

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



## SPECIAL SUPPLEMENT



### COMMENTARY ON RECENT NOTIFICATIONS OF FEDERAL BOARD OF REVENUE

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## INTRODUCTION

Federal Board of Revenue issued following notification recently

1.	<b>NOTIFICATION NO:</b> <b>DATE OF ISSUANCE:</b> <b>EFFECTIVE FROM:</b> <b>AMENDMENTS MADE IN:</b>	S.R.O. 1241(I)/2020 20 <sup>th</sup> November, 2020 WITH IMMEDIATE EFFECT (i.e. 20 <sup>th</sup> November, 2020). Income Tax Ordinance 2001 <a href="https://khilji.net.pk/wp-content/uploads/2020/11/SRO1241Iof2020.pdf">https://khilji.net.pk/wp-content/uploads/2020/11/SRO1241Iof2020.pdf</a>
2.	<b>NOTIFICATION NO:</b> <b>DATE OF ISSUANCE:</b> <b>EFFECTIVE FROM:</b> <b>AMENDMENTS MADE IN:</b>	S.R.O. 1240(I)/2020 20 <sup>th</sup> November, 2020 WITH IMMEDIATE EFFECT (i.e. 20 <sup>th</sup> November, 2020). Income Tax Ordinance 2001 <a href="https://khilji.net.pk/wp-content/uploads/2020/11/1240Iof2020.pdf">https://khilji.net.pk/wp-content/uploads/2020/11/1240Iof2020.pdf</a>
3.	<b>NOTIFICATION NO:</b> <b>DATE OF ISSUANCE:</b> <b>EFFECTIVE FROM:</b> <b>AMENDMENTS MADE IN:</b>	S.R.O. 1249(I)/2020 23 <sup>rd</sup> November, 2020 WITH IMMEDIATE EFFECT (i.e. 23 <sup>rd</sup> November, 2020). Income Tax Rules 2002 <a href="https://khilji.net.pk/wp-content/uploads/2020/11/202011231611585041SRO1249Iof2020.pdf">https://khilji.net.pk/wp-content/uploads/2020/11/202011231611585041SRO1249Iof2020.pdf</a>

## COMMENTARY

**NOTIFICATION NO:** S.R.O. 1241(I)/2020

Clause 12B of Part IV of the Second Schedule provides for exemption from the collection of advance tax on import stage under section 148 on medical equipment mostly related to COVID-19. The exemption was valid for a period commencing from 20th day of March, 2020 and ending on 30th day of September, 2020.

Through this notification, owing to the widespread of COVID19, the Federal Board of Revenue has extended the period of exemption till the 30<sup>th</sup> day of June 2021.

**NOTIFICATION NO:** S.R.O. 1240(I)/2020

## INTRODUCTION

Twelfth Schedule to the Income Tax Ordinance 2001 was inserted through Finance Act 2020. The Schedule prescribes goods subject to collection of advance tax under Section 148 of the Income tax Ordinance 2001.

### Amendments made through S.R.O. 1240(I)/2020

Through this notification, the Federal Board of Revenue has added further goods as listed below to the Part II of 12<sup>th</sup> Schedule whereby tax rate of 2% of the import value as increased by customs duty sales tax and federal excise duty is prescribed.

(1) after PCT Code 32.02, the following new PCT Codes and entries relating thereto shall respectively be inserted, namely:-

"3204.1100	Disperse Dyes And Preparations Based Thereon
3204.1200	Acid dyes, whether or not premetallised, and preparations based thereon; mordant dyes and preparations based thereon
3204.1300	Basic dyes and preparations based thereon
3204.1400	Direct Dyes And Preparations Based Thereon
3204.1510	Indigo Blue
3204.1590	Other Vat dyes (including those usable in that state as pigments) and preparations based thereon:
3204.1600	Reactive Dyes And Preparations Based Thereon
	Pigments and preparations based thereon:
3204.1710	(a) Powdered
3204.1720	(b) Liquid
3204.1790	(c) Other
3204.1910	Dyes, Sulphur
3204.1990	Dyes, Synthetic
3204.2000	Synthetic Organic Products Of A Kind Used As Fluorescent Brightening Agents
3204.9000	Other Synthetic organic colouring matter
3206.1900	Pigments and preparations based on titanium dioxide

(2) after PCT Code 33.02, the following new PCT Codes and entries relating thereto shall respectively be inserted, namely:-

