

IN THE NAME OF ALLAH ALMIGHTY, THE MOST MERCIFUL,
MOST BENEFICENT



NEWSLETTER JULY 2019



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DISCLAIMER

Khilji & Co (Chartered Accountants) is pleased to present Firm's Newsletter. The only purpose of this document is to provide updated information to our clients about recent circulars/ notifications issued by various authorities during this month and also to provide our clients with information on latest useful decisions of appellate courts. The information provided in this document should only be used in conjunction with professional opinion from tax/ legal advisor and checked for updated position of law. This document as a whole or its any part should not be reproduced in any form without prior written approval from Khilji & Co. This newsletter is distributed free of cost to our clients only. We humbly request our readers to please provide us the most valuable comments to make this more informative and useful. It has always been a pleasure to be of service to our clients.

EDITORIAL GROUP:

- 1. Mr. Agha Mudassar Khan**
- 2. Syed Asim Habib**

Principal Editor
Section Editor

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BIG NEWS OF THE MONTH

Khilji & Co. was founded in May 2014 with the vision of an employee friendly Chartered Accountant firm by Mr. Sharif Uddin Khilji, FCA as sole proprietorship Firm.

Effective from July 1, 2019 our Firm has been converted into a partnership Firm.

Today we have **FIVE PARTNERS, THREE OFFICES** (G-8 Islamabad, DHA Islamabad and Peshawar) and a team of more than **60 people**.

1. **Mr. Sharif Uddin Khilji, FCA**
2. **Mr. Saeed Akhtar Chughtai, FCA, FPFA, FCILT - UK, LLM (Energy) - UK, MBA (Oil) – UK – Partner Business Advisory Services**
3. **Mr. Zahid Mehmood, FCCA, ACA – Partner Assurance Services**
4. **Mr. Muhammad Waheed Iqbal, FCA – Partner Taxation Services**
5. **Mr. Rahat Gul, FCA - Partner* Peshawar Office (All Services)**
(*Documentation in Process)

It is a great honor for us to have such senior and learned professionals onboard and we are sure that their joining will further improve quality services to our clients. We hope that our learned and valued partners will continue to patronize our Firm in future as well. At the same time, we would assure you of our best possible professional services and beholding the confidence shown by our clients.

CASE LAW – LAHORE HIGH COURT, I.C.A. NO. 107706 OF 2017.

Date of Order: 12-02-2019

Brief Facts:

The case in hand involves the Intra-Court Appeal, “Appeal” whereby learned single Judge-in Chambers dismissed the Writ Petition Filed by the appellant/ taxpayer, while deciding on the petition filed by the appellant, that Deputy Collector Customs could not make directions for further testing of the element “Boron”, once its testing results as per the order of the Deputy Collector Customs, by HEJ Research Institution of Chemistry, Karachi has already validated the claim made by its foreign manufacturer.

Background of the case comprises that appellant, imported a shipment of “Prime Hot Rolled Alloy Steel Sheet in Coils, having chemical composition according to the Material Analysis Report issued by the manufacturer at the country of origin to contain the element “Boron” of a greater percentage than 0.0008% as mentioned in Chapter 72 Note (1)(f) in Custom Tariff falling. However as per the test conducted by the KRL as informed by the department to the appellant the percentage of Boron was found less than 0.0008%, thus conveyed its intention for encashment of the bank guarantee provided by the appellant. Upon making the appeal, the matter got referred to HEJ Research Institution of Chemistry, Karachi where the test report confirmed the claim of the appellant. But instead of deciding in favor of the appellant, the Deputy Collector Customs directed the appellant for yet another test by the Industrial Analytical Centre.

Decision Summary:

The Honorable High Court after careful consideration decided the case in favor of the respondent/ department and held that under no law department is barred from ordering retesting of the earlier results, whereas no substantial provision of law could be brought on record supporting the contention made by the appellant. Moreover, it is further held that as per settled law, unless law specifically prohibits a procedure, same cannot be constituted unlawful.

