

**PRESIDENT'S SECRETARIAT (PUBLIC)
AIWAN-E-SADR, ISLAMABAD**

Federal Board of Revenue
Versus
M/s Sui Southern Gas Company Limited, Karachi

**REPRESENTATION PREFERRED BY FEDERAL BOARD OF REVENUE AGAINST FINDINGS
/ RECOMMENDATIONS DATED 14.07.2017 PASSED BY THE FTO IN COMPLAINT NO.
79/KHI/ST/2017**

I am directed to refer to your representation No. 1(79)S(TO-II)/2017, dated 16.08.2017 on the above subject and to say that the President has been pleased to pass the following order:

2. This Representation dated 17.08.2017 has been filed by the Agency-FBR against the findings of the FTO dated 14.07.2017 whereby it has been held:

"FBR to-

- (i) The Commissioner-IR, Zone-III, LTU, Karachi to settle the pending refund claims of the Complainant as per law;
- (ii) The Chief (CSTRO) for issuance of refund cheques in respect of refund already sanctioned through RPOs as per law;
- (iii) Appeal effect of the Orders of CIR (Appeals) dated 04.11.2013, 29.09.2016 and 17.10.2016 be allowed as per law; and
- (iv) Report compliance within 45 days".

3. Brief facts of the case are that the complaint has been filed against the Commissioner-IR, LTU, Zone-III, Karachi in terms of Section 10(1) of the FTO Ordinance, 2000 against:

- (i) Delay in processing sales tax refunds amounting to Rs. 2.8 billion for the period from May 2016 to September 2016;
- (ii) Non issuance of cheques in respect of already sanctioned refund through manual RPOs for tax periods October 2007, January 2008, May 2014, February 2015, April 2015 and June 2015 amounting to Rs. 391.142 million;
- (iii) Delay in allowing appeal effect to CIR (Appeals) orders dated 04.11.2013, 29.09.2016 and 17.10.2016.

4. The complaint was referred to the Secretary Revenue Division for comments in terms of Section 10(4) of the Ordinance. In response, the FBR vide letter C.No.1(79)TO-II/2017 dated 28.03.2017 submitted comments of the Commissioner-IR, Zone-III, LTU, Karachi dated 21.03.2017 *inter-alia* contending that delay in processing refund amounting to Rs. 2.8 billion for the periods from May 2016 to September 2016. The Complainant had requested for time till 24.04.2017 to submit the required documents, vide order sheet of the hearing conducted on 18.04.2017. Furthermore, the Additional Commissioner-IR, E&C Range-B, Zone-III, LTU, Karachi has given approval to the request of the Deputy Commissioner-IR based on the proposal of the processing officer to initiate proceedings under Rule 29(4) of the Sales Tax Rules, 2006 to verify the genuineness and admissibility of the refund claims filed by the Complainant. In light of findings of Sindh High Court in its decision of OGRA Vs SSGC dated 25.11.2016. The Complainant has been asked to join the proceedings so that the refunds claimed by it can be disposed of in a timely manner.

5. Non-issuance of cheques by Chief (CSTRO) FBR Chief (CSTRO) in his comments dated 12.04.2017 has requested LTU to process the manual RPOs amounting to Rs. 224.668 million as these were statedly not received by CSTRO. Subsequently, the letter No.2569 dated 14.06.2016 has been sent to Chief (CSTRO) for processing the cheques at his end.

6. Giving appeal effect to orders of CIR Appeals in 3 cases. In relation to the appeal effect of Order in Original No. 09 of 2016 dated 17.10.2016 and Order in Appeal No.03 of 2013 dated 04.11.2013, the Complainant has submitted replies which were being examined. However, since fresh jurisdiction has been given to Zone-III, LTU, Karachi, the Complainant has been called for hearing in the said proceedings through a written letter dated 18.04.2017. Similarly, the Complainant has been called for hearing for giving appeal effect to the third case in Order in Appeal No. 23 of 2016 vide letter dated 18.04.2017. In both cases 24.04.2017 was fixed for hearing. The appeal effect would be disposed of expeditiously as per law.

7. The Complainant, a Public Sector Company listed on stock exchanged and registered with the deptt under the Act is engaged in the manufacturing of gas meters and business of transmission and distribution of natural gas to industrial, commercial and domestic consumers in the areas of Sindh and Baluchistan. The ARs filed rejoinder dated 21.04.2017 reiterating the position on the issues raised in complaint as under:

- a) Delay in processing sales tax refunds amounting to Rs. 2.8 billion for the periods from May to September 2016. Objection Memos (OMs) in respect of 3 out of 5 tax periods have been issued by the

1112464.

23 NOV 2017

M(K)

J.P.
23/11

