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## PAKISTAN CLOTH MERCHANTS' ASSOCIATION

4<sup>TH</sup> FLOOR, HASAN ALI CENTRE, HUSSAINI MARKET,  
NEAR MERE WEATHER TOWER, M.A. JINNAH ROAD, KARACHI

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**Dated : January 24, 2015**

All Members  
Pakistan Cloth Merchants' Association  
Karachi

### **MOST URGENT CIRCULAR**

### **SUB: AUDIT NOTICE TO TAXPAYERS WITHIN FTR**

Dear Sir,

We received letter No,SyG/KCCI/FBR/2014-15/11006 dated 16<sup>th</sup> January 2015 from Karachi Chamber of Commerce & Industry (KCCI), which is self explanatory and reproduced below for your information and ready reference.

QUOTE:



## Karachi Chamber of Commerce & Industry (KCCI)

کراچی چیمبر آف کامرس اینڈ انڈسٹری

SyG/KCCI/FBR/2014-15/11006  
January 16, 2015

**SUB: AUDIT NOTICE TO TAXPAYERS WITHIN FTR**

Dear Sir,

Please find enclosed herewith a copy of letter No. C.NO.2(51) S (TPA)Misc/2014 dated December 08, 2014 received from Mr. Khalid Sultan, Second Secretary (TPA) FEDERAL BOARD OF REVENUE (FBR), Government of Pakistan in reply of KCCI's letter No.I-8/2014-15/7529 dated November 15, 2014 on the above mentioned subject. (Copies enclosed)

KCCI is pleased to inform to its member firms while quoting FBR's letters "**TAXPAYERS IN FIXED TAX REGIME (FTR) ARE EXEMPTED FROM INCOME TAX AUDIT**"

Therefore, you are requested to please disseminate this information among your member firms for avoiding undue practice regarding Income Tax Audit.

Sincerely,

(S. M. H. RIZVI)  
SECRETARY GENERAL

GOVERNMENT OF PAKISTAN  
REVENUE DIVISION  
FEDERAL BOARD OF REVENUE

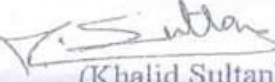
C.NO:2(51) S (TPA)Misc/2014

Islamabad the 8<sup>th</sup> December,2014

✓ Mr.Iftikhar A.Vohra  
President  
Karachi Chamber of Commerce & Industry (KCCI)  
Shahrah-e-Liaqat,  
Karachi.

Subject: AUDIT NOTICES TO TAXPAYERS WITHIN FTR.

I am directed to refer to your letter No.I-8/2014-15/7529 dated 15<sup>th</sup> November 2014 on the subject regarding exemption of FTR cases from audit under Audit Policy 2014 and to say that such exclusion/exemption from audit to FTR cases is available to the extent of income tax only. The audit policy does not provide for any exclusion from sales tax audit to cases falling in FTR under Income Tax Ordinance, 2001.

  
(Khalid Sultan)  
Second Secretary (TPA)  
Fax#051-9219211



## KARACHI CHAMBER OF COMMERCE & INDUSTRY

کراچی چیمبر آف کامرس اینڈ انڈسٹری

**Iftikhar A. Vohra**  
President

Ref. No. I-8/2014-15/ 7529  
15<sup>th</sup> November, 2014

Mr. Mohammad Ishaq Dar  
Federal Minister for Finance, Revenue,  
Economic Affairs, Statistics & Privatization  
Government of Pakistan  
ISLAMABAD.

Dear Sir

Subject : AUDIT NOTICES TO TAX PAYERS WITHIN FTR

I wish to express our profound gratitude for sparing your valuable time to have a meeting with the delegation of KCCI despite your busy schedule.

As discussed during the meeting, the FBR has issued directives to the RTO's and LTU's to conduct audit of 77500 tax returns on the basis of computer balloting. As per the parameters set by FBR, the registered persons with the Fixed Tax Regime (FTR) were to be exempt from such audit since they are paying 5.5% WHT and 17% GST + 3% value addition as full and final discharge of tax liability.

Unfortunately despite very clear policy, the RTO's in Karachi have issued Audit notices to a large number of tax payers who fall within the scope of FTR. In this regard we refer to the attached letter C.No. 2 (51) S (TPA) Misc/2014/1410016-R Dated 15<sup>th</sup> October'2014 issued by Mr. M. Faisal Mushtaq Dar, Secretary (Taxpayers' Audit) in reply to this chamber's letter dated 9<sup>th</sup> October'2014 on the above subject, clearly stating in point no. (iii) that the taxpayers within FTR will be exempt from such audit.

Sir, It is indeed a fruitless exercise to conduct audit of taxpayers in the FTR. The amount paid by such taxpayers

UNQUOTE:

Best Regards,

ARIF ISMAIL  
Secretary General

[\*] \_\_\_\_\_  
[\*] This is electronic email and does not require any signature.