

Collection of IT under section 153-A

FBR yet to issue modalities: Bilwani

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KARACHI: Federal Board of Revenue (FBR) has not so far issued modalities for collection of income tax under section 153-A which the revenue has recently introduced in Finance Bill 2012-2013, textile manufacturers-cum-exporters said on Thursday.

"Section 153-A requires all manufacturers to collect 0.5 percent income tax from sales made to their distributor and wholesaler," Chairman, Pakistan Apparel Forum (PAF), M Jawed Bilwani told Business Recorder.

He said the FBR has not yet clarified modalities and concept of 153-A, as result the section gives different interpretations on its practical application:

The provision of tax was introduced to burden undocumented segment of the trade, he said, adding that the challan of income tax payment can only be generated upon furnishing NTN or CNIC.

But, he raised a question "as the unregistered persons did not provide their particulars to manufacturer then how it is expected that a manufacturer can make payment of tax or

generated tax challan of such unregistered customers?"

Bilwani suggested that the FBR should introduce an FTN in all such cases where no particulars of buyers are available to enable manufacturers to generate the tax challan and enable payment of tax in government kitty.

He said it has not yet been officially clarified by the board whether the tax u/s 153-A is required to be paid at the time of sales or at the time of payment received from the customers?

He said the reading of the law implies that 0.5 percent tax is required to be collected by the manufacturers on sales to their distributors and wholesalers. "The word collection under the law gives impression that tax is payable after collection, whereas at the same time word sales gives an impression for payment of tax at time of sales. The time and manner is, therefore, required to be clarified by the Board to avoid any ambiguity," he pointed out.

He said the act simply requires all manufacturers to collect tax from their distribu-

tors, dealers and wholesalers. He said now question arises whether the condition to collect tax is restricted to the extent of buyers registered as wholesaler/dealer/distributor or it was extended to other segments, for instance the goods supplied by manufacturer to another person who used the goods as raw material for further manufacturing activity would require to pay tax or not.

"On plain reading of the law it suggests that the persons registered as importer/exporter is not required to pay tax. Therefore this requires confirmation/clarification from the board," he said.

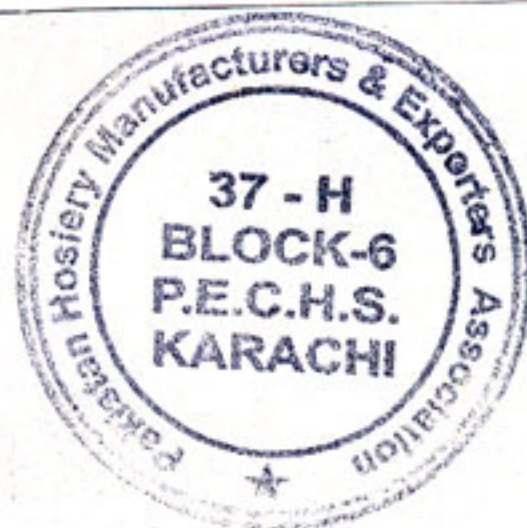
Chairman PAF said in cases of persons having multiple activities as wholesaler/importer/exporters how a manufacturer will determine application of tax. "There appears no business categories of wholesaler /importer/exporter/manufacturer in the NTN, therefore how will manufacturer determines the category and justify application or exclusion of tax," he said.

He said the tax u/s 153-A was introduced in place of sales tax notifications 821 and

191 pertaining to requirement of CNIC/NTN of sales to unregistered trade. He said the business community did not find the conditions practicable and upon their agitation the law was replaced with the concept to pay some amount of tax in cases of non furnishing of particulars to their customers. Accordingly, section 153-A was introduced in Finance Bill 2012-13, he said.

He said now the question arises that if a person as a distributor/ wholesaler having proper particulars and registered within income tax or sales tax regime as a documented segment then why should he pays additional amount of 0.5 percent tax.

Bilwani said the levy of tax was meant only to penalize undocumented segment of trade but unfortunately the government while introducing replacement law forgot to exclude registered segment of trade as a result of which they are burdened with additional amount of tax without any justification. "It therefore becomes imperative that the FBR revisits this law on this aspect as well," he urged.



Clearing agents asked to be present at cargo inspection

By Shahnawaz Akhter

KARACHI: The Anti-Narcotics Force (ANF) has directed clearing agents to be present at the time of examining containers, otherwise no cargo container will be cleared, according to an official document.

The ANF has informed the clearing agents that from August 18, 2012, no container will be checked or inspected by the ANF team if a clearing agent is not present with it.

The ANF had been recently authorised to examine export consignments for drugs prior to customs procedure. However, the ANF had asked clearing agents and shippers to be present at the time of inspection.

In a meeting between the ANF and other stakeholders held late last month, it was agreed that the examination of goods was not implementable as the agent, being the shipper's representative, had to be

present at the time of seal breaking and inspection.

"Many complaints have been received from shippers and clearing agencies about intrusive inspection of cargo, improper repacking, and even pilferage," said the document.

Earlier, in a meeting held on May 15, 2012, it was decided that if an agent fails to show up, the ANF would be compelled to inspect the container in the presence of a terminal representative.

The ANF informed that being the caretaker / handler of goods and claiming reasonable fees for it, it is the clearing agent's responsibility to supervise repacking of cargo.

The document further states that the ANF is concerned with examination and the terminal authorities are responsible to provide labour only, adding that at a terminal, the clearing agent represents the shipper and owner of consignment.

