

Warehousing sector: FBR refuses to grant reduction in minimum tax

The Federal Board of Revenue (FBR) has refused to grant reduction in minimum tax to warehousing sector. The FBR has issued a clarification to Chairman, Pakistan International Freight Forwarders Association, Karachi for reduction of minimum tax on warehousing sector in line with other service sectors.

According to the FBR, Pakistan International Freight Forwarders Association has sought clarification regarding the scope of activities covered under the services rendered or provided by the freight forwarding agencies in terms of the Clause (94) of Part-IV of the Second Schedule to the Income Tax Ordinance, 2001.

It is stated that as provided in the definition of business and law dictionaries referred in your aforementioned letter, any warehousing services rendered or provided by a freight forwarding agency as a part of the composite freight forwarding services are not liable to be treated separately and shall form a part of the services rendered or provided by freight forwarding agency, the FBR said. On the other hand any warehouse which is exclusively established for standalone warehousing by any person not carrying out any Freight Forwarding activity cannot avail reduction in tax liability as explained, the FBR added.

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