Quote: “4. When questioned as to under what law the department is prohibited from retesting the material to determine the conflicting opinion between the two earlier tests conducted by the afore referred laboratories, the appellant could not refer to any substantive provision of law in support of its claim. It is settled by now that any procedure that is not specifically prohibited by the law, is permitted. Reliance in this regard is placed on the judgments reported as *Islamia University Bahawalpur v. Muhammad Hameed Bhatti and another* (2004 SCMR 649), *Additional Collector-II Sales Tax, Lahore v. Messrs Abdullah Sugar Mills Ltd. and others* (2003 SCMR 1026), *Muhammad Ijaz Ahmad Chaudhry v. Mumtaz Ahmed Tarar and others* (2016 SCMR 1) and *H. M. Saya and Co. v. Wazir Ali Industries Ltd.* (PLD 1969 SC 65). Consequently, the respondent department, in order to satisfy itself, was fully justified to refer the matter for yet another test as to the actual description of the products imported by the appellant for resolving the conflicting opinion of tests earlier conducted by the two laboratories. Resultantly, no ground for interference is made out. **Unquote**

CASE LAW – LAHORE HIGH COURT, I.C.A. NO. 98311 OF 2017 IN WRIT PETITION NO. 13139 OF 2016.

Date of Order: 06-02-2019

Brief Facts:

The case in hand involves the Intra-Court Appeal, “Appeal” whereby learned single Judge-in Chambers dismissed the Writ Petition Filed by the appellant/ taxpayer on the grounds that an alternate remedy by way of appeal was available under the relevant provisions of the Sales Tax Act 1990 “Act” against the Order-in-Original.

Originally a show-cause notice, under sub-section (2) and subsection (3) of section 11 of the Act - as amended through Finance Act, 2012 was issued to the appellant, alleging tax fraud and massive Sales Tax evasion during the tax period from July, 2001 to June 2005. However, the said impugned notice disclosed that prior to serving the same, department/ respondent, had condoned/extended the time limit under sub-section 74 of the Act. Subsequent to this, order is passed by the department/ respondent, determining tax liability, without giving the right to appeal under section 45B, “Appeals” with Commissioner Inland Revenue (Appeals) and under section 46, “Appeals to Appellate Tribunal” of the Act.

Thus the legal provisions thoroughly deliberated during course of the proceedings by the learned counsels, representing appellant and respondent, on which outcome of the case is dependent predominantly embroiled:

- a) whether the petition filed by the appellant is maintainable before the court against condonation/extension of time-limit allowed u/s 74 of the Act; and
- b) can the powers conferred in terms of section 74 of the Act be stretched to resurrect time-limit for filling any application or doing anything or act - already expired, as under this case for the tax period from July 2001 to June 2005, would be June 2005 in terms of section 11(5) of the Act, which means that a notice under section 11 of the Act can be issued by or before June 2010, only then assessment and recovery of tax under subsections (2) and (3) of section 11 of Act can be invoked?

Appellant Plea

Learned counsel for the appellant contended that condonation/ extension of time limit under section 74 of the Act in purported exercise of authority by respondent was illegal and without jurisdiction as same had no authority to resurrect matter otherwise time barred as per the Act. The learned counsel representing appellant further argued, that writ petition was dismissed by Honorable High Court against order in appeal without appreciating that no remedy was available in terms of section 45-B or 46 of the Act, against the order / decision of the FBR, purportedly, in the garb of section 74, *ibid*, thus Honorable High Court being an appropriate available forum.

Respondent Defense

On the other opposing end, learned counsel appearing for the department/respondent, at the outset, objected to the maintainability of this appeal in view of proviso to subsection (2) of section 3 of the Law Reforms Ordinance, 1972 (“Ordinance of 1972”), alleging that right of appeal was provided under the Act and further emphasized that appellant had committed “tax fraud” and was responsible for massive sales tax evasion, by illegally engaging into manufacturing and business of sale of collars; hence, there is no question of limitation.

Decision Summary:

The Honorable Court after careful consideration of line of arguments taken both by the appellant and respondent:

- Accepted the appeal hearing being maintainable and impugned order made by the learned single Judge-in Chambers is set-aside;

Quote: “8. Whether right of appeal is available under the Act against condonation/extension of time-limit allowed vide letter dated 25.01.2016 under section 74 of the Act, if so, then issue of maintainability is worth attending. Upon perusal of the Act, it transpired that no appeal is provided, either under section 45-B or section 46 of the Act against the letter dated 25.01.2016 - ‘being an original order, - impugned in the writ petition. For reference subsection (2) of section 3 of the Ordinance of 1972, sections 45- B and 46 of the Act are reproduced hereunder;

“2. An appeal shall also lie to a Bench of two or more Judges of a High Court from an order made by a Single Judge of that Court under [clause (1) of Article 199 of the Constitution of the Islamic Republic of Pakistan] not being an Order made under subparagraph (i) of paragraph (b) of that clause:

Provided that the appeal referred to in this subsection shall not be available or competent if the application brought before the High Court under Article [199] arises out of any proceedings in which the law applicable provided for at least one appeal or one revision or one review to any Court, Tribunal or authority against the original order”, (emphasis supplied)”. Unquote- **emphasis supplied**

Quote. “9. In the absence of any appeal provided, this appeal is maintainable.” **Unquote.**

- Further held that that section 74 of the Act cannot be applied or approached for seeking extension or condonation to revive a past and closed transaction/ matter, wherein time-limit of five years as conferred by the sub-section 5 of section 11 of the Act has already lapsed.

