

FBR takes a big U-turn

ST defaulters' arrest order withdrawn

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ISLAMABAD: The Federal Board of Revenue (FBR) has withdrawn arrest orders of 100 biggest defaulters of sales tax and income tax, issued earlier for recovery of arrears under the enforcement exercise.

The Board on Monday issued new instructions to FBR Members Domestic Operations North/South and Directorates-General of Large Taxpayer Units (LTUs) and Regional Tax Offices (RTOs), suppressing earlier orders.

According to FBR instructions, the field formations should immediately suspend the board's earlier orders pertaining to arrest of the tax defaulters.

The decision would remain suspended till the FBR gives go-ahead signal after getting formal approval from the competent authorities, sources added.

They said that the decision of defaulters' arrest has been temporarily suspended till further orders.

Earlier, the lists of the

chronic tax defaulters were issued to the DGs of LTUs/RTOs for arrest after completion of legal formalities. The FBR had launched action against evaders and defaulters after expiry of return filing deadline of January 25, 2010.

The FBR had provided the permanent business addresses, National Tax Numbers (NTNs), Sales Tax Registration Numbers (STRNs) and other particulars of the tax defaulters to the concerned field formations. The board had permitted the DGs LTUS/RTOs to invoke relevant provisions of the Sales Tax Act and Income Tax Ordinance to immediately arrest these defaulters.

On Monday, the FBR suddenly took a U-turn and suspended the arrest orders till written approval of the competent authority.

When contacted, a senior FBR official said, "We are not going to arrest anyone. It is the policy of the board not to arrest any one during the enforcement exercise.

At the same time, the FBR will ensure that nobody shall be harassed. Therefore, no such action will be taken against the registered taxpayers."

When asked why instructions had been withdrawn, he said that it had never been the policy of the board to arrest defaulters.

Following is the text of the FBR instructions issued to the FBR Members Domestic Operations North/South and DGs LTUs/RTOs: Subject: "Collection out of arrears demand-list of defaulters regarding recovery through arrests.

"Please refer to this office letter of even number January 29, 2010 on the above subject. It is directed that action envisaged in the aforementioned letter may be kept in abeyance till a final go-ahead is formally issued by the FBR.

To reiterate, no arrests shall be made till further instructions are issued. Directive of the Member Enforcement and Accounting added".

Showing dollar purchase receipts made mandatory for travellers

By Salman Siddiqui ^{TN} 42

KARACHI: In order to stop smuggling of dollars from the country with a view to stabilising the rupee, the Federal Investigation Agency (FIA) has made it compulsory for outbound travellers at Karachi airport from Saturday Jan 30 to produce the evidence of buying the dollar from legal channels.

"Passengers travelling for various purposes abroad cannot carry more than ten thousand dollars - the legal limit and for that too they have to show the exchange company's sale receipt for the currency at the Karachi airport or produce evidence of withdrawing the currency from their foreign accounts at banks," told Malik Suba Sadiq, Depute Director-FIA at Jinnah International Airport Karachi.

This decision was taken the other day at a meeting held among representatives of Forex Association and Exchange Com-

panies Association of Pakistan with officials of FIA and Interior Ministry.

So far, no case of carrying unauthorized dollars and beyond the legal limit of \$10,000 was registered at the Jinnah International Airport, Karachi, replied Malik.

Later on, this condition of showing evidences of acquiring foreign currency from legal channels would also be implemented on all the ports and stations leading abroad, it was learnt.

Earlier, on the reports of smuggling of dollars from Pakistan to Afghanistan, the rupee has depreciated against dollar. On Monday dollar was trading at Rs86.10 in open market, while it closed trading at Rs85.07 in inter-bank market, reported State Bank. The trading values, however, were not at their record levels.

Forex Association of Pakistan, President, Malik Bostan

told that the value of rupee in black market was lower than in the open market operated by the licensed exchange companies.

He added that they were suggesting State Bank of Pakistan (SBP) in Tuesday's meeting to keep strong check on banks, as they were reportedly involved in hawala and hundi business of non-banking transfer of funds.

He further told that implementing the condition of producing Computerized National Identity Card (CNIC) and submitting a copy at the time of buying or selling the dollars from exchange companies has resulted in minimizing the dollar trade near to zero in open market.

"This condition may nurture the black market in the country," he feared. Bostan proposed government to enhance its limit of providing \$500 million dollars to exchange companies on monthly basis from \$300 million at present.