

TAXUPDATE *Series*



ABDUS SALAM & CO.
Chartered Accountants

Faisalabad May 11, 2024

Tax Laws (Amendment) Act, 2024

Dated May 03, 2024

REVAMPED TAX APPEAL SYSTEM OF PAKISTAN

Initial Thoughts

We are grateful to take interest in reading Tax update series. The landscape of tax environment is changing constantly and rapidly. The Parliament has passed the Tax (Laws) Amendment Act, 2024 on May 03, 2024 and made significant changes in the tax appeal system of Pakistan. We believe that these significant changes may impact the overall system of appeals. This necessitates to learn the key changes introduced and evaluate its implications on the taxpayers.

This is correct to the best of our knowledge and belief. The document is intended to provide general guide, imparting knowledge and help to understand changes in tax laws. It is useful to the clients, employees and general public but it's not all inclusive and comprehensive enough to make decisions, therefore, take early advice before act upon.

At last, please keep us update about your precious feedback.

Enjoy Reading!

Tax Advisory Desk

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1	Introduction of monetary limit for appeal	<p>The jurisdiction for submission of appeals has been based on monetary limits. The appeals within the following limits will be filed within the Commissioner (Appeals).</p> <table><tr><td>Income Tax</td><td>Rs. 20 Million</td></tr><tr><td>Sales Tax</td><td>Rs. 10 Million</td></tr><tr><td>Federal Excise</td><td>Rs. 5 Million</td></tr></table> <p>The appeals exceeding the afore-mentioned limits will be filed with the Appellate tribunal.</p>	Income Tax	Rs. 20 Million	Sales Tax	Rs. 10 Million	Federal Excise	Rs. 5 Million																														
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2	Elimination of appeal forum	<p>The cases adjudicated either in Commissioner (Appeals) or Appellate tribunal will be applied for test of second appeal in High Court.</p>																																				
3	Appeals fees & timeframe	<p>Appeal fees</p> <table><tr><th>Appeal forum</th><th>Existing (Rs.)</th><th>Revised (Rs.)</th></tr><tr><td>Appellate Tribunal</td><td></td><td></td></tr><tr><td>- Companies</td><td>5,000</td><td>20,000</td></tr><tr><td>- Other cases</td><td>2,500</td><td>5,000</td></tr><tr><td>High Court</td><td></td><td></td></tr><tr><td>- All cases</td><td>100</td><td>50,000</td></tr></table> <p>Timeframe to file appeals</p> <table><tr><th>Appeal forum</th><th>Existing Days</th><th>Revised Days</th></tr><tr><td>Appellate Tribunal</td><td></td><td></td></tr><tr><td>- Companies</td><td>60</td><td>30</td></tr><tr><td>- Other cases</td><td>60</td><td>30</td></tr><tr><td>High Court</td><td></td><td></td></tr><tr><td>- All cases</td><td>90</td><td>30</td></tr></table> <p>Timeframe to decide appeals</p> <p>The appellate tribunal must decide appeals within 90 days, previously it was 180 days. The Appellate tribunal can</p>	Appeal forum	Existing (Rs.)	Revised (Rs.)	Appellate Tribunal			- Companies	5,000	20,000	- Other cases	2,500	5,000	High Court			- All cases	100	50,000	Appeal forum	Existing Days	Revised Days	Appellate Tribunal			- Companies	60	30	- Other cases	60	30	High Court			- All cases	90	30
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		request an extension upto 90 additional days from the Ministry of Law and Justice. The High Courts will decide appeals within 180 days.
4	Alternate Dispute Resolution Committee	<p>The concept of ADRC was introduced in 2004 but since its introduction it was not widely used by the taxpayers. Now, the following changes have been introduced to encourage its use: -</p> <ul style="list-style-type: none"> • The threshold of Rs. 100 Million has been lowered to Rs. 50 Million for eligibility in ADRC. • In case of failure to decide case in ADRC, the appellate forum will decide case within 90 days from the date of order of dissolving committee. • The taxpayer will furnish an attestation that the decision of ADC will be binding on him in all respects. • The Appellate Tribunal will at the initial hearing, present to taxpayer to opt for ADRC.
5	Stay against recovery	<p>The laws regarding grant of stays and period thereof has also been changed as follows: -</p> <ul style="list-style-type: none"> • Appellate tribunal will grant stay for a period of 90-days subject to adherence of hearing schedule, previous it was 180 days. • If the appeal is not decided within the 90-days, the stay will remain in effect till finalization of appeal. • There shall be a secure period of 30-days against recovery of tax after order of commissioner (Appeals) or Appellate Tribunal, after expiration of 30-days the High court may grant stay against recovery of tax due subject to at least payment of 30% of tax determined by appellate tribunal.
6	Delayed refund	The tax laws introduced the novel concept of delayed refund whereby on an application being filed by the commissioner to the High court that he intends to file appeal in Supreme Court, the High Court may make an order to authorize the commissioner to postpone the refund until appeal is decided by the Supreme Court.
7	Directorate General of Law	There shall be established a Directorate General of law. Its functions will be communicated through a notification by FBR.
8	The Appellate Tribunal	The Federal Govt. will issue fresh rules to monitor procedure of the Appellate Tribunal including constitution of benches, cases distribution and allied matters.

Thank you

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