Quote. “21. Therefore, section 74 of the Act cannot be applied or approached for seeking extension or condonation to revive a past and closed transaction / matter, wherein time-limit had already lapsed. It is evident from letter dated 25.01.2016 that condonation / extension allowed to initiate proceedings under section 11(5) of the Act, which construction of section 74 if allowed to prevail the statutory time-limit under section 11(5), *ibid*, - to be ascertained from the relevant date in terms of section 11(7) of the Act-would make the statutory limitation redundant and superfluous. It cannot be the intent of the legislature to make section 11(5) of the Act redundant by conferring power on the Board, in terms of section 74, to bulldoze statutory limitations.

22. The question of application of time limit under taxing statutes has to be constructed strictly as lapse thereof creates a right in favour of taxpayer, which unless disturbed or taken away by legislature, cannot be placed at the discretion of respondent No.2. Even otherwise, conferment of such unstructured and arbitrary discretion unto respondent, to pick and choose person(s) at its will/ discretion would offend the principles laid down in case reported as *Waris Mean v. The State* (PLD 1957 SC 157).

23. In these circumstances, we declare that letter dated 25.01.2016 is illegal, without jurisdiction and of no legal effect, including all the actions taken or proceedings initiated on the basis thereof. **Unquote**

CASE LAW - SINDH HIGH COURT, SUIT NO.1458 AND C.M.A. NO.10327 OF 2018.

Date of Order: 09-09-2018

Brief Facts:

The case in hand involves a suit filed for declaration and permanent injunction from Honorable Sindh High Court, whereby appellant/ taxpayer is primarily aggrieved by its selection for audit for the tax year 2014 through the notice served under the provisions of section 28, "Audit Proceedings", of Sindh Sales on Services Act 2001 "Act", whereby through the same notice, appellant was further notified that such audit proceeding shall be carried out by means of inspection of records by the designated audit team visiting the taxpayer/ appellant registered business premises. Aggrieved by the impugned notice, appellant thus seeks restraining orders against the defendants in this regard.

Appellant Plea

Legal line of arguments taken by the appellant implicates that defendant has no authority to issue such notice without assigning proper reasons for selecting a taxpayer for audit, and stressed that if this is every permitted, then this would lead to pure harassment at the hands of the officials concerned.

Appellant further contended that subsection (1) of Section 28 (ibid) of the Act, itself provides that an audit only be conducted on the basis of Return submitted by a tax payer; or the record obtained under Section 27(2) of the Act, and therefore, it is provided in the Act within itself, that selection can only be based once the officer has plausible reasons after going through the record, that audit is needed, Thus the officer must arrive at a conscious decision after applying an independent mind to the effect that the record requires and he has sufficient reasons to conduct audit proceedings, and these reasons must be recorded in the Notice itself, whereby, any taxpayer is being selected.

Respondent Defense

On the contrary learned counsel representing respondent/ department argued that Section 28 of the Act does not require that a Commissioner, before issuing notice for selecting a taxpayer to conduct audit, must assign reasons and further maintained that suit appears to be premature in nature as no adverse proceedings have yet commenced against the appellant/ taxpayer.

Decision Summary:

- The Honorable Court after careful consideration of line of arguments taken both by the learned counsels representing appellant and respondent, decided the case by suspending the impugned notice, till final decision of this suit, thus allowing application for injunction. However, through the judgment it allowed the respondent/ department to issue a fresh notice after assigning proper and cogent reasons for conducting audit, and to proceed further in accordance with law.

Quote: "12. In view of hereinabove facts, circumstances and discussion, it can be safely concluded that firstly, the Officer of Sindh Revenue Board, while exercising powers under Section 28 ibid, is mandatorily required to give reasons after examining the Tax Returns of a tax-payer, and before deciding that he intends to conduct Audit of the registered person. The reasons may or not be satisfying the requirement and or the wishes of a tax-payer, but they should at least be made after a tentative assessment and examination of the tax-payers returns. Though there are also judgments to the effect that such reasons are also justiciable and the tax-payer can even object to such reasoning and is also entitled to passing of an order on such objections, with further remedy, but with utmost respect and humility at my command, I have myself disagreed with such decisions". **Unquote**

- Whereas with respect to the conduct of audit by the respondent/ department at the official premises of the appellant/ taxpayer, the Honorable Court further explicitly refrained the respondent/ department from undertaking such an audit activity at or within the office or business premises of the appellant/ taxpayer.

