



Muhammad Abid <m.abid.tax.excellence@gmail.com>

EIQC373= Govt Claimed URAAN will Transform 3\$ Trillion Economy by 2047 & KCV

1 message

Asif Siddiq Kasbati <asif.s.kasbati@professional-excellence.com>

Mon, Jan 20, 2025 at 3:28 PM

To: amsal@kasbati.co

Bcc: kc-staff123@googlegroups.com

Economy & Inflation Quick Commentary - EIQC 373

A. Background

1. This refers to QCs **in trail, blue, italic and after double line** (a) TLQC 2994 of 8.1.25 about Oppressed Salaried Class Rs 72+ Billion tax; Overall shortfall Rs 341 Billion (b) TLQC 2992 of 7.1.25 about Salaried Class facing Survival issues & Home Budget Deficit (c) EIQC 351 of 2.10.24 about Electric vehicles production started with SIFC support
2. We also refer to Other QCs including (a) EIQC 346 of 28.9.24 about Exports recorded ample increase due to SIFC's efforts (b) BFIC 256 of 10.2.24 about SIFC fast-track single-window for FDI & KCV (c) EIQC 262 of 1.11.23 about SIFC reviews Projects in Various Sectors

B. Updated Commentary

Further to KQU 3188, **being an important matter**, we would inform you about [Uraan Pakistan Plan to transform Pakistan into \\$ 3 Trillion economy by 2047 \(Attachment 373.1\)](#) with emphasis ours in **bold & Underline** for quick reading.

2. The country is heading towards economic development due to the support of SIFC and government efforts.
3. An economic transformation plan Uraan Pakistan has been launched with the commitment to make Pakistan a three trillion-dollar economy by 2047.
4. The plan aims to implement economic development initiatives with the firm commitment of all provinces, ministries, and sectors.
5. Under Uraan Pakistan, the CPEC project is considered the cornerstone of Pakistan's development.
6. **The focus will be on exports, e-Pakistan, climate change, energy and infrastructure and equality under the '5 E' framework.**
7. **Efforts will be made to position Pakistan as a global techno-economic hub through the development of freelancing and AI.**

C. Kasbati & Co Professional & View

Due to internet issues; brain drain of salaried class due to heavy taxes; several industries operation pclosure due to High Gas, electricity & Taxes, etc it seems to be difficult to achieve the above Objectives, unless these issues are resolved on a priority basis in a short span of time.

D. Further Details & Services

Should you require any clarification or explanations in respect of the above or otherwise, please feel free to email Mr Amsal at amsal@kasbati.co with CC to info.kasbati@professional-excellence.com.

Best regards for Here & Hereafter

Asif S Kasbati (FCA, FCMA & LLB)

Managing Partner

Kasbati & Co (1400+ Tax, Levies, Companies, Economy, Inflation, HR, Banking, Finance, etc)

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PTCL: 92-21-34329108 **Mobile:** 0334 322 3161 **Website:** kasbati.co **Facebook:** <https://www.facebook.com/taxexcellence/>

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From: **Asif Siddiq Kasbati** <asif.s.kasbati@professional-excellence.com>

Date: Wed, Jan 8, 2025 at 5:02 PM

Subject: TLQC2994= Oppressed Salaried Class Rs 72+ Billion tax; Overall shortfall Rs 341 Billion

A. BACKGROUND (BG)

1. This refers to the Important related TLQCs **in trail, blue, italic and double line (a) 2992 of 7.1.25 about Salaried Class facing Survival issue and in Home Budget Difficult (b) 2877 of 17.8.24 about IMF really wanted Higher Tax on Salaried class OR its a Misstatement.**

2. We also refer to TLQC including (a) 2872 of 10.8.24 about High Burden being faced by Pakistan Salaried Class as per BBC (b) 2832 of 11.7.24 about 470% Increase in Pakistan Tax from Salaried Class Tax in 6 years (c) 2608 of 17.1.24 about Salaried Class pay more taxes, well projected for reduction.

B. UPDATED COMMENTARY – EXECUTIVE SUMMARY

Based on the following Details, we summarise that Salaried Class about Salary Class is Tabulated below: 1.7.24 to 30.11.24 VS 1.7.24 from to 30.11.23 Private Employees Govt Employees 1.7.23.to 30.11.24 Increase in Rs in billion 72. Increase in percentage Rs 57% in billion. While, Overall shortfall Rs 341 Billion, which is surprising and shows that Salaried class is oppressed, as being simple and cannot block roads / thread like Traders & Petroleum Dealers, etc.

