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Message from the Chairman

I feel privileged to present the twelfth issue of Monthly Technical Updates by TSPD for the month of October, 2020. This issue covers a variety of topics related to Taxation, Stock Market, Corporate Sector and especially the Anti Money Laundering (AML)/ Countering the Financing of Terrorism (CFT) requirements which are to be complied by the Cost and Management Accountants (CMAs). I believe that members will find it informative and helpful in discharging their professional assignments/ responsibilities. Moreover, Members are requested to frequently visit the website of the Institute to keep themselves abreast with the latest developments in the AML/ CFT regime. Moreover, the Offsite Monitoring Questionnaire form (Form-B) is also uploaded on the website of Institute. Worthy members, falling in the ambit of AML/CFT definition, are requested to complete the said form within due date.



I also want to request all members to share their valuable suggestions for further improvement in the Monthly Technical Update and identify topics of technical interest, which the Committee may consider for arranging seminars, workshops and training programs beneficial for the practicing members in terms of their capacity building and value addition.

Please do share your comments on tspd@icmap.com.pk.

Ghulam Mustafa Qazi, FCMA
Chairman TSPD Committee

Feature News

Submission of Offsite Monitoring Questionnaire (Form-B) for Reporting Firm

ICMA Pakistan, under the AML/CFT Regime, was designated as an AML/CFT Regulator/Supervisor of its members, thereby requiring the Institute to act as a Self-Regulatory Body (SRB). As an SRB, the Institute is obligated to prescribe regulatory and supervisory measures for the cost and management accountants in practice falling under the scope of the AML/CFT Regulations of ICMA Pakistan. Pursuant to the obligations under the Anti-Money Laundering Act, 2010 (VII of 2010), the reporting entities shall have to take appropriate steps in accordance with section 7F of the AML Act to identify, assess, and understand their risks (for customers, countries or geographic areas; & products, services, transactions or delivery channels) & also document their risk assessments. In this context, we really appreciate our members for their submission of Annual Return Form-A.

Moving to its next phase, an Offsite Monitoring Questionnaire form (Form-B) is placed on the website of Institute which can be accessed through the following link:- https://www.icmap.com.pk/login.aspx?page=Surveys/Form_B_29042020.aspx

Worthy members, who are providing any of the following AML/CFT related services, are requested to complete the said Offsite Monitoring Questionnaire form (Form-B) latest by **November 07, 2020**:-

- The buying and selling of real estate;
- Buying and selling of business entities;
- The managing of client money, securities or other assets;
- The opening or management of bank, savings or securities accounts;
- The organisation of contributions necessary for the creation, operation or management of companies; or
- Creating, operation or management of companies, trusts or waqf;
- Acting as a formation agent of legal persons;
- Acting as a director or secretary of a company, a partner of a partnership;
- Arranging for another person to act as a director or secretary of a company, a partner of a partnership;
- Acting as a trustee of an express trust or performing the equivalent function for a waqf;
- Arranging for another person to act as a trustee of an express trust or performing the equivalent function for a waqf
- Acting as a nominee shareholder for another person;
- Arranging for another person to act as a nominee shareholder for another person;
- Providing a registered office, business address/ accommodation, correspondence/administrative address for a company, partnership, trust/ waqf;

A member desirous to start practice can apply for a certificate of practice by submitting the required forms available at:

<https://www.icmap.com.pk/downloads.aspx>.

Committee Activities

Meetings with Member Finance and GM Finance NHA

In continuation of efforts for inclusion of CMAs in different statutes, Mr. Ghulam Mustafa Qazi, Chairman Technical Support & Practice Development (TSPD) Committee and M. Bilal Ahmad, Director TSPD held meetings with Member Finance and GM Finance of National Highway Authority (NHA). Both were apprised of the role of CMAs and their contributions towards the profession and to the country. The meeting was also attended by the Director, Deputy Director Finance and other officials of NHA. Mr. Allah Dad Khan, GM Finance appreciated the efforts of CMAs in providing valuable services in the field of taxation, audit and consultancy.

National Updates

Corporate Sector

1. CLARIFICATION REGARDING SECTION 159 OF THE COMPANIES ACT, 2017

Securities and Exchange Commission of Pakistan (SECP) vide their Circular No. 29 of 2020 dated September 30, 2020 notified clarification regarding Section 159 of the Companies Act which stipulate that the directors of a company having a share capital shall, unless the number of persons who offer themselves to be elected is not more than the number of directors fixed under sub-section (1) of section 159, be elected by the members of the company in general meeting in the manner as stipulated therein.

SECP notified that amongst the corporate sector, there was a contention that in case the number of persons who offer themselves to be elected is equal to or less than the number of directors fixed, the requirement to call and hold a general meeting for the purpose of election of directors is dispensed with. SECP clarified that the calling of general meeting for the purpose of election of directors is a duty and responsibility of the directors, and the tenure of office of retiring directors cannot be extended by not calling the meeting at which they are bound to retire. If contrary interpretation is allowed to stand, the directors could brave the consequences of not holding the general meeting within the prescribed time and continue in office indefinitely. Furthermore, section 151 of the Act stipulates that the minutes of proceedings of general meetings shall be the evidence of such proceedings, and until the contrary is proved, every general meeting of the company in respect of the proceedings whereof minutes have been so made shall be deemed to have been duly called, held and conducted.

Hence, it is essential for a company to call and hold a general meeting for election of directors in terms of section 159 of the Act, in order to ensure that the proceedings are properly recorded in minutes and ultimately, the shareholders of a company are able to make informed decisions. Accordingly, it is clarified that the holding of a general meeting is a condition precedent for the purposes of election of directors, whether the number of persons who offer themselves to be elected is equal to, less than or more than the number of directors fixed under section 159(1) of the Act.

For further details, please visit the following link:-

<https://www.secp.gov.pk/document/circular-no-29-of-2020-clarification-regarding-section-159-of-the-companies-act-2017/?wpdmdl=40365&refresh=5f76bf8118ba41601617793>

2. DRAFT AMENDMENTS TO THE CODE OF CORPORATE GOVERNANCE FOR INSURERS, 2016

Securities and Exchange Commission of Pakistan (SECP) vide their S.R.O. 1085(I)/2020 proposed amendments to the Code of Corporate Governance for Insurers, 2016.