Quote.** 11. As to the second point that whether such audit can be conducted through a designated Team within the premises of the taxpayer, it may be observed that there is nothing in the Sindh Act, more so, in Section 28, nor any assistance has been provided on behalf of the Defendants that the audit could be conducted in this manner. It is to be appreciated that visit of a designated Team of audit to the office of a Company / tax payer can never be an act of good gesture, whereas, the Company in running of its business affairs would never like to have a designated Audit Team / Persons in its Office for a number of dates conducting audit of its tax accounts and other material and thereby disturbing the entire business operation. This Court fails to understand as to how this mode and manner of audit has been attempted to be achieved without any support or authority under the Act. This appears to be completely without jurisdiction and authority. It is also noteworthy to observe that the purpose of conducting an audit is that whether a registered person is a compliant tax-payer as required under the law or not; whether the tax records have been maintained and are as per the requirement of law, and further, this has not resulted in any evasion or short payment of tax. This is the primary and only specific reason for conducting an audit. Now such audits can and must easily be conducted by the department on the basis of the record called for and summoned. It is not that such audit can only be effectively conducted if it is done at the premises of the registered person. There may be certain exceptions, which otherwise, are to be dealt with on case to case basis, but there can't be a generalized order for conducting audit in all cases at the office or premises of the registered person. **Unquote

CASE LAW – LAHORE HIGH COURT, I S.T.R. NO. 9296 OF 2019

Date of Order: 18-02-2019

Brief Facts:

Brief facts of the case comprises that whether in the facts and circumstances of the case, the learned Appellate Tribunal Inland Revenue (ATIR) was justified to remand back the case just to fulfill the lacunas as well as to cure the proceedings, as the value addition proceedings were initiated by the commissioner inland revenue, in the absence of establishing the status of appellant/ taxpayer as importer of scrap material and without invoking the relevant provision i.e. section 7A of the Sales Tax Act, 1990 "Act", hence may not be justifiable in making the impugned assessment order under section 11(2) of the Act.

Aggrieved by the order for remand back, the appellant pleaded that such a remand order by the learned ATIR will operate against his interest as the respondent department will fill in lacunas and cure defect in these proceedings.

Decision Summary:

The Honorable Court after careful consideration, although agreed with the learned ATIR order pointing out certain discrepancies in order made by the commissioner inland revenue, however did not agree with the appellant stance that order to remand back would be detrimental to his cause, as such a contention is merely based upon preconceived notions and surmises.

Quote: "4. As regards the contention of the petitioner that the remand order will operate against the interest of the petitioner as the respondent department will fill in lacunas and cure defect in proceedings is concerned, suffice it to say that the Appellate Tribunal had reached conclusion that certain facts had not been determined by the CIR before passing the order set aside by the Tribunal and the matter was remanded for determination of the same. The said adjudication was required to be made for proper determination of the dispute between the assessee and the department therefore, the afore-referred contention of the petitioner is based merely on apprehension and cannot be made basis for setting aside the impugned remand order at this stage. **Unquote**

Quote: 5. Since the proposed questions do not arise from order of Appellate Tribunal, therefore, we decline to exercise advisory jurisdiction. Reference Application is decided against the applicant. **Unquote**

NOTIFICATIONS / CIRCULARS

FBR CIRCULAR

FBR has issued circular No. 1/2-STB/2019 dated July 22, 2019 whereby amendments made in section 23 of the Sales Tax Act, 1990 regarding provision of CNIC has been clarified.

The Circular clarifies that requirement for provision of CNIC is only applicable if purchases are made from a Sales Tax Registered Person. Provision of CNIC number does not in any manner means that buyer has to be registered person under sales tax law. Sales to unregistered persons can be made.

The circular further clarifies that condition of provision of CNIC will not apply if the value of purchases is below Rs. 50,000 in case sale is made to an Ordinary consumer. In case of incorrect CNIC provided by purchaser, the liability of loss or penalty shall not arise against the seller in case of sale made in good faith.

In case of purchases above Rs. 50,000 by an ordinary consumer being a female, the CNIC of the husband or the father will be considered valid.