"3402.1220	Cationic surface active agents
3402.1300	Non-ionic surface active agents
3402.9000	Surface active preparations and cleaning preparations excluding detergents

(3) after PCT Code 34.03, the following new PCT Codes and entries relating thereto shall respectively be inserted, namely:-

3404.9090	Other artificial waxes
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(4) after PCT Code 35.05, the following new PCT Codes and entries relating thereto shall respectively be inserted, namely:-

"3506.9110	Hot melt adhesive
3506.9190	
3507.9000	Enzymes

(5) after PCT Code 39.04, the following new PCT Codes and entries relating thereto shall respectively be inserted, namely:-

3905.3000	Polymers in vinyl alcohol
3906.9030	Other acrylic polymers

(6) after PCT Code 39.12, the following new PCT Codes and entries relating thereto shall respectively be inserted, namely:-

"3912.2010	Cellulose Nitrates Nonplasticised
3912.2090	Other cellulose Nitrates
3912.3100	Carboxymethylcellulose And Its Salts

(7) after PCT Code 44.06, the following new PCT Codes and entries relating thereto shall respectively be inserted, namely:-

"4407.1100	Of Pine (Pinus Spp.)
4407.1200	Of Fir (Abies Spp.) And Spruce (Picea Spp.)
4407.1900	Other - Coniferous:
4407.2100	Mahogany (Swietenia Spp.)
4407.2200	Virola, Imbuia And Balsa
4407.2500	Dark Red Meranti, Light Red Meranti And MerantiBakau

4407.2600	White Lauan, White Meranti, White Seraya, Yellow Meranti And Alan
4407.2700	Sapelli
4407.2900	Other - Of tropical wood:
4407.9100	Of Oak (Quercus Spp.)
4407.9200	Of Beech (Fagus Spp.)
4407.9300	Of Maple (Acer Spp.)
4407.9500	Of Ash (Fraxinus Spp.)
4407.9700	Of Poplar And Aspen (Populus Spp.)
4407.9900	Wood sawn or chipped lengthwise, sliced or peeled, whether or not planned, sanded or end- jointed, of a thickness exceeding 6 mm. -

(8) after PCT Code 54.02, the following new PCT Codes and entries relating thereto shall respectively be inserted, namely:-

"5403.3100	Viscose Rayon, Untwisted or With A Twist Not Exceeding 120 Turns Per Metre
5403.3910	Cuprammonium Rayon „

after PCT Code 55.03, the following new PCT Codes and entries relating thereto shall respectively be inserted, namely:-

"5503.2010 Synthetic staple fibres, not carded, combed or otherwise

**NOTIFICATION NO:** S.R.O. 1249(I)/2020

## **INTRODUCTION**

Rule 231C of the Income Tax Rules 2002 applies to all cases of disputes brought or specified for resolution through Alternative dispute resolution under Section 134A of the Income Tax Ordinance 2001.

Through this notification, the Federal Board of Revenue has made amendments to the Income Tax Rules 2002 to substitute Rule 231C as under.

### **Rule 231C. Alternative dispute resolution.**

"231C. Alternative dispute resolution.— (1) This rule shall apply to all cases of disputes brought or specified for resolution under section 134A.

(2) In this rule, unless there is anything repugnant in the subject or context,-

"applicant" means an aggrieved person or a class of persons in case identical issues are involved who has brought a dispute for resolution under section 134A; and

"Committee" means a Committee constituted under sub-section (2) of section 134A.

(3) Any person or class of persons interested for resolution of any dispute under section 134A shall submit a written application for alternative dispute resolution to the Board in the form as set out in Part I of the Schedule to this rule.

(4) The Board, after examination of the contents of an application by a taxpayer and facts stated therein and on satisfaction that the application may be referred to a committee for the resolution of the hardship or dispute, shall appoint and notify a Committee, within a period of sixty days from the receipt of application specified under sub-rule (3), consisting of the following members, namely:-

