



4th November, 2013

Mr. Tariq Bajwa,
Chairman,
Federal Board of Revenue,
Government of Pakistan,
Islamabad.

Sub: FTO File No 08/2013-SR ADV

Revoke of Exemption granted to of Mahvash & Jahangir Siddiqui Foundation and recovery
of FBR Revenue (from 2005-2008) on Rs. 2,005 (plus on revenue from 2008-
2013), which may be over Rs 1 Billion.

REMINDER-1

Dear Sir,

Transparency International Pakistan refers to its letter dated 24th October 2013, requesting FBR about the information on the actions taken by FBR on Chief Commissioner RTO Karachi decision to revoke the Exemption granted to M/s MJSL. sent to the Member Legal FBR on 23-8-2013.

However as you have not responded, it seems that FBR has not yet acted upon, and has not revoked the exemption, and has also failed to recover over billion of rupee tax from Mahvash & Jahangir Siddiqui Foundation, though 3 months have passed.

The Chairman is reminded that due to its failure to recover the due taxes, government is borrowing from SBP over Rs 5 billion per day.

The commissioner has categorically determined that the Mahvash & Jahangir Siddiqui Foundation has made huge investment in the stocks market including/buying selling of shares of its donors / related parties and has been declaring gain/loss thereon besides earning dividend income. The Commissioner has also reported that the Foundation has also adjusted / reduced substantial amounts as impairment in value of investment from its revenue.

The Commissioner Zone III RTO on 19-8-2013 has proposed that the exemptions granted to the Foundation may be revoked and remedial measures as per law taken for retrieval of revenue.

The Chief Commissioner IR Regional Tax office Karachi, took prompt action, and on 23-8-2013 sent her letter to Member legal for taking action for revoking of the exemption and recovery of the taxes.

Transparency International Pakistan would like to remind the Chairman that the delays caused by FBR in recovery as per tax rules over Rs 1 Billion tax, which is a loss to exchequer, and every months exchequer is losing bank interest on this tax, viz. 12 % (at National Saving Certificate), which comes to Rs 10,000,000 every month. Who will pay this loss to the exchequer?.

This may please be noted that officers responsible for not revoking the exemption and not recovering the government revenue are helping Mahvash & Jahangir Siddiqui Foundation.



And by doing such act of helping MJSK, FBR officers may be guilty of Corruption and Corrupt practice in accordance with National Accountability Ordinance 1999, Article 9, (vi) 2[if he misuses his authority so as to gain any benefit or favour for himself or any other person, or 3[renders or attempts to render] 4[or willfully fails to exercise his authority to prevent the grant, or rendition of any undue benefit or favour which he could have prevented by exercising his authority]

TI Pakistan again requests the Chairman for holding an inquiry into the reasons why no action was taken by FBR to revoke the exemption granted to the Mahvash & Jahangir Siddiqui Foundation, and also for non recovery of the over Rs 1 billion revenue, and to fix the responsibility for the alleged monthly loss being incurred to exchequer of over Rs 10 million as profit on the lost revenue.

Transparency International Pakistan is striving for across the board application of Rule of Law, which is the only way to stop corruption.

With Regards,


Syed Adil Gilani
Adviser TI Pakistan &
Chairman Whistleblower, Pakistan

Copies forwarded for the information of:

1. Secretary to Prime Minister, Islamabad.
2. Senator Ishaq Dar, Minister of Finance, with request to take immediate action,
3. Chairman, NAB, Islamabad, this may be a reference under NAO 1999, Article 9 (vi),
4. Federal Tax Ombudsman, Islamabad,
5. Registrar, Supreme Court of Pakistan, Islamabad.