According to the draft, any failure on part of any insurer to comply with the requirements of the code is punishable under Section 156 of the Insurance Ordinance, 2000 which states that any insurer who makes default in complying with or acts in contravention of any requirement of this Ordinance, [or any direction made by the Commission, the Commission shall have the power to impose fine on the insurer and, where the insurer is a company, any director, or other officer of the company, who is knowingly a party to the default, shall be punishable with fine which may extend to one million rupees and, in the case of a continuing default, with an additional fine which may extend to Rs10,000 for every day during which the default continues.

Under the proposed draft, the internal audit function, wholly or partially, may be outsourced by the insurer to a professional services firm and in lieu of outsourcing, the insurer shall appoint or designate a full-time employee other than chief financial officer or an employee directly reporting to the chief financial officer, as head of internal audit holding equivalent qualification prescribed under this code, to act as coordinator between firm providing internal audit services and the Board: Provided that while outsourcing the function, the insurer shall not appoint its existing external auditors or any of its associated company or associated undertaking, as internal auditors.

The details of all related party transactions shall be placed periodically before the audit committee of the company and upon recommendations of the audit committee, the same shall be placed before the board for review and approval. Provided where majority of the directors are interested in such transactions, the matter shall be placed before the general meeting for approval. Provided further that in case of an insurer, where general meeting is not required to be held, and the majority of directors are interested in related party transactions, the matter shall be placed before the administrative authority of such insurer.

Under the proposed draft, the insurers are encouraged to ensure that by December 31, 2021 at least half of the directors on their Boards; by December 31, 2022 at least 75 percent of the directors on their Boards and by December 31, 2023 all the directors on their Boards have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.

A newly-appointed director on the Board may acquire, the directors training program certification within a period of one year from the date of appointment as a director on the board: Provided that director having a minimum of 14 years of education and 15 years of experience on the Board(s) of insurer(s) shall be exempt from the directors training program; Provided further that a director who is exempted under the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019, shall also be exempted from the requirements of directors training program under this code.

The insurers are also encouraged to arrange training for at least one

female executive every year under the directors' training programme from year December 2021, and at least one head of department every year under the directors' training programme from year December 2022.

The draft can be accessed through the following link:-
<https://www.secp.gov.pk/document/sro-1085-i-2020-draft-amendments-to-the-code-of-corporate-governance-for-insurers-2016/?wpdmdl=40469&refresh=5f91149e3d9861603343518>

SECP sought public suggestions on the above draft. Worthy Members are requested to kindly review the draft and forward their valuable comments/ suggestions/ feedback to tspd@icmap.com.pk latest by **November 17, 2020** for onward submission to SECP.

Taxation

3. DRAFT AMENDMENTS IN THE INCOME TAX RULES, 2002 - RULES FOR AGREED ASSESSMENT UNDER SECTION 122D OF THE INCOME TAX ORDINANCE, 2001

Federal Board of Revenue (FBR) vide their S.R.O. 954(1)2020 dated October 2, 2020 notified draft amendments in the Income Tax Rules, 2002 by proposing a settlement form for the business/industry and trade, who are willing to pay tax under the agreed assessment mechanism being finalised by the assessment oversight committees for resolution of disputes between the taxpayers and the tax officials.

According to the SRO, a new Rule is proposed to be inserted after Rule 231C in the aforesaid Rules titled as "231CA. Procedures for assessment oversight committee. This rule shall apply to all cases of settlement filed under section 122D of the Ordinance.

Under the proposed rule, a settlement application shall be made electronically by the applicant in person or by his authorised representative, under section 122D for agreed assessment to the Committee in the form as set out in the Schedule below. A settlement application shall be preferred to the Committee after the date of service of the notice issued under sub-section (9) of section 122 of the Ordinance and before finalization of assessment.

The Commissioner shall not conclude assessment proceedings under section 122 if an application, made against the notice issued under sub-section (9) of section 122, lies pending before the Committee.

The Committee, after examination of the contents of an application submitted by an applicant and facts stated therein and on scrutiny of requisitioned record, if any, shall afford opportunity of being heard to the applicant in writing. The Committee shall finalize the applications filed under section 122D of the Ordinance within thirty days of receipt of application or within an extended period of sixty days, for reasons to be recorded in writing by the Committee.

The draft can be downloaded from the following link:-
[http://download1.fbr.gov.pk/SROs/202010214103429334SRO954\(I\)of2020.pdf](http://download1.fbr.gov.pk/SROs/202010214103429334SRO954(I)of2020.pdf)

4. SALES TAX (IMPOSITION OF RESTRICTIONS) ON WASTAGES OF INPUTS RULES, 2020

FBR vide their S.R.O. 938(1)2020 dated October 1, 2020 further amended the Sales Tax Rules, 2006, by inserting a new chapter IV-A titled as "Chapter IV-A - Sales Tax (Imposition of Restrictions) on Wastages of Inputs Rules, 2020".

The provisions of this Chapter shall apply for the purpose of determination of restriction on wastage of material on which input tax has been claimed in respect of goods or class of goods.

According to the new chapter, the purpose of determination of wastages shall be to determine the restriction on inputs on account

of wastages and to resolve disputes about the input tax adjustment suspected or believed to be above the actual entitlement by showing use or consumption of inputs higher or more than the inputs actually used in the manufacture or production of any goods, or to fix the extent of wastages of inputs beyond which input tax adjustment shall not be admissible.

Action for determination of wastages may be initiated either by the Board at its own level or on a reference received from the Chief Commissioner of Inland Revenue or the Director General of Intelligence and Investigation (Inland Revenue) or on the recommendations of any Government agency or organization or industrial or business association.

Where the extent of wastages has been fixed and notified by the Board under these rules, no registered person shall be entitled to take input tax adjustment in respect of wasted inputs over and above the extent so fixed and notified by the Board. The Board or IOCO may at any stage of the process of fixation and notification of wastages enlist scientific, technical or other opinion from any expert not in the employment of the Board or IOCO or not engaged as subject specialist under these rules in such manner as may be deemed proper provided that no such opinion shall be treated as conclusive or binding for the purposes of fixation of wastages under these rules.

