



# TRANSPARENCY INTERNATIONAL-PAKISTAN

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**Advisory Committee**

14<sup>th</sup> October, 2011

**Mr. Salman Siddique,**  
Chairman,  
Federal Board of revenue,  
Islamabad.

Sub: Allegation of Corruption of Rs 112 Million of M/s Ssang Yong Usmani (J.V.) in Contract of KPT alleged illegal refund of GST and SED-REMINDER

Dear Sir,

Transparency International Pakistan sent a complaint on 16<sup>th</sup> September 2011 on the massive tax evasion of Rs 112 million by , M/s Sangyong + Usmani Joint Venture on a KPT Project "Reconstruction of Berths 10-14.

Since last one month FBR has not informed whether the complaint is true or not, as in case the complaint is true , following actions are needed to be taken by KPT;

1. Impose 10 times fine on Rs 112 Million, i.e. Rs 1.12 Billion on Contractors.
2. Terminate the Contract;
3. Recover from the Contractor any loss or damage to the Employer as a result of such termination or of any other corrupt business practices of the Contractor or any of his Subcontractors, agents or servants.
4. Proceed action on blacklisting the Contractors under PP Rule No 19.
5. Report to NAB for criminal action against Contractors under NAO 1999 Section 9.

News report published today about similar tax evasion is quoted below;

*The Federal Board of Revenue has recovered an amount of Rs 195.39 million from claimants of illegal sales tax input adjustments and arrested 15 suppliers for obtaining such kind of fraudulent sales tax refunds*

Transparency International Pakistan is striving for the Rule of Law in Pakistan, and request FBR for urgent action please.

Regards,

  
**Syed Adil Gilani**  
Adviser

Copies forwarded for the information with the request for action under the prevailing Rules and regulations invoke in their respective domain,

1. Chairman Public Accounts Committee, National Assembly, Islamabad ,
2. The Federal Tax Ombudsman, Islamabad,
3. The Registrar, Supreme Court of Pakistan, Islamabad
4. Auditor General Pakistan, Islamabad
5. Chairperson KPT, Karachi
6. Chairman, NAB , Islamabad.
7. Managing Director PPRA, Islamabad.

## Illegal ST input adjustments: Rs 195.39 million recovered from claimants; 15 held

OCTOBER 14, 2011

RECORDER REPORT

0 COMMENTS



The Federal Board of Revenue has recovered an amount of Rs 195.39 million from claimants of illegal sales tax input adjustments and arrested 15 suppliers for obtaining such kind of fraudulent sales tax refunds. Sources told *Business Recorder* here on Thursday that the Director General Intelligence and Investigation Inland Revenue has informed the last Board-in-Council meeting about the latest progress on recoveries of illegal sales tax input adjustments. Shahid Hussain Asad Director General (I&I), FBR apprised the Board that an amount of Rs 195.39 million has been recovered in the cases being processed by his Directorate General on account of illegal sales tax input adjustment. He also said that out of a total of 84 writ petitions in the High Courts all over the country, 17 have been decided in favour of the department. Director General (I&I) also informed the council that 15 suppliers have been arrested for committing crime on recoveries of illegal sales tax input adjustments. The board-in-council made a detailed discussion and it was decided that to curtail this practice, the issue is to be deliberated upon in the next Chief Commissioners' Conference, which is going to be held on October 19, 2011, wherein a policy is to be evolved to plug the existing loopholes in the sales tax regime.

It has been decided that the FBR Member Enforcement and Accounting (E&A) shall made a presentation in the next meeting of the Board-in- Council on the illegal sales tax adjustment so that this leakage of revenue be stopped. Board-in-Council also decided that the High Courts may be requested for clubbing the remaining 67 writ petitions on the basis similar grounds so that these are expeditiously pursued. Secondly, the recovery of demands created by DG (I&I) FBR, DG (I&I) IR or Member (Taxpayers Audit) shall be pursued by them respectively. The report sent by the existing Member (Admn.) in the capacity of Chief Commissioner RTO Karachi on illegal sales tax adjustments is to be analysed by Member(IR), Member (Admn), Member (Taxpayers Audit) and DG(SP&R) for helping in laying down policy on the inadmissible sales tax adjustments.