Please click on link mentioned below to access the Circular

<https://khilji.net.pk/wp-content/uploads/2019/07/20197222072718898SalesTaxCircular22July2019.pdf>

SBP FE CIRCULAR NO. 03

State Bank Of Pakistan Issued FE Circular No 3 on July 16, 2019.

Through this Circular following three chapters of the Manual were revised:

- Chapter 8: Non-Resident Rupee Accounts.
- Chapter 9: Blocked Accounts
- Chapter 11: Dealings in Foreign Currency Notes and Coins etc. by the Authorized Dealers

The above referred Circular and revised chapters of the FE Manual can be accessed by clicking following link

<https://khilji.net.pk/wp-content/uploads/2019/07/FE-Cir-No-3-of-2019-REVISION-OF-SELECTED-CHAPTERS-8-9-11-OF-THE-FOREIGN-EXCHANGE-MANUAL-1.pdf>

FBR NOTIFICATION

Federal Board of Revenue has issued Notification ref: 849/(I)/2019 dated July 24, 2019.

Through the attached notification the mandatory requirement to file monthly withholding tax statement by the 15th of the month, following the month to which monthly tax pertains as per section 165 of Income Tax Ordinance 2001 (ITO 2001), explained further through Rule 44 of Income Tax Rules, 2002, is no more applicable, while same has been replaced with the mandatory requirement to file withholding statements on biannual basis only, from now onwards. Furthermore, withholding agents while such biannual withholding statement shall adhere following prescribed mandatory timelines:

- In respect of half year ending on the 30th June, on or before 31st day of July; and
- In respect of half year ending on the 31st December, on or before 31st day of January

LINK OF DOCUMENT

<https://khilji.net.pk/wp-content/uploads/2019/07/2019724137946542SRO849of2019.pdf>

FBR SROS (PROPERTY VALUATION)

FBR has issued SROs 829 to 848 on July 23, 2019

Through all these notifications, FBR has notified Revised Property Valuation Rates. Brief about these SROs are appended below

Sr. No	New SRO reference	Supersession SRO	City	Effective Date
1.	S.R.O. 829 (I)/2019.	S.R.O. 111(I)/2019 dated the 1st February, 2019,	ABBOTTABAD	24th July, 2019
2.	S.R.O. 830 (I)/2019.	S.R.O. 112(I)/2019 dated the 1st February, 2019, t	BAHAWALPUR	24th July, 2019
3.	S.R.O. 831 (I)/2019.	S.R.O. 113(I)/2019 dated the 1st February, 2019,	FAISALABAD	24th July, 2019
4.	S.R.O. 832 (I)/2019.	S.R.O. 115(I)/2019 dated the 1st February, 2019,	GUJRAT	24th July, 2019
5.	S.R.O. 833 (I)/2019.	S.R.O. 116(I)/2019 dated the 1st February, 2019,	HYDERABAD	24th July, 2019
6.	S.R.O. 834 (I)/2019.	S.R.O. 117(I)/2019 dated the 1st February, 2019,	ISLAMABAD	24th July, 2019
7.	S.R.O. 835 (I)/2019.	S.R.O. 118(I)/2019 dated the 1st February, 2019,	JHANG	24th July, 2019
8.	S.R.O. 836 (I)/2019.	S.R.O. 119(I)/2019 dated the 1st February, 2019,	JHELM	24th July, 2019
9.	S.R.O. 837 (I)/2019.	S.R.O. 120(I)/2019 dated the 1st February, 2019	KARACHI	24th July, 2019
10.	S.R.O. 838 (I)/2019.	S.R.O. 121(I)/2019 dated the 1st February, 2019	LAHORE	24th July, 2019
11.	S.R.O. 839 (I)/2019.	S.R.O. 122(I)/2019 dated the 1st February, 2019	MARDAN	24th July, 2019
12.	S.R.O. 840 (I)/2019.	S.R.O. 123(I)/2019 dated the 1st February, 2019	MULTAN	24th July, 2019
13.	S.R.O. 841 (I)/2019.	S.R.O. 124(I)/2019 dated the 1st February, 2019	PESHAWAR	24th July, 2019
14.	S.R.O. 842 (I)/2019.	S.R.O. 125(I)/2019 dated the 1st February, 2019	QUETTA	24th July, 2019
15.	S.R.O. 843 (I)/2019.	S.R.O. 126(I)/2019 dated the 1st February, 2019	RAWALPINDI	24th July, 2019
16.	S.R.O. 844 (I)/2019.	S.R.O. 127(I)/2019 dated the 1st February, 2019	SAHIWAL	24th July, 2019
17.	S.R.O. 845 (I)/2019.	S.R.O. 128(I)/2019 dated the 1st February, 2019	SARGODHA	24th July, 2019
18.	S.R.O. 846 (I)/2019.	S.R.O. 114(I)/2019 dated the 1st February, 2019,	GUJRANWALA	24th July, 2019
19.	S.R.O. 847 (I)/2019.	S.R.O. 130(I)/2019 dated the 1st February, 2019	SUKKUR	24th July, 2019
20.	S.R.O. 848 (I)/2019.	S.R.O. 665(I)/2016 dated the 2nd August, 2016	GWADAR	24th July, 2019

Please click on link mentioned below to access the all SRO.

