

**GOVERNMENT OF PAKISTAN
REVENUE DIVISION
FEDERAL BOARD OF REVENUE**

C.No.1(7)S.S(ITP)/2020-223234-R

Islamabad, the 3rd December, 2020

To: The Secretary General,
The Lahore Chamber of Commerce & Industry,
11-Shara-e-Aiwan-e-Sanat-o-Tijrarat,
Lahore.

SUBJECT:-TECHNICAL ISSUE IN FILING OF TAX RETURN 2020

Please refer to your letter No.TU-R&D/LCCI/20200108 dated 20th October, 2020 on the above subject wherein you have requested for clarification regarding the treatment of closing stock at the time of change of taxation regime from final to minimum tax.

2. You have stated that in case of importers, the tax collected at import stage during tax year, 2019 had become final tax at the time of collection, therefore, the turnover or income arising from the disposal of such closing stock should not be included in taxable income for Tax Year, 2020 as this would result in double taxation.

3. The matter has been examined. The turnover resulting from disposal of closing stock already declared under FTR in previous tax year should not make part of next year's turnover as it would be tantamount to double taxation. Therefore, such turnover should not be declared in the column of "subject to NTR" for tax year 2020.

4. In order to avoid misuse/mis-declaration, field formations, are required to conduct desk audit/audit of all such cases for tax year, 2020 and cross match turnover with relevant Sales Tax declarations.


(Naila Ashraf Khan)
Second Secretary (Income Tax Policy)

Copy to:-

1. Chief IR-Operation (Revenue) with respect to disseminate to field formations.