Brokers (Licensing & Operations ) Regulations, 2016
809(I)/2022	June 21, 2022	Amendments to the Companies (Distribution of Dividends) Regulations, 2017
810(I)/2022	June 21, 2022	Amendments to the Public Offering (Regulated Securities Activities Licensing) Regulations, 2017

**Notifications issued by SECP**

<b>Notification Order No.</b>	<b>Dated</b>	<b>SUBJECT</b>
06 of 2022	June 10, 2022	Requirements for Assessing Suitability and Risk Categorization of Collective Investment Schemes (CIS)

## SYNOPSIS OF IMPORTANT CASE LAWS DIRECT TAXES

CITATION	SECTION(S)	ISSUES INVOLVED
<p><b>2022 PTD 618</b> (Sindh High Court)  Commissioner Inland Revenue  Vs.  New Jubilee Insurance Co. Limited  Decided on: 13.03.2020</p>	<p>Sections: 108, 99 and the 4<sup>th</sup> Schedule to the Income Tax Ordinance 2001</p>	<p>In this Income Tax Reference Application the question before the Sindh High Court was as to whether Section 108 of the Income Tax Ordinance, 2001 could be invoked in the case of Insurance Companies.</p> <p>The Sindh High Court held that taxability of profits and gains of an insurance company are governed under section 99 read with the 4<sup>th</sup> Schedule of the Ordinance, which are special provisions and therefore oust the application of ordinary provisions of the law. Therefore, it was held that section 108 would not be applicable on insurance companies as neither section 99 nor Rule 5 of the 4<sup>th</sup> Schedule permits such exercise.</p>
<p><b>2022 PTD 558</b> (Sindh High Court)  Allied Engineering and Services Ltd. Vs. The Commissioner Inland Revenue  Decided on: 10.07.2020</p>	<p>Sections: 18, 169 and 67 of the Income Tax Ordinance, 2001</p>	<p>In these Tax References, the Sindh High Court held that apportionment of expenses under section 67 of the Ordinance is made when total income consists of more than one heads of income and the expenses are not separable. The Court further held that if total income is received from the same head of income, in this case 'income from business', as a composite business activity then there is no occasion to prorate expenses between Normal Tax Regime (NTR) and Presumptive Tax Regime (PTR), particularly when expenses are common and not separable.</p>
<p><b>(2022) 125 TAX 237 (Trib.)</b> (Appellate Tribunal Inland Revenue) M/s. Jahangir Siddiqui &amp; Sons, Karachi  Vs.  The Commissioner Inland Revenue, Zone-III, CRTO, Karachi Decided on 05.10.2021</p>	<p>Section: 113C of the Income Tax Ordinance, 2001</p>	<p>The Tribunal Karachi bench held that Reversal of Impairment in the value of Investment declared in the financial statements is neither income nor accounting profit of the appellant within the parameters of section 113C and, therefore, tax is not chargeable under section 113C (Alternate Corporate Tax) of the Income Tax Ordinance, 2001. Members are requested to read this judgement wherein definition of 'income' has been extensively deliberated upon by the learned Tribunal.</p>

<p><b>2022 PTD 893</b>  (Lahore High Court)  Commissioner Inland Revenue  Vs.  M/s. Techlogic Pakistan (Pvt) Ltd.  Decided on 09.11.2021</p>	<p>Sections 113(3)(b), 133(1) and 153 of the Income Tax Ordinance, 2001.</p>	<p>It has been held Lahore High Court that use of Circulars / Instructions issued by FBR are meaningless as far as interpretation of the law – involving rights claimed by the taxpayers – is concerned. It was held that Circulars / Instructions issued by the Board cannot be construed or extended status superior to the text of the main law.</p>
<p><b>2022 PTD 727</b>  (Supreme Court of Pakistan)  Commissioner Inland Revenue, LTO Karachi  Vs.  Packages Limited  Decided on: 13.01.2022</p>	<p>Section 66A of the Income Tax Ordinance, 1979</p>	<p>The Apex Court held that the Federal Board of Revenue must act fairly in dealing with the taxpayers and abide by the law governing it. It further held that if any benefit is accrued to the taxpayer under the law then it must not be withheld and should not be contested in Court valuable time is wasted because of such frivolous litigation.</p>
<p><b>2022 PTD 831</b>  (Supreme Court of Pakistan)  Commissioner Inland Revenue, Lahore  Vs.  The Bank of Punjab, Lahore  Decided on: 4.02.2022</p>	<p>Sections: First Schedule, Part V, Paras. A &amp; D of the Income Tax Ordinance, 2001</p>	<p>Question before the Apex Court was whether banking companies will be taxed on its dividend income under para A of Part V of the First Schedule to the Ordinance or will it be taxed under para D of Part V of the First Schedule. The Court relying on a reported case of E.F.U General Insurance Ltd. Federation of Pakistan (PLD 1997 SC 700) held that dividend income earned by other companies including banking companies were to be taxed in terms of para D of the First Schedule to the Ordinance (being reduced rates).</p>