Unless otherwise directed by the Board, the wastages determined and fixed under these rules shall apply to the relevant output goods in respect of which wastages have been so determined and fixed regardless of the status of supplies of such goods as taxable supplies, zero-rated supplies, domestic supplies, exports or otherwise and where goods have been zero-rated, no refund shall be claimed or paid on wastages over and above the limit, scale, extent or level determined and fixed under these rules.

The wastages over and above the quantum of wastages fixed under these rules shall be treated as having been restricted and not relevant for the purposes of assessment, declaration and payment of sales tax under the Act.

The Board on its own or on a representation by any aggrieved person may review and revise the extent of wastages fixed under these rules provided that nothing shall restrict the Board from periodically reviewing, revising and re-fixing any such wastages in view new information received or gathered, research conducted or done in the relevant scientific field, technological and scientific developments made, changes or improvements in industrial processes or for any other reasons.

For further details, please visit the following link:-
<http://download1.fbr.gov.pk/SROs/202010215103247872SRO938OF2020DATED01.10.2020--AMENDMENTINSALESTAXRULES,2006.pdf>

5. DRAFT ADVANCE RULING RULES

FBR vide their S.R.O. 965(1)2020 dated October 5, 2020 notified draft of Advance Ruling Rules for public comments. Further amendments have been proposed in the Customs Rules, 2001 by inserting a new Chapter titled as the Customs (Advance Ruling) Rules, 2020. According to the draft SRO, the Advance ruling shall be issued in following cases:-

- classification of goods under first schedule to the Customs Act, 1969;
- determination of origin of the goods under the rules of origin notified for bilateral and multilateral agreements;
- applicability of notifications issued in respect of duties under Customs Act, 1969 or any tax or duty chargeable under any of the law for the time being in force in the same manner as duty

of customs leviable under this Customs Act.

An applicant desirous of obtaining an advance ruling under these rules may make an application on the prescribed format (Annex-A& B) to the secretary Advance Ruling Committee, stating the question on which the advance ruling is sought. An undertaking to the effect that, to the best of the applicant's knowledge, no issues concerning the goods for which a ruling is sought, is pending before any customs office or port of entry or before any adjudicating authority, tribunal or court. All requisite information and documents should be attached with the application. The Committee will examine the application and the attached documents and inform the applicant within 15 days if any further details or documents are required. The Committee may direct the applicant to appear in person or through his authorized representative before the Committee to present their view point and to address any queries of the Committee. The Committee will pass the order within ninety days from receipt of application with all requisite documents.

The applicant may file an appeal with the Member Customs (Policy) within thirty days of the ruling. The Member Customs (Policy) after examining the record of the proceedings and appeal application will pass an appropriate order within sixty days, from the date of filing of appeal or within such extended period (maximum 30 days) as the Member Customs (Policy) may for reasons to be recorded in writing extend, confirm, modify or annul the decision or order appealed against and after giving an opportunity of hearing to the appellant: Provided that during the appeal period of thirty days the operation of ruling shall remain suspended unless the applicant accepts the ruling.

For further details, please visit the following link:-

<http://download1.fbr.gov.pk/SROs/20201061510537961SRO965-2020.pdf>

6. DRAFT RULES IN RESPECT OF PRESCRIBING TIME LIMIT FOR NOTIFYING INCOME TAX RETURN FORMS

FBR vide their S.R.O. 1041(I)/2020 dated October 13, 2020 made draft amendments in the Income Tax Rules, 2002 by inserting a new rule to ensure timely issuance of tax returns forms and end the tradition of multiple extensions in the filing deadline.

FBR proposed to insert a new Rule "(34A) Time limit for notifying income tax return form" in the above Rules. This rule shall apply for the purpose of setting timelines in respect of various steps involved in notifying income tax return forms for a tax year.

The return form specified in sub-rule (2) of rule 34 shall be notified for suggestions from all persons likely to be affected thereby on or before the first day of December of the financial year following the Finance Act to which the return relates by observing following timelines:-

- Inland Revenue Policy Wing shall identify the legal amendments to be incorporated in income tax return forms by thirty-first day of August of the financial year following the Finance Act to which the return relates;
- preparation of change request form (CRF) shall be finalized by Inland Revenue Policy Wing and Information Technology Wing, in consultation with PRAL, by fifteenth day of September of the financial year following the Finance Act to which the return relates;
- analysis and scrutiny of change request form (CRF) by Chief Income Tax Policy and Chief Business Domain Team shall be conducted by sixteenth day of September of the financial year following the Finance Act to which the return relates and the same shall be submitted to Member inland Revenue Policy for approval on the

same day;

- PRAL shall complete configuration and development of the approved CRF by thirty first day of October of financial year following the Finance Act to which the return relates; and
- User Acceptance Test (UAT) of the amended return forms on testing environment shall be finalized by Inland Revenue Policy Wing and Information Technology Wing, in consultation with PRAL, by fifteenth day of November of financial year following the Finance Act to which the return relates and the same shall be submitted to Member Inland Revenue Policy for approval on the same day.
- The Return Form shall remain available on the portal for suggestions till seventh day of January of financial year following the Finance Act to which the return relates.
- The final return form shall be notified on or before the thirty first day of January of financial year following the Finance Act to which the return relates by observing following timelines:-
- Inland Revenue Policy Wing and Information Technology Wing shall review the suggestions received from stakeholders by twelfth day of December of financial year following the Finance Act to which the return relates;
- a new Change Request Form (CRF), if required, shall be finalized by Inland Revenue Policy Wing and Information Technology Wing, in consultation with PRAL, by tenth day of January of the financial year following the Finance Act to which the return relates and the same shall be approved by Member Inland Revenue;
- PRAL shall complete configuration and development of the approved CRF by fifteenth day of January of the financial year following the Finance Act to which the return relates;
- User Acceptance Test (UAT) of the final Return forms on testing environment shall be finalized by Inland Revenue Policy Wing and Information Technology Wing, in consultation with PRAL, by eighteenth day of January of the financial year following the Finance Act to which the return relates and the same shall be submitted to Member Inland Revenue Policy for approval;
- in case, any further amendments are introduced in Finance Act that have an impact on the finally notified income tax return forms referred to at clause (e), such amendments shall be incorporated by seventh day of July of the financial year next following;

The draft can be accessed through the following link:-

<http://download1.fbr.gov.pk/SROs/2020101314102122565SRO1041of2020.pdf>

7. DUTY DRAWBACK ON WOODEN FURNITURE

FBR vide their S.R.O. 1102(I)/2020 notified duty drawback on Wooden Furniture.

