

GOVERNMENT OF PAKISTAN
CENTRAL BOARD OF REVENUE

CIRCULARS
(INCOME TAX)

C. No. 7(7)DT-14/92.

Islamabad, the 1st July, 1992.

CIRCULAR NO. 16 OF 1992 (INCOME TAX)

**SUBJECT SELF ASSESSMENT SCHEME OF INCOME TAX FOR
THEASSESSMENT YEAR 1992-93.**

In accordance with the provisions of Section 59 of the Income-tax Ordinance, 1979, details of Self Assessment Scheme for the assessment year 1992-93 are specified as under:-

SCOPE OF THE SCHEME

- (i) All returns of total income filed under Section 55 of the Income-tax Ordinance, 1979 for the assessment year 1992-93 by individuals, unregistered firms, registered firms, associations of persons, and Hindu undivided families shall qualify for acceptance under the Self Assessment Scheme except the following:-
- (a) Returns which are not filed voluntarily by the due dates, including the extended dates.
 - (b) Returns in cases where income declared is Rs. 2 lac or more.
 - (c) Returns in cases where income declared is less than the maximum amount which is not chargeable to tax.
 - (d) Returns in cases where the income last assessed or income last declared was Rs. 2 lac or more.
 - (e) Returns in cases where income declared is less than the income last assessed or the income last declared.

Explanation:-

(i) Where the tax payer fails to add back legally inadmissible expenses appearing in the statement of account or declare deemed income or agricultural income under various provisions of the Income-tax Ordinance, 1979, and after making such add backs or additions, to the declared income, the income so calculated is Rs. 2 lac or more, the return shall not qualify under this scheme.

(ii) Where the total income of a tax payer includes income which is subject to presumptive tax, such income and in case of deemed income under Section 80C and 80CC, imputable income, worked out in accordance with the said sections shall be taken into account for all

purposes of the Self Assessment Scheme, including comparison of the income last declared/assessed:-

Provided that for purposes of sub-para (b) of this paragraph such income shall not be included.

- (f) Returns where tax payable with the return under Section 54 of the Income-tax Ordinance, 1979 is not fully paid.
- (g) Returns where refund of tax exceeds Rs. 30,000.
- (h) Returns set apart for audit.
- (i) Returns in cases where evidence of concealment is available.
- (j) Returns of tax payers in whose cases a legal issue is pending in an appeal/reference in respect of a previous assessment and the same issue exists for the assessment year 1992-93 unless the appeal/reference is withdrawn by the tax payer or the department, as the case may be.
- (k) Returns where requirements as specified in paragraph 2 are not fulfilled and the tax payer fails to provide such statements, accounts, details and documents within one month of the date of service of a letter in this regard from the Income-tax Officer.
- (l) returns furnished by the persons carrying on business or profession in the Shopping Centres/Commercial Markets as notified by the CBR for the purpose of Fixed Tax Scheme in pursuance of Section 59C(1)(b) of Income-tax Ordinance, 1979.

REQUIREMENTS OF THE RETURN

2. The following statements, accounts, details and documents shall be required to be filed alongwith the return of income:-

I. Sources of Income:-

(A) Salary

Salary certificate showing salary, allowances prerequisites or any other receipts and the amount of tax deducted at source.

(B) Interest on Securities Evidence for payment of interest on moneys borrowed for investment in securities and of the commission paid for realising interest.

(C) Income from House Property.

- (i) Evidence of deductions claimed.
 - (ii) Details of the investment made in property and description of the source of investment, in cases where property income is declared for the first time.
 - (iii) Statement indicating the un-adjustable advance rentor pagree, if any.
- (D) Income from Business or Profession.
- (i) Where the accounts are maintained, Trading/manufacturing Account, profit and Loss Account and Balance Sheet, Receipt and Expenditure Statement, wherever applicable; copies of personal accounts of the proprietor, partners or members.
 - (ii) Where no accounts are maintained, Trading and Profit and Loss Account on estimate basis, or Receipt and Expenditure Statement, where Trading Account cannot be prepared.
 - (iii) Depreciation chart.
- (E) Income from other sources.
- Depreciation of nature and source of income as well as details of expenses claimed.
- II. New Tax payers.
- (a) In case of an individual his wealth statement as on 30th June, 1992.
 - (b) In case of an AOP, URF, HUF, and RF the wealth statement of members/partners, as at the close of the income year.
- III. Evidence of payment of Wealth Tax, Zakat and the tax under Income-tax Ordinance, 1979.
- IV. Evidence of claim for investment allowance, if any.
- V. Where an individual is required under the law to file a wealth statement, such statement shall be filed accordingly.

