## SRB refuses to rescind 19pc ST on security systems/services: PHM

RECORDER REPORT

(SRB) has rejected Pakistan Hosiery Manufacturers Exporters rescind the 19.5 percent sales tax on security systems and services.

Business Recorder on Wednesday that PHMEA had appealed to the SRB urging in our country only because of a feeling of tion 3 of the Sindh Sales Tax on Services

security systems and services.

ago to Sindh Finance Minister, a copy of which is available with Business Recorder, states: "We are constrained to invite your kind attention to the most unjustified imposition of 19.5 percent Sales Tax by the Sindh Revenue Board on security sys- your good self that in view of the above tems and services installed/maintained by the heavily burdened and harassed industrial units. It is indeed a great irony that forced to arrange the security services and apply," the letter added. these industrial units, majority of which are 100 percent export oriented, are gener- rising cost of doing business in Pakistan, to based services (tariff heading 9812.9490 ating massive employment and earning kindly rescind this unjustified 19.5 percent and 9812.9500) can be claimed for input huge amount of foreign exchange for the Sales Tax on Security Systems and tax adjustment/credit under section 7(1), nation, face the most serious law and order Services forthwith and give some breath- read with section 2(14) (d) of the sales tax situation, a total lack of security and help- ing space to the dying industries," the letter Act 1990. Accordingly, there is no addilessness just because the government, demanded. which is required to assure every kind of safety and security, is lacking in providing tain the PHMEA demand. In a letter, it and/or zero-rated goods) who pay the this most important right of a citizen. states: "Services provided or rendered by a Sindh Sales Tax on these services used as While punishment has been imposed by Security Agency (eg, security guards or their inputs," the letter concluded.

arrange security through them."

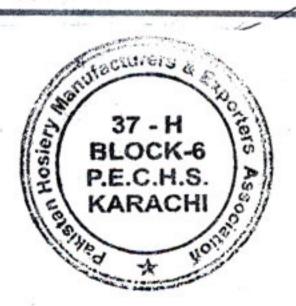
Well-informed sources in SRB told pertinent to note here that the Security Services and Systems have mushroomed law of demand and supply, they have mul-A letter written by PHMEA a few days tiplied just because there is a great demand need of Security Services and Systems.

systems which greatly adds to the already

the government in the form of most exor- security escort) are covered by tariff head-KARACHI: Sindh Revenue Board bitant and unjustified 19.5 percent Sales ing 9818 1000 of the First Schedule of the Tax charged on the security systems and Sindh Sales Tax on Services Act 2011, and services providers who in turn charge the are not taxable, having been not included Association's (PHMEA) demand to same from the industrial units which in the Second Schedule thereof. The telecommunication-based vehicle tracking The PHMEA says in the letter that it is service (tariff heading 9812.9490) and the burglar alarm service (tariff heading 9812 9500) are taxable services in terms of secit to rescind the 19.5 percent sales tax on total lack of security. In the context of the Act 2011, read with the Second Schedule thereof."

> However, the tax on these telecom-based for them due to the deteriorating law and services were levied at 19. 5 percent even order situation. If the government ensures under the Federal Excise Act 2005, and foolproof security then there will be no continue to be levied in areas other than Sindh. Therefore, this is neither a new levy "We, therefore, most fervently appeal to under the Sindh Sales Tax on Services Act 2011, nor is there any discrimination as and the most grave and rapidly deteriorat- against the levy (in the form of FED) in ing law and order situation when we are areas where the said 2011-Act does not

> The Sindh Sales Tax on the telecomtional burden on the registered persons However, the SRB has refused to enter- (whether dealing with taxable goods



## Business Recorder 09 FEB 2012

## Sales tax refund process

## FTO underlines need to solve maladministration problem

RECORDER REPORT

KARACHI: Federal Ombudsman (FTO) has found the FTO under section 10 of the Sales Tax already been settled. claims reconciled, but stressed the pending tax cases. Pakistan Apparel Forum and Site million, respectively, sources said

FTO in reply to complaints lodged by Rs974.642 million and Rs288.322 law, sources said.

Both the associations had filed a list Forum. Whereas, it said, 90 percent claims of Site association reduced to mechanism of expeditious disposal of Tax of sales tax refund claims with the claims of the Site association had 15 with an amount of Rs57.997 mil- bona fide refund claims. The office

need of solving maladministration Pakistan Apparel Forum had sub- the complete monthly details of the process difficult for disposing of the on more than two months old pending problem in the sale tax refund process. mitted 160 pending claims and SITE refund claims along with supporting sales tax refund cases, despite the claims with a copy to the concerned According to textile sources, the association 45 claims amounting to evidences to settle the issue as per the issue was settled after the intervention chief commissioner to enable the

They said in the case of Pakistan The FTO recommends the Federal lar basis. concerns over the maladministration, Department stated the Regional Tax were 77 with outstanding amount of within four weeks. which is causing problems in expedi- Office had sanctioned 70 cases against Rs559.307 million. Similarly, they The office has asked FBR to put in two months old pending sales tax

lion due to be refunded.

of the office.

Association of Industry against the In response to the complaints, the Apparel Forum, the department had Board of Revenue (FBR) to direct Revenue Division, Government of FTO conducted a probe to ascertain accepted 67 claims were pending chief commissioners to clear all the Pakistan Apparel Forum has assured it Pakistan regarding unsettled issue of the facts and status of the issue, they amounting to Rs410.215 millions but more than two months old pending sales tax refund claims, has showed said. They added that the Revenue the forum said the number of claims sales tax refund claims as per law report on a monthly basis with the reg-

the total 169 cases of Pakistan Apparel said, after reconciliation meetings, the place an efficient and fool-proof cases.

issue of pending sales tax refund Act 1990 on the basis of long standing However, the department still want- In its findings, the FTO said that the Forum and Site Association to file a has also asked Pakistan Apparel ed the associations to provide it with maladministration had made the monthly statement with registrar FTO office to monitor this issue on a regu-

> Meanwhile, in a letter to the FTO, to follow the instructions for filing a istrar of the office regarding more than