FBR has further amended its S.R.O. 212(I)/2009 dated March 05, 2009 by substituting the extent of repayment of customs-duty @ 0.68% of the f.o.b. value for the wooden furniture.

For further details please visit the following link:-

[https://download1.fbr.gov.pk/SROs/202010261410942304SRO1102\(I\)2020.pdf](https://download1.fbr.gov.pk/SROs/202010261410942304SRO1102(I)2020.pdf)

International Updates

IAASB ISSUES STAFF AUDIT PRACTICE ALERT ON CLIMATE-RELATED RISKS

International Auditing and Assurance Standards Board (IAASB) vide their notification dated October 01, 2020 issued staff audit practice alert on climate-related risks.

IAASB notified that Climate change is increasingly front of mind for investors and other stakeholders of the IAASB as its effects are increasingly visible. Given climate change's potential to impact most, if not all entities, directly or indirectly, the IAASB issued a Staff Audit Practice Alert, The Consideration of Climate-Related Risks in an Audit of Financial Statement.

This Staff Audit Practice Alert assists auditors in understanding what already exists in the International Standards on Auditing (ISA) today and how it relates to auditors' considerations of climate-related risks in an audit of financial statements.

This Staff Audit Practice Alert shows that while the phrase 'climate change' does not feature in the ISAs, the auditor's responsibilities under the ISAs encapsulate the consideration of events or conditions relevant to the susceptibility to misstatement of amounts and disclosures in an entity's financial statements, which would include climate-change risk.

For further details, please visit the following link:-

<https://www.ifac.org/system/files/publications/files/IAASB-Climate-Audit-Practice-Alert.pdf>

IPSASB ISSUES EXPOSURE DRAFT TO CLARIFY GUIDANCE ON BORROWING COSTS

The International Public Sector Accounting Standards Board (IPSASB) released an exposure draft to clarify guidance on Borrowing Costs. This exposure draft proposes the addition of non-authoritative guidance to IPSAS-5.

The proposed non-authoritative guidance would add implementation guidance and illustrative examples to IPSAS-5. The new material proposed in this exposure draft would clarify how the existing principles for when borrowing costs can be capitalized should be applied in various regularly encountered public sector contexts. No amendments are proposed to the authoritative material in IPSAS-5.

The exposure draft can be accessed through the following link:-

<https://www.ipsasb.org/publications/exposure-draft-74-ipsas-5-borrowing-costs-non-authoritative-guidance>

IPSASB has sought public suggestions on the above exposure draft. Worthy Members are requested to kindly review the draft and forward their valuable comments/ suggestions/ feedback to tspd@icmap.com.pk latest by **February 22, 2021** for onward submission to IPSASB.

Directory of Practicing Management Accountants, 2020

In the past, ICMA Pakistan has published the Directory of Practicing Management Accountants for facilitation of Government, Industrialists, Trade Organizations, National and International Non-Government Organizations, to achieve their objectives of corporatization and economy documentation in the country with the proficiency of Management Accountants. The directory also helps the service seekers to select the competent management accountants for the services required by them.

The Institute publishes Directory of Practicing Management Accountants each year which is uploaded on Website of the Institute as well as sent to the Regulators, Ministries, Government Offices, Authorities and other dignitaries in printed form. Following the same practice, the TSPD Directorate is again in the process of publishing the Directory of Practicing Management Accountants, 2020.

Worthy Members, who hold valid/ renewed COP, are requested to provide their updated information on the mentioned format via email at tspd@icmap.com.pk latest by **November 09, 2020**.

Worthy Members, who have not yet renewed their COP, are requested to kindly get their COP renewed in order to get their names included in the Directory of 2020.

Data Form of CMA Firm for Directory of Practicing Management Accountants		
Name of the Firm:		CMA Firm logo
Partner(s):		Photograph <u>1X1</u>
		Photograph <u>1X1</u>
Office Address:		
Branch Office:		
Telephone No.	ABC	<u>0XX-XXXXX</u>
	XYZ	<u>0XX-XXXXX</u>
Cell No.	ABC	<u>03XX-XXXXX</u>
	XYZ	<u>03XX-XXXXX</u>
E-mail ID:	ABC	
	XYZ	
Website Address:		
Services Offered:	(Add Services here)	

