

FED exemption to AMCs: NAB seeks information from LTU Karachi

SOHAIL SARFRAZ ISLAMABAD (January 06, 2013) : National Accountability Bureau (NAB) has asked the Large Taxpayer Unit (LTU) Karachi to provide information about the exemption of Federal Excise Duty (FED) given to the Asset Management Companies (AMCs). Sources told *Business Recorder* on Saturday that the Financial Crime Investigation Wing of the NAB (Sindh) Karachi has informed the LTU Karachi about the inquiry initiated under section 18 (c) of the National Accountability Ordinance, 1999 regarding FED exemption to AMCs by the FBR. Legally, Finance Act 2012 has already granted retrospective exemption of the FED on the services provided by AMCs from July 1, 2007. According to the LTU Karachi, the issue is mainly related to the non-payment of FED by AMCs on the services as per section 3 read with table-II serial number 8 of the First Schedule of the Federal Excise Act 2005. The tax period pertaining to non-payment of duty is from July 2007 to June 2010. In nine cases, Commissioner Inland Revenue upheld the levy of FED by the tax department. However, the Appellate Tribunal Inland Revenue decided the matter against the department and set aside the issue. Only in one case, demand was raised and AMC was directed to pay the due tax. In another case, Order-in-Original was passed by Assistant Commissioner whereas appeal of taxpayer has been accepted in some other case. The present status of the case is that due to the amendment made through Finance Act 2012 in the Federal Excise Act 2005 in Third Schedule of the Table-II at the serial number 8, services provided by AMCs have been exempted with effect from July 1, 2007. When asked, a financial expert said no inquiry could be held in this matter as the Parliament (which is supreme) has itself withdrawn FED on AMCs with retrospective effect. This withdrawal is well in the domain of the Parliament, hence, cannot be challenged. In budget (2012-13), retrospective exemption of federal excise duty on services rendered by Asset Management Companies was enforced through an amendment in Table-II of Third Schedule to the Federal Excise Act, 2005, effective from July 1, 2012. [C](#)

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