[829](#) [830](#) [831](#) [832](#) [833](#) [834](#) [835](#) [836](#) [837](#) [838](#) [839](#) [840](#) [841](#) [842](#) [843](#) [844](#) [845](#) [846](#) [847](#) [848](#)

FBR NOTIFICATION

INTRODUCTION

Federal Board of Revenue has issued Notification ref: 849/(I)/2019 dated July 24, 2019.

COMMENTARY

Through the attached notification the mandatory requirement to file monthly withholding tax statement by the 15th of the month, following the month to which monthly tax pertains as per section 165 of Income Tax Ordinance 2001 (ITO 2001), explained further through Rule 44 of Income Tax Rules, 2002, is no more applicable, while same has been replaced with the mandatory requirement to file withholding statements on biannual basis only, from now onwards. Furthermore, withholding agents while filing such biannual withholding statement shall adhere following prescribed mandatory timelines:

- In respect of half year ending on the 30th June, on or before 31st day of July; and
- In respect of half year ending on the 31st December, on or before 31st day of January

LINK OF DOCUMENT

<https://khilji.net.pk/wp-content/uploads/2019/07/2019724137946542SRO849of2019.pdf>

SECP Notification

Introduction

SECP issued SRO ref: 811(I)/2019 on July 11, 2019.

Commentary

SECP vide S.R.O. 811 (I)/2019 dated July 11, 2019 has changed the application fee for a company, which is desirous of forming a group with its subsidiary companies from Rs.200,000/- (two hundred thousand rupees) to Rs.50,000/- (fifty thousand rupees).

Link of Document

<https://khilji.net.pk/wp-content/uploads/2019/07/SRO-for-Amendments-in-Group-Companies-Regulations-2008.pdf>

FBR CIRCULAR

Federal Board of Revenue has issued Circular 10 of 2019 dated July 31, 2019.

Through the aforementioned Circular, FBR has issued extension in the date of filing of Bi-Annual withholdings Statements under Section 165 till **August 20, 2019**.

It is pertinent to note that according to the Finance Act 2019, the Bi-Annual Withholdings Statements under Section 165 are required to be filed by July 31, 2019.

Please click on the link below to read original Circular

<https://khilji.net.pk/wp-content/uploads/2019/07/20197311472141578CircularNo.10of2019dt31.7.19.pdf>

SECP NOTIFICATION

Introduction

SECP issued SRO ref: 812(I)/2019 on July 11, 2019.

Commentary

SECP vide S.R.O. 812 (I)/2019 dated July 11, 2019 made alterations in the Seventh Schedule to the Companies Act, 2017 (XIX of 2017). Revised fees subject to the alterations made by S.R.O.812(I)/2019 dated July 11, 2019 as are follows: –

ITEM	ONLINE	OFFLINE
IV. By a company established outside Pakistan which has a place of business in Pakistan		
(1) For filing, registering or recording a document containing charter/ statute/ memorandum and articles, etc. for registration by a foreign company under the Act required or authorized to be filed, registered or recorded a fee of	10,000/-	20,000/-
X. For seeking approval, sanction, permission, exemption, direction or confirmation of the Commission or the registrar in the following matters, as the case may be, a non-refundable application processing fee in respect of application for-		
(9)	25,000/-	50,000/-
(i) issuance of further share capital, otherwise than right under section 83, a fee of		
(ii) for approval of Employee Stock Option Scheme under section 83, a fee of	25,000/-	50,000/-
(iii) issuance of shares with different rights and privileges, a fee of	25,000/-	50,000/-
(28) registration as intermediary under section 455, a fee of		
(i) For Individuals:		
Registration Fee	10,000/-	10,000/-
Correction/ Update Fee	2,000/-	2,000/-
Filing Fee	500/-	500/-
(ii) For Firms/ Companies/ Limited Liability Partnerships:		
Registration processing Fee	10,000/-	10,000/-
Correction/ Update Processing Fee	5,000/-	5,000/-
Filing Fee	500/-	500/-