- (a) Chief Commissioner Inland Revenue having jurisdiction over the case; and
- (b) two persons from a panel notified by the Board comprising of chartered accountants, cost and management accountants, advocates, having minimum of ten years' experience in the field of taxation and reputable businessmen.
- (5) The Chief Commissioner Inland Revenue having jurisdiction over the case shall be Chairperson of the Committee.
- (6) The Board shall notify a panel comprising of chartered accountants, cost and management accountants, advocates, having minimum of ten years' experience in the field of taxation and reputable businessmen, in accordance with eligibility criteria specified in Part II of the Schedule to this rule.
- (7) The Committee shall decide the dispute through consensus within one hundred and twenty days from the date of its constitution by the Board.
- (8) The decision of the Committee under sub-rule (7) shall be binding on the Commissioner when the applicant; being satisfied with the decision, has withdrawn the appeal pending before the court of law or any appellate authority in the form as set out in Part III of the Schedule to this rule and has communicated the order of withdrawal to the Commissioner:
- Provided that if the order of withdrawal is not communicated to the Commissioner within sixty days of the service of decision of the Committee upon the applicant, the decision of the Committee shall not be binding on the Commissioner.
- (9) The Chairperson of the Committee shall be responsible for deciding the procedure to be followed by the Committee which may inter-alia, include the following, namely:-
- (a) to decide about the place of sitting of the Committee;
- (b) to specify date and time for conducting proceedings by the Committee;
- (c) to conduct the proceedings of the Committee as he things appropriate;



- (d) to issue notices by courier or registered post or electronic mail to the applicant;
- (e) to requisition and produce relevant records or witnesses from the Commissioner or other concerned quarters;
- (f) to ensure attendance of the applicant for hearing either in person or through an advocate, representative or a tax consultant;
- (g) to consolidate recommendations of the Committee and submission of a conclusive report to the Board; and
- (h) for any other matter covered under these rules.

(10) The Committee may conduct inquiry, seek expert opinion, direct any officer of Inland Revenue or any other person to conduct an audit and make recommendations to the Committee in respect of dispute or hardship.

(11) The Committee may determine the issue and may thereafter seek further information or data or expert opinion or make or cause to be made such inquiries or audit as it may deem fit, to decide the matter specified in sub-section (1) of section 134A.

(12) If the Committee fails to decide within the period of one hundred and twenty days under sub-rule (7), the Board shall dissolve the Committee by an order in writing and the matter shall be decided by the court of law or the appellate authority where the dispute is pending.

(13) On receipt of the Committee's decision the applicant may make the payment of income tax and other taxes as decided by the Committee under sub- rule (7) and all decisions and orders made or passed shall stand modified to the extent.

(14) A member of the Committee appointed under clause (b) of the sub-rule (4) shall on decision of the application by the Committee of which he is a Member, be paid a lump sum one time remuneration of one hundred thousand rupees for his services.

(15) The remuneration specified in sub-rule (14) shall be paid by the Board from its budget allocation within fifteen days of the receipt of the decision of the Committee under sub-rule (13).

**THE SCHEDULE**

**Part I**

*[see sub-rule (3)]*

**Application for Alternative Dispute Resolution under section 134A of the Income Tax Ordinance,  
2001**

To,  
The Chairman,  
Federal Board of Revenue,  
Islamabad

Dear Sir,

The undersigned being (name and address of the applicant) duly authorized hereby apply for hardship and dispute resolution under section 134A of the Income Tax Ordinance, 2001 (XLIX of 2001).

2 Necessary details of the dispute or hardship are set out below and in the Annexure to this application.

3 A request is made to constitute a Committee as provided under sub-rule (4) of rule 231 C of Income Tax Rules, 2002.

4 The following documents as are necessary for the resolution of the dispute or hardship are enclosed.

(a)