## SYNOPSIS OF IMPORTANT CASE LAWS INDIRECT TAXES

CITATION	SECTION(S)	ISSUES INVOLVED
<p><b>(2022) 125 TAX 505</b></p> <p>(Sindh High Court)</p> <p>Quality Steel Re-Rolling</p> <p>Vs.</p> <p>Federation of Pakistan</p> <p>Decided on: 16.04.2021</p>	<p>Sections: 2(9), 2(46), 3, 4, 6(2), 7A, 8(1)(b), 22(2A)(3), 23, 60, 74A of the Sales Tax Act, 1990 &amp; SRO 583(I)/2017 dated 01.07.2017</p>	<p><u>Facts</u></p> <p>The petitioners were aggrieved by certain amendments to the sales tax regime, applicable thereto, brought about vide the Impugned SRO 583(I)/2017 dated 01 July 2017. It was articulated that while the Constitution envisaged such variation in the incidence of taxation to be brought about by the Federal Government, however, the impugned variation was brought by the Board with the approval of the Federal Minister-in-charge. It was in this context that the Impugned SRO was contended to be devoid of Constitutional fiat.</p> <p><u>Decision</u></p> <p>(A.) SRO 583(I)/2017 dated 01 July 2017 declared ultra vires being in violation of law as declared by Supreme Court in the case law reported as PLD 2016 SC 808 (Mustafa Impex).</p> <p>(B.) Section 74A of Act demonstrates that it was never inserted to afford any protection to exercise of powers exercised by the Board with the approval of the Federal Minister-in-charge; therefore, no case is made out to save the Impugned SRO in reliance upon section 74A of the Act.</p>
<p><b>(2022) 125 TAX 426</b></p> <p>(Lahore High Court)</p> <p>Muhammad Arif Ice Factory</p> <p>Vs.</p> <p>Federation of Pakistan</p> <p>Decided on 08.06.2021</p>	<p>Sections: 2(25), 2(41), 3(1), 3(1A), 3(1B), 3(2), 3(5), 3(6), 4, 13, 14(1) &amp; 14(2) of the Sales Tax Act, 1990.</p>	<p><u>Facts</u></p> <p>The Petitioners are engaged in production and sale of "ice" which admittedly stands exempted under section 13 read with item No.27 of the Sixth Schedule to the Sales Tax Act, 1990 ("the Act"). For running their factories, the Petitioners have been provided electricity connections by the Lahore Electric Supply Company ("LESCO"). The Petitioners in W.P.No.30936/21 have additionally obtained gas connections from Sui Northern Gas Pipelines Limited ("SNGPL*"). The Petitioners are paying sales tax on the supplies purchased by them including electricity and gas, however, they have hereby assailed the applicability and charging of "further tax" under section 3(1A) of the Act at the rate of 3% of the value in addition to the rate specified in sub-sections (1),(1B), (2),(5), (6) of section 3 and section 4, and "extra tax" pursuant to the Notification SRO 509(1)/2013 dated 12.06.2013 issued under section 3(5) of the Act at the rate of 5% of the total billed amount excluding the amount of federal taxes in addition to the tax payable under section 3(1) of the Act on the taxable supplies made to them by LESCO and SNGPL on account of their non- registration.</p>