OTHER CHANGES ARE AS FOLLOWS: –

PARTICULARS AS PER SEVENTH SCHEDULE	REVISED PARTICULARS UNDER SRO812(I)2019	ONLINE	OFFLINE
III. By a company registered under a license granted under section 42 and not having a share capital: –			
(1) For an application seeking grant of licence or its renewal, a non-refundable processing fee of ...	(1) For an application seeking grant of licence, a non-refundable processing fee of ... (word "or its renewal" are omitted)	15,000/-	25,000/-
IX. Annual renewal fee for companies incorporated as Free Zone Company under section 454 of the Act.			
	Omitted		

Link of Document

<https://khilji.net.pk/wp-content/uploads/2019/07/SRO-Seventh-Schedule-to-CA2017-final-publication.pdf>

FBR CIRCULAR

Federal Board of Revenue has issued Circular 09 of 2019, wherein FBR issued Explanations of Important Amendments made in Income Tax Ordinance 2001. These amendments are brought about by Finance Act. 2019.

Please click on the link below to read entire document.

<https://khilji.net.pk/wp-content/uploads/2019/07/20197301672828353explanatorycircular.pdf>

For any further assistance please read our Tax Briefing on Finance Act

<https://khilji.net.pk/wp-content/uploads/2019/07/KCO-Tax-Brief-Finance-Act-2019.pdf> or contact us.

FBR CIRCULAR

Federal Board of Revenue has issued Circular 01 of 2019, wherein FBR issued Explanations of Important Amendments In Sales Tax Act, 1990, Federal Excise Act. 2005 and Islamabad Capital Territory (Tax on Services! Ordinance. 2001) on the basis of Finance Act. 2019.

Please click on the link below to read entire document.

<https://khilji.net.pk/wp-content/uploads/2019/07/201972615718450CIRCULARNO.01OF2019.pdf>

For any further assistance please read our Tax Briefing on Finance Act

<https://khilji.net.pk/wp-content/uploads/2019/07/KCO-Tax-Brief-Finance-Act-2019.pdf> or contact us.

SECP NOTIFICATION

Introduction

SECP issued S.R.O.857(I)/2019 dated July 25th 2019

Commentary

SECP vide S.R.O.857(I)/2019 dated July 25th 2019 made amendments in Regulation # 11 – Restriction on the purchasing company, of Listed Companies (Buy-Back of Shares) Regulations 2019.

Vide this amendment notification Restriction of Purchase of its own shares are relaxed as previously companies were restriction not to purchase own shares for three years from the date of the further issue of capital and that included issue of bonus shares.

Now the above restriction is relaxed to six months from the date of further issue of capital and that excludes bonus issue.

Link of Document

<https://khilji.net.pk/wp-content/uploads/2019/07/Amendments-in-Listed-Companies-Buy-Back-of-Shares-Regulations-2019.pdf>

SECP NOTIFICATION

Introduction

SECP issued S.R.O.856(I)/2019 dated July 25th 2019

Commentary

SECP vide S.R.O.856(I)/2019 dated July 25th 2019 made amendments in Employees Contributory Funds (Investment in Listed Securities) Regulations, 2018.

Vide this amendment notification the grace period to ensure compliance of investment limits as defined in Employees Contributory Funds (Investment in Listed Securities) Regulations, 2018 is extended to three years from one year from the date of application of said regulations.

Link of Document

<https://khilji.net.pk/wp-content/uploads/2019/07/Amendments-to-Employees-Contributory-Funds-Inv.-in-Listed-Securities-Regulations-2018.pdf>

SPECIAL SUPPLEMENT

DETAILED COMMENTARY ON SBP FE CIRCULAR NO. 03

State Bank Of Pakistan Issued FE Circular No 3 on July 16, 2019. Through this Circular following three chapters of the Manual were revised:

REVISION OF SELECTED CHAPTERS OF THE FOREIGN EXCHANGE MANUAL

Exchange Policy Department of State Bank of Pakistan (SBP) through FE Circular No. 03 July 16, 2019 revised following three chapters: -

Sr. No.	Chapter No.	Title of Chapter
1	Chapter 8	Non-Resident Rupee Accounts.
2	Chapter 9	Blocked Accounts
3	Chapter 11	Dealings in Foreign Currency Notes and Coins etc. by the Authorized Dealers

COMMENTARY: CHAPTER 8: - NON-RESIDENT RUPEE ACCOUNTS

Title of the chapter is changed from "Private Non-Resident Rupee Accounts" to "Non-Resident Accounts".