- VI. Where any sub-contracting is claimed in an return names and addresses, details of payments and nature of sub-contract should be given with the return.

NOTES:-

- (i) Legible photo copies of NITs, DSCs, insurance premium receipts etc. shall be considered sufficient evidence of investment.
- (ii) Treasury/State Bank Challans and Certificates under Section 51 read with the Rules 60 to 68 shall be considered sufficient evidence for the payment of tax.

PROCESSING OF CASES UNDER THE SELF ASSESSMENT SCHEME.

3. The processing of cases under the scheme shall be done as under:-
- (a) At the time of filing of return, the tax payer shall be given an acknowledgement receipt.
 - (b) (i) Once the returns have been received, these shall be subjected

to a preliminary examination to see as to whether the requirements of the return as prescribed in paragraph 2, have been fulfilled. In case the required documents etc. have not been filed along with the return, such documents will be requisitioned by the ITO through a notice, without asking for the attendance of the tax payer.

- (ii) Where the tax payer fails to add back legally inadmissible expenses appearing in the statement of account or deemed income or agricultural income under various provisions of the Income-tax Ordinance, 1979, the ITO shall be authorised to make such add backs or additions, as the case may be, while completing assessment under Section 59(1) of the Income-tax Ordinance, 1979.

SELECTION OF CASES FOR AUDIT.

4. From amongst those qualifying for the Self Assessment Scheme, returns may be selected for audit.
 - (i) through computer ballot upto five per cent of the returns received. However, from amongst the returns in which income declared for the assessment year 1992-93 is higher by 25% or more as compared with the last assessed income or the income assessed for the assessment year 1987-88, whichever is the higher, the selection shall be restricted upto a maximum of three per cent. These percentages may vary within a trade or income group or from Circle to Circle, and
 - (ii) With the approval of Regional Commissioner of Income-tax, where gross under statement of income is suspected on the basis of definite information based on material evidence.

Note:- A case once selected through computer ballot will not be earmarked for such ballot in the next two years.

PROCESSING OF CASES SET APART FOR AUDIT.

5. All such cases shall be assessed under Section 62 or 63 of the Income-tax Ordinance, 1979, as the case may be. Information obtained from the survey organisation and other sources shall be utilized for correct ascertainment of income.

MISCELLANEOUS.

6. For the purposes of the Self Assessment Scheme for the assessment year 1992-93:-
 - (a) New Taxpayer' means person who has never filed a return in the past and no assessment has ever been made in his case.

Explanation: Where a partner of a firm or a member of an AOP and an individual who has not been assessed before, takes over the business of an existing firm or AOP, he shall not qualify as new assessee.

- (b) Income last assessed" means the total income assessed for the latest assessment year, prior to the assessment year 1992-93 as it stands before the last date for filing of return of total income for the assessment year 1992-93 after adjustment of loss due to unabsorbed depreciation or otherwise carried forward from the earlier assessment year, as modified in appeals/revision/rectifications, etc. And where decision of appeal etc. is communicated to the assessee after the last date for filing of

return ``Income last assessed" shall mean as it stood before decision of appeal etc.

- (c) Following items shall be included in the total income:-
 - (i) Agricultural income or any sum deemed to be income under the provisions of the Income-tax Ordinance, 1979.
 - (ii) The share of profit from an AOP, URF, and RF.
 - (iii) Any expenditure, deduction or allowance, which is not admissible under the Income-tax Ordinance, 1979.

 - (d) Pending set-aside cases will be ignored for purposes of comparison of income.

 - (e) In case a new tax payer derives income from a business, it shall be presumed that his business capital at the end of the income year was not more than three times the business income declared. Sources of his business capital to this extent shall not be investigated.
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