C. DETAILS

Further to the above BG & KQU 3147, **being an important matter**, we would inform you about Mr Shahbaz Rana Article of 15.12.24 Salaried class pays nearly Rs200b in taxes (**Attachment 2994.1**) in the ensuing paragraph, with emphasis our in **bold & Underline** for quick reading.

2. Income Tax payments by the salaried class in just five months of the current FY reached around Rs200 billion, up Rs72 billion, but the FBR remained unable to use the transactions' information to demand tax from the people not paying their due share.

3. *As compared to the massive increase in tax burden on the salaried class, the revenue being generated through the audit of taxpayers or using the available information fell 16% to Rs 26 billion during the July-November period of FY 2024-25. Audit is a cumbersome process compared to the easy money being generated by collecting taxes from the salaried class or through electricity bills, mobile phone connections and debit and credit cards.*
4. *The FBR has missed its five-month tax receipt target by Rs341 billion and the shortfall is expected to widen substantially by the end of December. The salaried people paid Rs198 billion from July to November, which was Rs 72 billion, or 57%, higher than the same period of last year, according to data compiled by the tax authorities.*
5. *Government increased the tax burden on salaried individuals in June this year, instead of cutting expenditures or expanding the tax base to include the untaxed sectors.*
6. *The taxes collected through audit have dropped by Rs5 billion, or 16%, according to the FBR's figures. As compared to the Rs31 billion collected in the first five months of last FY, the FBR received less than Rs26 billion in the current year, said the sources.*
7. *A senior FBR official said that one of the reasons for the low collection was that it was not easier to freeze bank accounts and recover the disputed tax due to court judgements.*
8. *When the tax collection via audit dipped 16%, the citizens, while fearing that the FBR may abolish the non-filer category, filed income tax returns before the extended deadline. They deposited Rs145 billion along with 5.6 million tax returns during the current FY. The amount was Rs 48 billion, or nearly 50%, more than the last year when the taxpayers submitted 3.4 million returns.*
9. *But the government has not yet been able to amend the ITO to abolish the non-filer category. Out of the Rs 198 billion, the income tax of Rs53 billion was paid by all federal and provincial government employees, who got a 20-25% pay increase in the budget.*
10. *The remaining Rs 145 billion was paid by private sector employees, who often do not get any annual increase in salaries. Details showed that the non-corporate salaried class paid Rs86 billion in income tax in July-November FY25, up Rs25.4 billion, or 42%. Corporate sector employees paid Rs59 billion, higher by Rs21 billion, or 56%.*
11. *Employees of the four provincial governments paid Rs33 billion in income tax, up Rs17 billion, or 109%. Federal government employees paid Rs20 billion, which was Rs8 billion, or 71%, more than last year.*
12. *The FBR collected less than Rs13 billion on the supply of goods to traders. The tax contribution from the salaried people was 1,423% higher than the combined taxes received from goods supply to traders.*
13. *In order to improve the FBR's audit capacity, the new administration is hiring 1,620 auditors from the private sector. FBR chairman has told a cabinet committee that it is severely understaffed, with only 355 auditors on the domestic taxes side, which has restricted its day-to-day audit activities. There is a shortage of 1,559 auditors on the domestic taxes side and 60 auditors on the Customs side for post-clearance audit.*
14. *However, it is said that collection through tax demand is a long process, which usually reflects in quarterly and half-year numbers.*
15. *The FBR has also used audit as a tool to get taxes in advance to meet its monthly targets. It often goes to the extent of freezing bank accounts of companies. During the July-November period, the FBR got Rs483 billion in advance income tax, mostly on account of legally required tax payments. The amount was 20% higher than the previous FY. In September 2022, Pakistan LNG Limited sought protection of the IHC against "the unconstitutional, unlawful and mala fide actions of the FBR".*

16. *The FBR in breach of Section 137 of the ITO, 2001 proceeded against the firm and "unlawfully depleted the capital reserves held at Habib Metropolitan Bank and NBP located in Islamabad".*

17. *The appellate order passed by the FBR's commissioner appeals was uploaded on the revenue board's web portal at 3:28pm on 3.3.22 and its officer issued a Section 140 notice to the banks at 4pm on the same day.*