		<p>It is case of the Petitioners that they do not make any taxable supplies under section 2(41) of the Act but only exempt supplies, therefore, they are not obligated to obtain sales tax registration under the Act. When they are not required by law to be registered, they are also not liable to pay "further tax" and "extra tax" for their non-registration.</p> <p><u>DECISION</u></p> <p>Petitioners are not liable to pay "further tax" and "extra tax" which is not intended to apply to and penalize those who make only exempt supplies and are not liable to be registered under the Act otherwise the same would defeat the very intent, object and purpose of the levy.</p>
<p><b>2022 PTD (Trib.) 967</b></p> <p>(Appellate Tribunal Inland Revenue)</p> <p><b>ZAHEER SOAP FACTORY (PVT.) LTD.</b></p> <p>Vs.</p> <p>Commissioner Inland Revenue</p> <p>Decided on 30.08.2021</p>	<p>Section 11, 10, 8 &amp; 21 of the Sales Tax Act 1990</p>	<p><u>FACTS</u></p> <p>As per the taxation officer the taxpayer claimed inadmissible input tax amounting to Rs.31,362,082/- on account of fake/flying invoices issued by the blacklisted, suspended, suspected and non-filers units. The tax authorities passed ex-parte order and declared the sales tax adjustment amounting to Rs.31,362,082/- against blacklisted invoices as recoverable along with default surcharge and penalty under the provisions of Sales Tax Act, 1990.</p> <p>The Commissioner (Appeals) accepted the plea of the taxpayer in the case of M/s. State Lubricants involving sales tax of Rs.406,990/- on account of non-provision of any proof by the department regarding the blacklisting order. The learned CIR(A) set aside the recovery of sales tax to the extent of Rs. 1,709,239/- for the tax periods 07/2006, 10/2006, 08/2007, 03/2006, 09/2005, 09/2007, 04/2007 and 11/2006 being not covered under section 11(2) of the Sales Tax Act. Whereas the Learned CIR(A) confirmed the remaining portion of recovery of sales tax amounting to Rs.29,245,853/- being inadmissible and on account of fake invoices issued by blacklisting units.</p> <p><u>DECISION</u></p> <p>The Appellate Tribunal maintained the decision of the Commissioner (Appeals) regarding deletion of input tax demand in respect of the following –</p> <ul style="list-style-type: none"> <li>• Non-provision of any proof by the department regarding the blacklisting order of the vendor; and</li> <li>• Declaring the tax periods 07/2006, 10/2006, 08/2007, 03/2006, 09/2005, 09/2007, 04/2007 and 11/2006 as being time barred and not covered under section 11(2) of the Sales Tax Act, 1990</li> </ul>

		As regards disallowance of remaining input tax, the Appellate Tribunal remanded back the case to the assessing officer to provide proper opportunity of being heard and thereafter pass a speaking order.
<p><b>2022 PTD (Trib.) 1010</b></p> <p>(Appellate Tribunal Inland Revenue)</p> <p>Commissioner Inland Revenue</p> <p>Vs.</p> <p>Al-Sehar Manufacturer (Pvt.) Ltd.</p> <p>Decided on 31.08.2021</p>	<p>Section 45B of the Sales Tax Act, 1990</p>	<p><u>FACTS</u></p> <p>Brief facts of the case are that during scrutiny of sales tax return for the tax periods 07/2011 to 02/2013, as pointed out by CREST the assessing officer observed certain discrepancies with regards to zero rated supplies of textile goods to the registered persons. The appellant submitted various additional documents in addition to what were submitted before the assessing officer.</p> <p><u>DECISION</u></p> <p>Among on factual matters, the Appellate Tribunal held that the Commissioner (Appeals) Inland Revenue may entertain document or take evidence for the purpose of inquiry at the appellate stage if after due consideration and applying judicial mind he deems it appropriate and necessary.</p>
<p><b>(2022) 125 TAX 394</b></p> <p>(Lahore High Court)</p> <p>Prix Pharmaceutica (Pvt.) Ltd.</p> <p>Vs.</p> <p>Appellate Tribunal Inland Revenue</p> <p>Decided on 11.10.2021</p>	<p>Sections: 48, 49, 52 &amp; 67A of the Punjab Sales Tax on Services (Withholding) Rules 2015</p>	<p><u>FACTS</u></p> <p>Facts of this Reference are that M/s Prix Pharmaceutica (Pvt) Ltd. registered under Rule 2(f) of the Punjab Sales Tax on Services (withholding) Rules, 2015 (the "Rules"), as Withholding Agent, failed to withhold and deposit the due amounts of the sales tax, thereupon, a show cause notice was issued to it, the reply of which was found unsatisfactory by the department being not supported by the invoices/documents and resultantly an amount of Rs.2,547,908 and Rs.127,395 were determined qua sales tax and surcharge under sections 32 and 48 of the Act by the Commissioner Enforcement- I. On Appeal by the applicant aforesaid order was modified reducing the assessed amount to Rs.855,877 by the Commissioner (Appeals) PRA which was upheld by the learned Appellate Tribunal Punjab Revenue Authority Lahore. However, the Applicant could not file reference application within the specified time period and applied for condonation in filing of reference application.</p> <p><u>DECISION</u></p> <p>The Hon'ble Court held that this Reference Application filed by the Applicant is vividly time barred and Application for condonation of delay did not disclose any cogent, convincing and justifying reasons for condonation of delay. Law on the subject is very clear that each and every day's delay is to be satisfactorily explained</p>

