

PHC bars FBR from sales tax collection in PATA

A bench of Peshawar High Court (PHC) has on Thursday barred the Federal Board of Revenue (FBR) from collecting sales tax in Provincially Administered Tribal Areas (PATA). In this regard, the court during a hearing of the case, issued a notice to the FBR, suspending the authority from collecting sales tax in Provincially Administered Tribal Areas (PATA). A two-judge bench heard the case filed from petitioners in Malakand.

According to details, a two-member bench comprising Peshawar High Court Chief Justice Yahya Afridi and Justice Ayub Khan passed the order while hearing a case filed by a resident of Malakand division seeking the suspension of FBR's tax collection from PATA.

The bench has restricted FBR from collecting sales tax from Provincially Administered Tribal Areas (PATA), namely Malakand, Dir, Shangla, Kohistan, Buner, Batagram and Dara Adam Khel.

The petitioner argued it is illegal for FBR to charge sales tax on products manufactured or produced in steel and ghee mills in PATA. During the hearing, the petitioner argued that the FBR collects 17 per cent sales tax on the products of steel and ghee produced in mills located in PATA, saying that there are no laws regarding tax collection in PATA, therefore the collection is illegal.

Therefore, it is illegal for the authority to collect the tax in PATA, the petitioner further argued. After hearing the arguments of the petitioner, the bench ordered the FBR to stop tax collection in PATA. Hearing the argument, PHC issued a directive to FBR, directing it to stop collection of the sales tax.

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