18. *The company's accounts were attached and the amount was recovered instantly under the threat of penal action against the banks in case they demurred, showed the court orders. Justice Babar Sattar wrote "the court would like to observe that the pernicious practice of forcing tax officials to use state power to meet fixed fund-raising targets must end. The state is responsible to uphold constitutional guarantees made to the citizens and not act as a blunt tool undermining the same".*

C. Further Details & Services

*Should you require any clarification or explanations in respect of the above or otherwise, or require Income Tax, Federal & Provincial Sales Tax or Withholding Tax Advisory, Statement or **Return Filing or Review services**, or related accounting matters like the above, please feel free to email Mr Amsal at amsal@kasbati.co with CC to info.kasbati@professional-excellence.com. **Your Good self may continue to get other services from your current Tax & Legal Advisors.***

*Best regards for Here & Hereafter
Asif S Kasbati (FCA, FCMA & LLB)*

*From: **Asif Siddiq Kasbati** <asif.s.kasbati@professional-excellence.com>
Date: Tue, Jan 7, 2025 at 6:36 PM
Subject: TLQC2992= Salaried Class facing Survival issues & Home Budget Deficit*

A. Background (BGs)

1. *This refers to the Important related TLQCs **in trail, blue, italic and double line** 2977 of 17.8.24 about IMF really wanted Higher Tax on Salaried class OR its a Misstatement*

2. *We also refer to TLQC/QC including (a) 2872 of 10.8.24 about High Burden being faced by Pakistan Salaried Class as per BBC (b) 2832 of 11.7.24 about 470% Increase in Pakistan Tax from Salaried Class Tax in 6 years*

B. Updated Commentary

*Further to the above BGs & KQU 3147 dated 16.12.24, **being an important matter**, we would inform you about Total tax collection from salaried class by 30.6.25 (**Attachment 2992.1**) as per Mr Amer Sharif partly modified by the undersigned to make it more clear.*

2. *Total tax collection from salaried class by 30.6.25, is expected to exceed 550B, compared to 368B in 2023-24. This is why Home budgets of salaried have been destroyed. They have savings & are running deficits. Even individuals with decent salaries are struggling to survive.*

3. *After Budget 2024-25, Taxes and Expenses of a person earning Salary of 500k per month are Tabled below; **while details as to Sr 3, 4 and 12 are given in para 4 while General Note in para 5:***

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4. *Details as to Sr Numbers 3, 4 and 12 in Table in para 3 are given below:*



5. *General Note*



C. *Further Details & Services*

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*Best regards for Here & Hereafter
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*From: **Asif Siddiq Kasbati** <asif.s.kasbati@professional-excellence.com>
Date: Wed, Oct 2, 2024 at 11:45 AM
Subject: EIQC351= Electric vehicles production started with SIFC support*

A. *Background*

This refers to following QCs (in trail, blue, italic and after double line):

- (a) EIQC 346 of 28.9.24 about Exports recorded ample increase due to SIFC's efforts*
- (b) EIQC 175 of 2.7.24 about Economic revival in country made by SIFC*
- (c) BFIC 256 of 10.2.24 about SIFC fast-track single-window for FDI & KCV*
- (d) EIQC 262 of 1.11.23 about SIFC reviews Projects in Various Sectors*

B. *Updated Commentary*

*Further to KQU 3010 dated 21.9.24, **being an important matter**, we would inform you about Dewan Farooque Motors starts production of electric vehicles (**Attachment 351.1**) with emphasis ours in **bold** for quick reading*

*2. Dewan Farooque Motors Limited (**DFML**), with the support of SIFC has started production of electric vehicles in its assembly plant.*

3. In June 2024, it signed a Tool Manufacturing agreement with Eco-Green Motors Limited to manufacture the Henry-EV electric vehicle.

4. As a result of this development, recently the share price of DFML rose by 1.8 percent to 52.3 rupees, which is commendable. DFML was incorporated in Pakistan in 1998 as a public limited company engaged in assembling, manufacturing and sales of vehicles.

5. SIFC's efforts to transition to electric vehicles will contribute positively to Pakistan's economic stability, environmental sustainability, and technological progress.

C. *Further Details & Services*

Should you require any clarification or explanations in respect of the above or otherwise, please feel free to email Mr Amsal at amsal@786tax.com with CC to info.kasbati@professional-excellence.com.

*Best regards for Here & Hereafter
Asif S Kasbati (FCA, FCMA & LLB)*

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