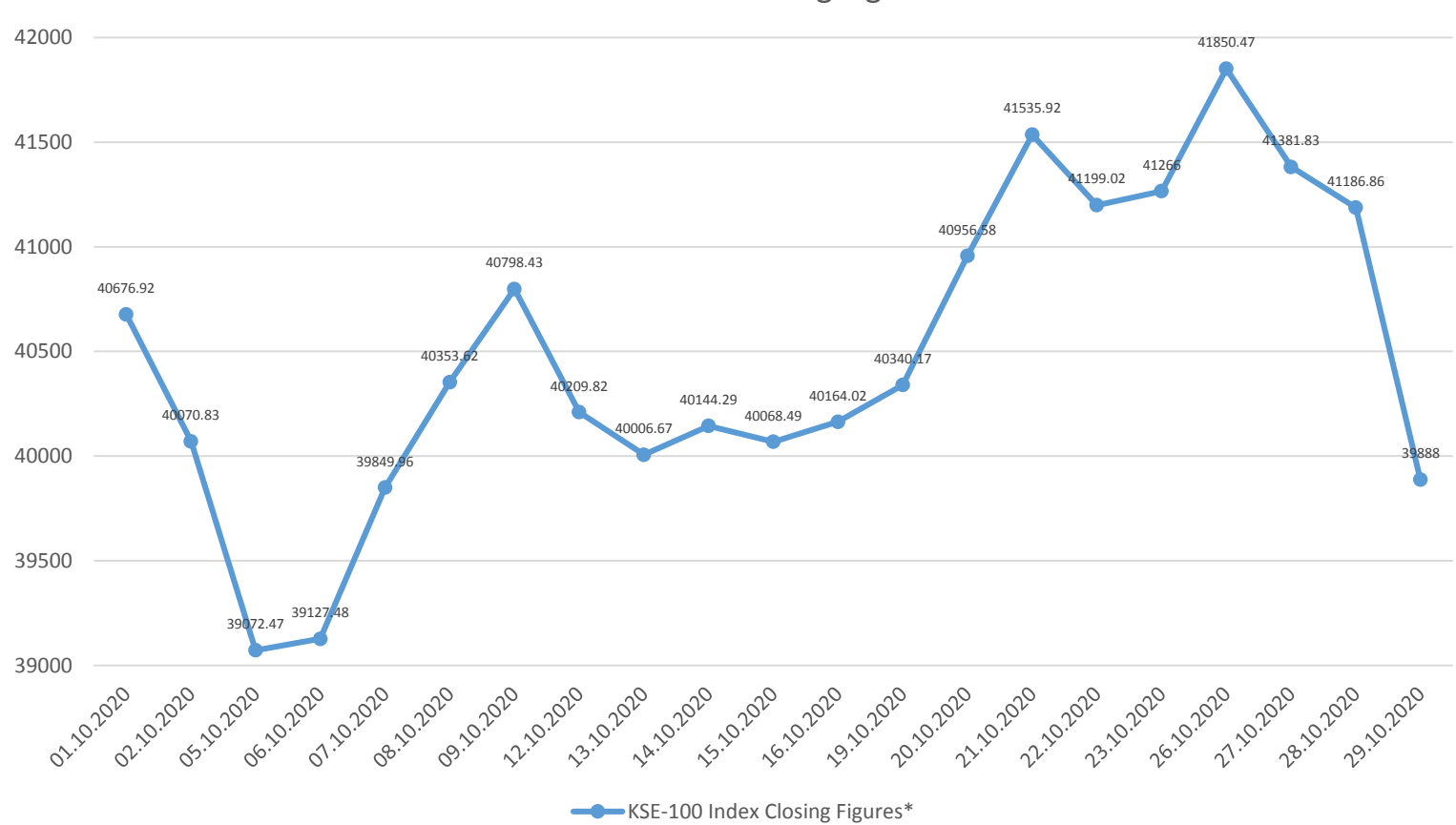
Pakistan Stock Market

Pakistan Stock Market – KSE-100 Index Fluctuations during October, 2020

Date	KSE-100 Index Closing Figures*	Date	KSE-100 Index Closing Figures*	Date	KSE-100 Index Closing Figures*
01.10.2020	40676.92	12.10.2020	40209.82	21.10.2020	41535.92
02.10.2020	40070.83	13.10.2020	40006.67	22.10.2020	41199.02
05.10.2020	39072.47	14.10.2020	40144.29	23.10.2020	41266.00
06.10.2020	39127.48	15.10.2020	40068.49	26.10.2020	41850.47
07.10.2020	39849.96	16.10.2020	40164.02	27.10.2020	41381.83
08.10.2020	40353.62	19.10.2020	40340.17	28.10.2020	41186.86
09.10.2020	40798.43	20.10.2020	40956.58	29.10.2020	39888.00