<p><b>(2022) 125 TAX 377</b></p> <p>(Lahore High Court)</p> <p>Commissioner Inland Revenue</p> <p>Vs.</p> <p>Nishat Chunian Power Limited</p> <p>Decided on 03.11.2021</p>	<p>Section 8(2) of the Sales Tax Act, 1990 and Rule 13(3) of the Sales Tax Special Procedure Rules, 2007</p>	<p><u>FACTS</u></p> <p>This Reference Application under section 47 of the Sales Tax Act, 1990 ("Act of 1990") was against order dated 11.09.2018 passed by Appellate Tribunal Inland Revenue, Lahore Bench, Lahore. The matter was in relation to claim of input in relation to payment received from WAPDA in respect of Energy Purchase Price ("EPP") and Capacity Purchase Price ("CPP").</p> <p><u>DECISION</u></p> <p>The High Court held that payment received against CPP is not a taxable supply and thereafter remanded back the judgment of Appellate Tribunal with direction to determine whether payments made against CPP, constitute a taxable or non-taxable supply and treat the input adjustment accordingly.</p>
<p><b>2022 PTD 576</b></p> <p>(Sindh High Court)</p> <p>IMS Health Pakistan (Private) Limited</p> <p>Vs.</p> <p>Commissioner-III, Sindh Revenue Board</p> <p>Decided on 29.11.2021</p>	<p>Sections: Section 5 and 8 of the Sindh Sales Tax on Services Act, 2011</p>	<p>The Honorable Court held that under the Sindh Sales Tax on Services Act, 2011 the extent of charge, levy and collection of tax is restricted to the value of taxable services only. The Court relied on judgements of the High Court of Sindh in the case of Sami Pharmaceuticals (Pvt.) Ltd v Sindh reported in 2021 PTD 731 and the in the case of Human Resource Solutions (Pvt.) Ltd v. Federation of Pakistan reported in 2021 PTD 933.</p>
<p><b>2022 PTD 984</b></p> <p>(Sindh High Court)</p> <p>Zona Pakistan (Pvt.) Ltd.</p> <p>Vs.</p> <p>Province Of Sindh</p> <p>Decided On 10.01.2022</p>	<p>Section 2(96) of the Sindh Sales Tax on Services Act, 2011</p>	<p>Following question of law were framed before the Sindh High Court –</p> <ol style="list-style-type: none"> <li>I. Whether the business activities of the petitioners/applicants, who are identified as indenters are covered by SSTA 2011?</li> <li>II. Whether the Province of Sindh has legislative competence to tax the services of the indenters serving in this province and hence are liable to be registered under SSTA 2011?</li> <li>III. Whether under the provisions of SSTA 2011, it is the service providers/indenters who are required to be taxed without being passed on to the recipients of the goods?</li> <li>IV. What could be the value of services for the purposes of SSTA 2011?</li> <li>V. Whether the business activities of the indenters constitute import and export of goods and/or extra territorial application and hence the Province of Sindh lacks competence in legislating the subject law?</li> <li>VI. Whether the tax under question is tax on income of the</li> </ol>

		<p>indenters?</p> <p>VII. Whether fine/penalty was rightly reduced by the Tribunal?</p> <p><u>DECISION</u></p> <p>The proposed questions No. (I), (II), (III) and (VII) were answered in affirmative whereas questions No.(IV) accordingly and (V) and (VI) in negative, all against petitioners/indenters and in favour of Sindh Revenue Board.</p>
<p><b>(2022) 125 TAX 361</b></p> <p>(Supreme Court of Pakistan)</p> <p>The Commissioner Inland Revenue. Lahore</p> <p>Vs.</p> <p>Pepsi Cola International, Lahore</p> <p>Decided on 18.02.2022</p>	<p>Section 122 of the Sales Tax Act, 1990; section 11 of Federal Excise Act, 2005</p>	<p><u>FACTS</u></p> <p>The learned counsel for the petitioners in these four petitions stated that two show cause notices, both dated 31 August 2012 were issued by the Deputy Commissioner, Large Taxpayers Unit. Lahore under section 11 of the Sales Tax Act. 1990 read with section 12(1) of the Federal Excise Act. 2005 and the Central Excise General Order 53 of 1967 (respectively "the Sales Tax Act and the Excise Act). and another three show cause notices were issued by the Additional Commissioner Inland Revenue (Audit), Zone-II, Large Taxpayers Unit, Lahore under section 122 of the Income Tax Ordinance, 2001. These five notices were challenged by filing four writ petitions before the Lahore High Court. The learned Judge of the High Court allowed the writ petitions. All of the above notices were in relation to determination of price of concentrate used by the taxpayer. The tax authorities had on their own determined the price however, as per law in case when the price of an item is not easily ascertainable the same may be computed by the valuation committee. Accordingly, the Lahore High Court directed for formation of valuation committee and expunged the notices.</p> <p><u>DECISION</u></p> <p>High Court exercised its constitutional jurisdiction to ensure that law was followed. The impugned judgment was in accordance with the law and one which had preserved the interest of both sides.</p>

**Note:** Members are advised to read complete Case laws, Circulars and SROs/ Notifications for better understanding of respective issues.