Yours faithfully,

Signature \_\_\_\_\_

Name (in block letters) \_\_\_\_\_

NTN \_\_\_\_\_

Address \_\_\_\_\_

Date

**Annexure**

*[see paragraph 2 of the Schedule]*

(1) Name of the applicant (in block letters) \_\_\_\_\_

(2) National tax number \_\_\_\_\_

(3) CNIC (for individuals) \_\_\_\_\_

(4) Address of the applicant \_\_\_\_\_

- (5) Telephone Number \_\_\_\_\_ e-mail address \_\_\_\_\_  
Fax Number \_\_\_\_\_
- (6) Tax year to which the dispute or hardship relates \_\_\_\_\_
- (7) The Commissioner with whom a dispute has arisen \_\_\_\_\_
- (8) The following is the statement of the relevant facts and law with respect to dispute or hardship having bearing on the questions on which the resolution is required (Please annex extra sheet, if required):-
- (9) \_\_\_\_\_  
Statement containing the applicant's interpretation of law or facts, as the case may be, in respect of \_\_\_\_\_  
questions on which resolution is required (Please annex extra sheet, if required) is as follows:-  
\_\_\_\_\_
- (10) \_\_\_\_\_  
The extent or the amount of tax which the applicant agrees to pay, if any. Rs.
- (11) \_\_\_\_\_  
The undersigned, solemnly declares that-
- (a) full and true particulars of the dispute or hardship for the purposes of resolution have been disclosed and no material aspect affecting the determination of the application filed \_\_\_\_\_  
under the Income Tax Ordinance, 2001 (XLIX of 2001), in this behalf has been withheld;
- (b) the above issues are pending adjudication before (name of the appellate forum, ATIR or Court)/not pending before any forum, ATIR, High Court or Supreme Court of Pakistan.

Yours faithfully,

Signature

Name (in block letters) \_\_\_\_\_

Designation \_\_\_\_\_

Date \_\_\_\_\_

## Part II

*[see sub-rule (6)]*

Following shall be the eligibility criteria for Chartered Accountant, Cost and Management Accountant, Advocate and reputable businessman.—

- (i) The Chartered Accountant shall be a member of Institute of Chartered Accountants of Pakistan and shall have minimum ten years experience of practice as a chartered accountant with at least five years of tax related practice and shall have in depth understanding of complex tax issues. He shall not be more than sixty five years old.
- (ii) The Cost and Management Accountant shall be a member of Institute of Cost and Management Accountants of Pakistan and shall have minimum ten years experience of practice as a Cost and Management Accountant with at least five years of tax related practice and shall have in depth undertaking of complex tax issues. He shall not be more than sixty five years old.  
  
The advocate shall hold degree in LL.B from a recognized Institute having in depth understanding of complex tax issues and shall have at least two reported tax cases or three other reported cases or five unreported cases of appellate tribunal inland revenue or higher courts. He shall have a minimum ten years experience including at least five years tax related practice and shall not be more than sixty five years old.
- (iv) A reputable businessman shall have a Master Degree from Higher Education Commission recognized University or Foreign University with in depth understanding of complex tax issues and shall be a proprietor or director or partner of a business concern having a turnover of over one hundred million rupees in each of the past three years. He shall not be more than sixty five years old.

**Part III**

*[see sub-rule (8)]*

**Before The [mention the respective appellate authority]**

**ITA No. / ITRA No / CA No. [mention whichever is applicable]**

Name of the Appellant / Respondent [mention whichever is applicable] Address

Versus

Name of the Appellant / Respondent [mention whichever is applicable] Address

**Subject: APPLICATION FOR WITHDRAWAL OF APPEAL UNDER SUB-SECTION (6) OF SECTION 134A OF THE INCOME TAX ORDINANCE, 2001**

Respectfully submitted,

1. That the appellant's appeal or reference application or civil appeal [mention whichever is applicable] in ITA No. / ITRA No / CA No [mention whichever is applicable] is pending.
2. That the appellant has filed an application to the Federal Board of Revenue for constitution of Alternative Dispute Resolution Committee under section 134A of the Income Tax Ordinance, 2001 read with rule 231 C of the Income Tax Rules, 2002 and on appellant's application, the Federal Board of Revenue has constituted a Committee for resolution of the appellant's dispute.
3. That under the provision of sub-section (6) of section 134A of the said Ordinance read with sub-rule (8) of rule 231C of Income Tax Rules, 2002 the appellant withdraws the aforesaid appeal or reference application or civil appeal as ITA No. / ITRA No. / CA No. [mention whichever is applicable].
4. Therefore it is prayed that the aforesaid appeal or reference application or civil appeal may be disposed of as withdrawn without prejudice to reinstatement of appellant's aforesaid appeal or reference application or civil appeal if the committee constituted under section 134A fails to make a decision within the stipulated time.

**Applicant**

Signature

Name

Complete Address."

### BOARD OF PARTNERS

- Mr. Sharif Uddin Khilji, FCA
- Mr. Saeed Akhtar Chughtai, FCA, FPFA, FCILT - UK, LLM (Energy) - UK, MBA (Oil) – UK –
- Mr. Zahid Mehmood, FCCA, FCA
- Mr. Muhammad Waheed Iqbal, FCA
- Mr. Rahat Gul, FCA

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