*As published in Daily Dawn

KSE-100 Index Closing Figures*

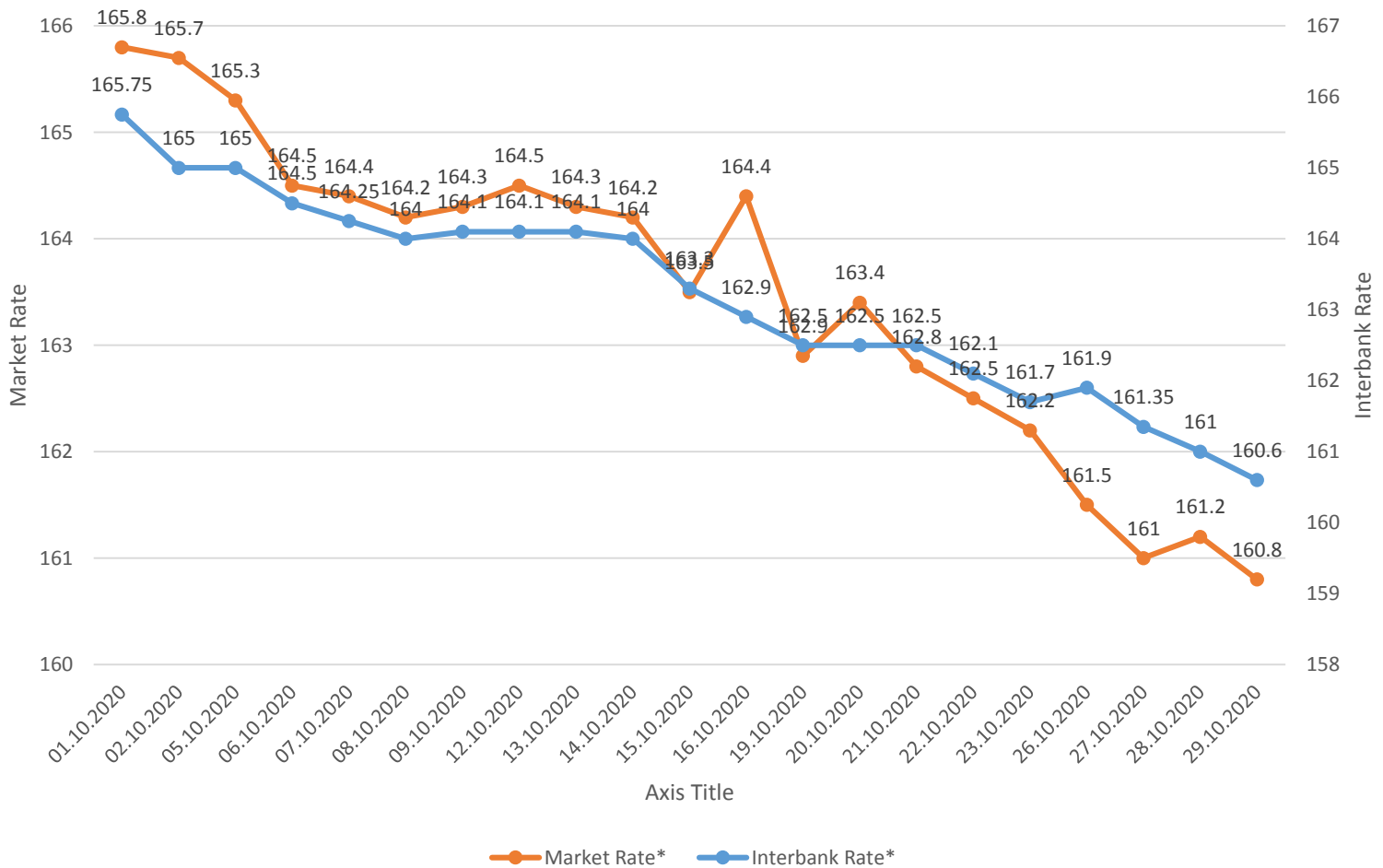


Rupee-Dollar Parity

Date	Interbank Rate*	Market Rate*	Date	Interbank Rate*	Market Rate*	Date	Interbank Rate*	Market Rate*
01.10.2020	165.75	165.80	12.10.2020	164.10	164.50	21.10.2020	162.50	162.80
02.10.2020	165.00	165.70	13.10.2020	164.10	164.30	22.10.2020	162.10	162.50
05.10.2020	165.00	165.30	14.10.2020	164.00	164.20	23.10.2020	161.70	162.20
06.10.2020	164.50	164.50	15.10.2020	163.30	163.50	26.10.2020	161.90	161.50
07.10.2020	164.25	164.40	16.10.2020	162.90	164.40	27.10.2020	161.35	161.00
08.10.2020	164.00	164.20	19.10.2020	162.50	162.90	28.10.2020	161.00	161.20
09.10.2020	164.10	164.30	20.10.2020	162.50	163.40	29.10.2020	160.60	160.80

*forex.pk

Rupee-Dollar Parity during October, 2020



FREQUENTLY ASKED QUESTIONS (FAQs) ON TARGETED FINANCIAL SANCTIONS (TFS) UNDER UNSC RESOLUTIONS

AML Supervisory Board

ICMA Pakistan published the first version of Frequently Asked Questions (FAQs) on Targeted Financial Sanctions (TFS) under the UNSC resolutions.

These FAQs are developed to facilitate ICMA Pakistan's regulated Firms to better understand, comprehend and implement their obligations under the AML / CFT regime and to meet the evolving regulatory expectations for Anti – Money Laundering and Sanctions Compliance.

FAQs

1. What are the legal instruments on the Targeted Financial Sanctions (TFS) that the firm is required to ensure compliance with while undertaking their TFS obligations?

TFS obligations are provided under the following legal instruments:

- a) United Nations (Security Council) Act, 1948 (UNSC Act)
- b) United Nations Security Council (Freezing and Seizure) Order, 2019
- c) Statutory Regulatory Orders (SROs) issued under UNSC Act
- d) Anti-Terrorism Act, 1997 (ATA)
- e) Notifications issued under ATA
- f) AML Act, 2010 and rules, regulations and directives issued thereunder.

2. What are the UNSC and Domestic Sanctions Regimes in Pakistan?

The Government of Pakistan under the UNSC Act gives effect to the decisions of United Nations Security Council (UNSC) whenever the Consolidated List is updated and maintained by the relevant Sanctions Committee. The details of sanctions imposed by the UNSC along with the Consolidated Lists are available on the UNSC Sanctions Committees' websites at the following links:

- a) <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>
- b) <https://scsanctions.un.org/search/>
- c) <https://www.un.org/securitycouncil/sanctions/1267>
- d) <https://www.un.org/securitycouncil/sanctions/1988>
- e) <https://www.un.org/securitycouncil/sanctions/1718>
- f) <https://www.un.org/securitycouncil/content/2231/background>

3. Where can I find notifications issued by the Ministry of Foreign Affairs (MOFA) on United Nations Security Council Resolutions?

MOFA issues SROs to provide legal cover for implementing sanction measures under UNSC resolutions. These SROs in respect of designated individuals / entities require assets freeze, travel ban and arms embargo in addition to other measures in accordance with the UNSC resolutions, and are available publicly at the following links:

- a) <http://mofa.gov.pk/uns-c-sanctions/>
- b) <http://www.secdiv.gov.pk/page/sro-unscr-sanctions>

4. Where can I find notifications from National Counter Terrorism Authority (NACTA) / Law Enforcement Agencies (LEAs) / Home Departments of Provinces / Ministry of Interior (MoI) regarding updates in list of proscribed persons under the Anti – Terrorism Act, 1997?

For implementing sanction measures under UNSC Resolution 1373 (2001), the Ministry of Interior and respective Home Departments / Chief Commissioner ICT issues Notifications of proscribed entities and individuals respectively, pursuant to the ATA, 1997. The consolidated lists of proscribed individuals and entities are available publicly at the following links:

- a) <https://nacta.gov.pk/proscribed-organizations-3/>
- b) <https://nacta.gov.pk/pp/>
- c) <https://nfs.punjab.gov.pk/>

5. How are the Notifications issued by MOFA or intimation from NACTA / LEAs / Home Departments of Provinces / MoI regarding updates in list of proscribed persons / entities?

To ensure prompt transmission of SROs issued by MOFA to relevant stakeholders, including ICMA PAKISTAN firms, MOFA has put in place an email subscription service. Firms are communicated to sign up for this service through MOFA's website.

Similarly, to communicate addition / deletion / retention / amendments in the list of proscribed individuals, a system – generated email is circulated by the competent authority to firms.

In addition to above electronic dissemination mechanisms, ICMA Pakistan also circulates the subject SROs / Notifications to its firms as an additional measure.

