

## Direct deduction by FBR from Sindh government account irks Murad

Expressing serious concerns over the direct deduction of around Rs 6 billion, including Rs 125,163,514 recently by the Federal Board of Revenue from the account of Sindh government, Sindh Chief Minister Syed Murad Ali Shah has ordered an inquiry into the matter. He was presiding over a joint meeting of Excise & Taxation Department and Sindh Revenue Board at CM House Wednesday. The meeting was also attended by Minister Excise Mukesh Kumar Chawla, Secretary Excise & Taxation Haleem Shaikh, DG Excise Shoaib Siddiqui, SRB Chairman Khalid Mahmood, SRB Advisor Mushtaq Kazmi.

"This is unacceptable and must be taken seriously to recover the amount which is only meant for people of Sindh and their development." The Excise & Taxation Department has been keeping abreast with the higher-ups about the latest position/issues of unauthorized deduction by the FBR. The legal team of the department is taking up the matter with the Commissioner Appeals, in the Appellate Tribunal as well as before the Federal Tax Ombudsman.

The Income Tax Department has been creating bogus demands against the department on various pretexts and after creating such demands is making recovery via means of attachment of accounts where the funds are deposited under different heads, by the department. Recently, the Income Tax Department created a demand of Rs 294,537,428 and in pursuance of this demand, they issued a notice u/s 140 of the Income Tax Ordinance, 2001 which is meant for recovery of the amount through the attachment of accounts.

The Commissioner Inland Revenue through a letter dated June 14, 2017 to the Divisional Head Operations, National Bank of Pakistan directed him to pay an amount of Rs 294,537,428 to them. The latter obliged and paid the amount out of the funds which were collected under the head of "Infrastructure Cess", by issuing a pay order dated 14th June, 2017. On this the chief minister directed his excise minister to recover the amount. "This [amount] belongs to the people of Sindh and I would not allow anybody or institution to usurp the funds unconstitutionally," he maintained.

The concerned branch of the National Bank of Pakistan is bound to transfer the funds deposited therein on a day-to-day basis to Account No.1 of Sindh government. However, it has been noted that the concerned branches of the NBP are not acting in the manner so prescribed to deal with the funds.

It was also noted that upon receipt of the notices issued u/s 140 by the Income Tax Department, the concerned branch issued the pay order directly without any intimation to the department. It was also witnessed that even after the issuance of the pay order, no information was provided to the department about the issuance of the funds which shows the prejudicial attitude of the National Bank of Pakistan.

The chief minister was informed that the pay order issued in favor of the Commissioner Inland Revenue for a sum of Rs 294,537,428 was noticed upon reconciliation of account figures by the department during August. A complaint/protest against this unwarranted action on the part of National Bank of Pakistan branch has been lodged with both Governor State Bank of Pakistan and President National Bank of Pakistan requesting them to make good the loss caused to the Sindh Government by their institution otherwise the Sindh Government would be compelled to seek legal remedy.

The meeting was informed that besides, the FBR Karachi has sent more 'demand' notices of more than Rs 3 billion without any concrete evidence as claims against previous years starting from 2012 being differential amount of due and deposits on account of withholding tax. The secretary excise & taxation said that he is going to reply them and has obtained 45-day precautionary stay from Appellate Tribunal Inland Revenue of Pakistan Karachi against the notices. The chief minister said, "looking at the way they have behaved so far, it can be presumed that nothing positive will come out of it."

After unauthorized deductions of more than Rs 6 billion by Karachi FBR from non-food account of Sindh Government maintained with State Bank of Pakistan, the FBR emboldened by earlier easy illegal gain again asked the latter to deduct and pay to them an amount of Rs:125,163,514 from the same account. "This time State Bank of Pakistan clearly stated that recovery of dues/tax from that account without a decree or award by any Court of Tribunal would be in contravention of Article 12 (d) of the Constitution of Pakistan," said Excise Minister Mukesh Chawla.

Chawla suggested that the Sindh government must file a constitutional petition in Sindh High Court against the unconstitutional deductions from the non-food account and recovering of the same from both the FBR and the SBP. "The FBR having had a shut up call from SBP has now resorted to targeting the amounts in transition temporarily deposited in National Bank of Pakistan before their final landing in the non-food account," he said and added that "this move on the part of the federal agency is very alarming."

The secretary excise said that presently, all the seven taxes/fee/cess collected by the Excise, Taxation & Narcotics Control Department are deposited in various branches of NBP. The act of National Bank of Pakistan is both prejudicial and against the interests of the department, he added.

The chief minister directed Finance Secretary Hassan Naqvi to seek authorization from State Bank of Pakistan for Sindh Bank for collection of all the provincial taxes collected by the department instead of NBP. The chief minister directed the excise minister to take action against the National Bank of Pakistan Manager, KPT branch to recover the amount. Chawla said that he would get an FIR registered against the manager and get him arrested. The minister directed secretary excise to get an FIR registered against the branch manager and get him arrested.

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