Definition of non-resident for the purposes of this chapter is changed and now a person is defined as non-resident if his/her period of stay in Pakistan during a calendar year is less than 183 days, in aggregate. Previously any person who go out of Pakistan, except the person holding office in the service of Pakistan, were treated as non-resident.

Under this revised chapter the categorization of non-resident accounts, regulations to operate non-resident accounts and related matters are simplified and Authorized Dealers (*List of Authorized Dealers is in Appendices-IV of the FE Manual*) are permitted to open accounts without prior approval of SBP, however they are required to comply with their SOPs plus the requirements of AML/CFT regulations / guidelines.

Now, SBP categorized account for non-residents in following two categories, in comparison with previous categorization in 4 categories, which were linked with duration of stay outside Pakistan.

- a) – Non-resident Rupee Account - Repatriable (NRAR)
- b) – Non-resident Rupee Account - Non-repatriable (NRAN)

Use of Form – 7 is no more required to operate non-resident rupee accounts, however Authorized Dealers are required to submit monthly statement / return to SBP showing debits and credits transactions executed from these non-resident accounts.

Use of ATM / Debit Card, digital banking which includes mobile / internet banking is allowed to both type of accounts.

Authorized dealers are required to submit monthly statement to SBP on Annexure – I and Annexure – II for Non-Resident Rupee Account – Repatriable (NRAR) & Non-Resident Rupee Account – Non-repatriable (NRAN) respectively. Annexure are attached with the notification.

COMMENTARY: CHAPTER 9 - BLOCKED ACCOUNTS

Provisions under these chapter are mostly same as were before, however the change identified is the Power of SBP to direct an Authorized Dealer to open a new or designate an existing account as “Blocked Account”.

COMMENTARY: CHAPTER 11 - DEALINGS IN FOREIGN CURRENCY NOTES AND COINS ETC. BY THE AUTHORIZED DEALERS

Name of Chapter is changed from “DEALINGS IN FOREIGN CURRENCY NOTES AND COINS ETC” to “DEALINGS IN FOREIGN CURRENCY NOTES AND COINS ETC. BY THE AUTHORIZED DEALERS”.

Now incoming persons, whether Pakistani or foreign national, can bring with them without any limit foreign currencies and other instruments against the submission of a declaration to the Customs authorities on amount exceeding US\$ 10,000 or equivalent in terms of SBP Notification No. F.E.1/2012-SB dated the 16th June, 2012, wherever applicable.

Authorized Dealers are authorized to freely purchase foreign currency against payment in PKR but subject to fulfillment of applicable AML/CFT regulations/guidelines issued by the State Bank. Previously declaration to the customs for amount exceeding US\$10,000/- or equivalent was not required and neither the compliance of the AML/CFT regulations / guidelines.

The above referred Circular and revised chapters of the FE Manual can be accessed by clicking following link

<https://khilji.net.pk/wp-content/uploads/2019/07/FE-Cir-No-3-of-2019-REVISION-OF-SELECTED-CHAPTERS-8-9-11-OF-THE-FOREIGN-EXCHANGE-MANUAL-1.pdf>

MR. MUHAMMAD WAHEED IQBAL, FCA

SOCIAL MEDIA PRESENCE

We at Khilji & Co, Chartered Accountants are fully aware of the fact that in this modern day and age connectivity is the key. Hence, we keep of striving for this through various social media forums. Please visits our pages and do provide your valuable comments.

<https://www.facebook.com/khiljiandco/>

<https://www.linkedin.com/in/khilji-and-co-chartered-accountants-982b73143/>

EVENTS OF THE MONTH

ICAP INDUCTION FAIR 2019

Institute of Chartered Accountants, Islamabad organized a Student Induction Fair 2019 on July 11, 2019 at ICAP Islamabad. Khilji and Co also participated in the event. Partner, Khilji and Co, Mr. Waheed Iqbal, FCA was one of the Two Guest Speakers of the Event. It was a useful event wherein both Students and Firm got chance to interact with each other under one roof



TAX REGULATIONS IN I.T INDUSTRY

CXO Pakistan Organized an Event wherein Mr. Sharif Ud Din Khilji (CEO of Khilji & Co. Chartered Accountants) conducted a Training on the aforementioned topic. Mr. Arsalan Vardag, CEO, JASB and Associated was also present as Guest Speaker.



KHILJI & CO, EXCURSION TRIP

In order to provide an opportunity to have some respite from daily routine, Khilji and Co arranged an Excursion Trip for its Employees and Students to Naraan, Kaghan and Bahusar Top during July 2019.