6. Where can I find guidelines issued by MOFA and NACTA on TFS?

To provide further guidance on implementation of TFS obligations, MOFA and NACTA have issued detailed Guidelines as follows:

TFS on Terrorism and Terrorism Financing:

- a) MOFA's Guidelines on the Implementation of UNSC Resolutions concerning Targeted Financial Sanctions, Travel Ban, and Arms Embargo
<http://mofa.gov.pk/wp-content/uploads/2020/04/Guidelines-forImplementation-of-UNSC-1267-Sanctions.pdf>
- b) NACTA's Guidelines on Actions to be taken by Competent Authorities for Implementation of United Nation Security Council Resolution No. 1373
<https://nacta.gov.pk/united-nations-security-council-resolution-1373/>

TFS on Proliferation:

- a) MOFA's Guidelines on the Implementation of UNSC Resolutions concerning Targeted Financial Sanctions on Proliferation Financing
http://secdiv.gov.pk/uploads/CRMC_Guidelines_on_TFS_for_PF-38da.pdf

These FAQs are also available at the website of the Institute at the following link:-

https://www.icmap.com.pk/downloads/FAQs_on_TFS_Obligations_ICMAPakistan.pdf

Offsite Monitoring Questionnaire for Reporting Firms (Form B)

1. Reporting Firm

- 1.1 Name of the Reporting Firm: (Mention firm name)
 1.2 Period of Form B of the Annual Return: (Mention the period 'from - to', information in Form B covers)
 1.3 Date of last submitted Form B of Annual Return (if any): (Date)
 1.4 Date of Institute's last AML/CFT review of the Reporting Firm: (Date)
 1.5 Has the Reporting Firm been asked to provide AML/CFT relating information to FMU/ Government agencies/ court of law? Yes No

2. INHERENT VULNERABILITIES

2.1 Entity Characteristics

- 2.1.1 What is the annual pre-tax revenue of the Reporting Firm (PKR):(select one)?
- | | |
|--|--------------------------|
| Upto Rs 3 million; | <input type="checkbox"/> |
| Above Rs 3 million to Rs 50 million; | <input type="checkbox"/> |
| Above Rs 50 million to Rs 100 million; | <input type="checkbox"/> |
| Above Rs 100 million to Rs 500 million | <input type="checkbox"/> |
| Above Rs 500 million to Rs 1 billion; | <input type="checkbox"/> |
| Above Rs 1 billion | <input type="checkbox"/> |

- 2.1.2 For the purposes of serving its clients, does the Reporting Firm maintain ongoing relationships with regulated financial institutions or other regulated professional service providers (e.g. referrals)?¹ Yes No

Check all that apply

- | | |
|---------------------------------------|--------------------------|
| ➤ Banks | <input type="checkbox"/> |
| ➤ Securities dealers/brokers/advisers | <input type="checkbox"/> |
| ➤ Insurance companies and brokers | <input type="checkbox"/> |
| ➤ Legal professionals | <input type="checkbox"/> |
| ➤ Accounting professionals | <input type="checkbox"/> |
| ➤ Trust and company service providers | <input type="checkbox"/> |

- 2.1.3 How many clients has the entity served in the past year?

2.2 Products and Services

- 2.2.1 Does the Reporting Firm offer any of the following products or services? Yes No

Check all that apply

- | | |
|---|--------------------------|
| ➤ Sale of pre-formed companies to clients (shelf companies) | <input type="checkbox"/> |
| ➤ Formation of companies to hold assets | <input type="checkbox"/> |
| ➤ Formation of companies as layers in an ownership structure | <input type="checkbox"/> |
| ➤ Formation of companies with complex or opaque ownership | <input type="checkbox"/> |
| ➤ Acting as a nominee director of a client's company | <input type="checkbox"/> |
| ➤ Arranging for another person to act as a nominee director of a client's company | <input type="checkbox"/> |
| ➤ Formation of trusts as layers in an ownership structure | <input type="checkbox"/> |
| ➤ Formation of trusts with complex or opaque structures | <input type="checkbox"/> |
| ➤ Formation of trusts with undefined beneficiaries or classes of beneficiaries | <input type="checkbox"/> |
| ➤ Acting as the trustee of a client's trust | <input type="checkbox"/> |
| ➤ Arranging for another person to act as a trustee of a client's trust | <input type="checkbox"/> |
| ➤ Formation of waqf as layers in an ownership structure | <input type="checkbox"/> |
| ➤ Formation of waqf with complex or opaque structures | <input type="checkbox"/> |
| ➤ Formation of waqf with undefined beneficiaries or classes of beneficiaries | <input type="checkbox"/> |
| ➤ Acting as the trustee of a client's waqf | <input type="checkbox"/> |

¹This does not include business operating accounts at financial institutions or professional services acquired for the functioning of the entity itself (e.g. legal advice to the entity, accountancy services for the entity, etc.).

- Arranging for another person to act as a trustee of a client's waqf
- Formation of companies, trusts or waqfs in jurisdictions outside Pakistan
- Providing a registered office or a business address, a correspondence address, or an administrative address for a company, or a partnership, or any other legal person or arrangement
- Managing client funds (other than sums paid as fees for professional services), accounts, securities, or other assets
- Operational of pooled accounts of client funds
- Transfer of beneficial interest in land or other real estate property
- Transaction on behalf of a client in relation to creating, operating, and managing a company or trust/waqf.
- Transaction on behalf of any other person in relation to the buying, transferring, or selling of a company or trust/waqf

- 2.2.2 What percentage of the entity's business do the products and services listed above represent?
- 0% (None)
- 1%-25%
- 25%-50%
- 50%-75%
- 75%-100%

2.2.3 How many transactions (payment for services by a client) are processed each year on average?

2.2.4 How many of the following entities have been formed?

	Number of entities			
	0 <input type="checkbox"/>	1-5 <input type="checkbox"/>	6-15 <input type="checkbox"/>	25+ <input type="checkbox"/>
Companies	0 <input type="checkbox"/>	1-5 <input type="checkbox"/>	6-15 <input type="checkbox"/>	25+ <input type="checkbox"/>
Trusts (excluding NGOs)	0 <input type="checkbox"/>	1-5 <input type="checkbox"/>	6-15 <input type="checkbox"/>	25+ <input type="checkbox"/>
Waqf	0 <input type="checkbox"/>	1-5 <input type="checkbox"/>	6-15 <input type="checkbox"/>	25+ <input type="checkbox"/>
Partnerships	0 <input type="checkbox"/>	1-5 <input type="checkbox"/>	6-15 <input type="checkbox"/>	25+ <input type="checkbox"/>
NGOs (including charitable trusts, societies and other charitable entities)	0 <input type="checkbox"/>	1-5 <input type="checkbox"/>	6-15 <input type="checkbox"/>	25+ <input type="checkbox"/>
Other [Please specify]	0 <input type="checkbox"/>	1-5 <input type="checkbox"/>	6-15 <input type="checkbox"/>	25+ <input type="checkbox"/>

2.2.5 If Reporting Firm rendered the services by arranging for a person to act as a director or trustee in relation to companies or trusts/waqfs? Please mention the number of:

Nominee directorship roles: *[Number]*

Trustee roles: *[Number]*

2.2.6 If the Reporting Firm has provided a registered office or a business address, a correspondence address, or an administrative address for a company, trust, waqf or a partnership, or any other legal person or arrangement. Please mention how many?

	Number of entities			
	0 <input type="checkbox"/>	1-5 <input type="checkbox"/>	6-15 <input type="checkbox"/>	25+ <input type="checkbox"/>
Companies	0 <input type="checkbox"/>	1-5 <input type="checkbox"/>	6-15 <input type="checkbox"/>	25+ <input type="checkbox"/>
Trusts (excluding NGOs)	0 <input type="checkbox"/>	1-5 <input type="checkbox"/>	6-15 <input type="checkbox"/>	25+ <input type="checkbox"/>
Waqf	0 <input type="checkbox"/>	1-5 <input type="checkbox"/>	6-15 <input type="checkbox"/>	25+ <input type="checkbox"/>

Partnerships	0 <input type="checkbox"/>	1-5 <input type="checkbox"/>	6-15 <input type="checkbox"/>	25+ <input type="checkbox"/>
NGOs (including charitable trusts, societies and other charitable entities)	0 <input type="checkbox"/>	1-5 <input type="checkbox"/>	6-15 <input type="checkbox"/>	25+ <input type="checkbox"/>
Other [Please specify]	0 <input type="checkbox"/>	1-5 <input type="checkbox"/>	6-15 <input type="checkbox"/>	25+ <input type="checkbox"/>

2.2.7 If the Reporting Firm has managed client funds (other than sums paid as fees for professional services), accounts, securities, or other assets. Check estimated value of funds managed.

(Rupees)

0 <input type="checkbox"/>	1 - 100,000 <input type="checkbox"/>	101,000 - 1,000,000 <input type="checkbox"/>	1,000,000+ <input type="checkbox"/>
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2.2.8 If Reporting Firm provided services by engaging in or giving instructions on behalf of a client to another person:

- (a) A transfer of beneficial interest in land or other real estate property.
- (b) A transaction on behalf of any person in relation to the buying, transferring, or selling of a business or legal person (for example, a company) or any other legal arrangement.
- (c) A transaction on behalf of a client in relation to creating, operating, and managing a legal person (for example, a company) or any other legal arrangement.

Estimate the total value of the transactions listed above (excluding your professional fees):
(Check that applies)

(Rupees)

0 <input type="checkbox"/>	1 - 100,000 <input type="checkbox"/>	101,000 - 1,000,000 <input type="checkbox"/>	1,000,000+ <input type="checkbox"/>
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2.3 Nature of Client Relationships

2.3.1 Does the Reporting Firm maintain ongoing client relationships? Yes No

2.3.2 What percentage of the Reporting Firm's business are high-risk clients?

0% (None)	<input type="checkbox"/>
1%-25%	<input type="checkbox"/>
25%-50%	<input type="checkbox"/>
50%-75%	<input type="checkbox"/>
75%-100%	<input type="checkbox"/>

Which sorts of high-risk clients are served? (Check all that apply)

- Domestic Politically Exposed Persons
- Foreign Politically Exposed Persons
- High Net Worth Individuals
- Corporations or trusts with opaque or complex ownership
- Clients with negative media articles

2.3.3 What percentage of the Reporting Firm's business is non-resident clients?

0% (None)	<input type="checkbox"/>
1%-25%	<input type="checkbox"/>
25%-50%	<input type="checkbox"/>
50%-75%	<input type="checkbox"/>
75%-100%	<input type="checkbox"/>

If the business has foreign clients, where are these clients located (country)? List the top 5

2.4 Geographic Reach

2.4.1 Does the Reporting Firm have activities relating to high risk jurisdictions? Yes No

Check all that apply

- Iran
- Democratic People's Republic of Korea (North Korea)
- Afghanistan

- 2.4.2 Does the Reporting Firm have activities relating to countries or areas of concern? Yes No
Check all that apply
 Border Areas of Khyber Pakhtunkhwa (KP)
 Border Areas of Balochistan
 South Punjab
 India
- 2.4.3 What percentage of the Reporting Firm's activities relate to the high-risk jurisdictions and areas or countries of concern outlined above? 0% (None)
 1%-25%
 25%-50%
 50%-75%
 75%-100%

2.5 Delivery Channels

- 2.5.1 Does the Reporting Firm have a non-face-to-face business model or on board clients without face-to-face interaction? Yes No
- 2.5.2 Does the Reporting Firm use third party intermediaries or agents to on board clients? Yes No
Check all that apply
 Domestic intermediaries/agents not regulated for AML/CFT compliance
 Regulated domestic intermediaries/agents
 Foreign intermediaries/agents
 If yes, from which countries: _____
- 2.5.3 Does the Reporting Firm accept any of the following types of payments? Yes No
Check all that apply
 Cash
 Bearer cheque
 Virtual currency/assets
 Precious metals and stones
 Other forms of stored value: _____

3. MITIGATING CONTROLS

3.1 Risk Assessment

Enterprise Risk Assessment

- 3.1.1 Does the Reporting Firm have a documented ML/TF risk assessment? Yes No
If yes, when was it last undertaken:
 Start Date: _____
 End Date: _____
- 3.1.2 Has the risk assessment considered different types of risk? Yes No
Check all that apply
 Customers
 Products/Services
 Geographic Locations
 Delivery Channels
 Technologies
- 3.1.3 Is the risk assessment reviewed and updated on a regular basis? Yes No
If yes, how often: _____

Client Risk Assessment

- 3.1.4 Does the Reporting Firm assign documented risk ratings to its clients or categories of clients? Yes No

- 3.1.5 Has the risk assessment considered different drivers of client risk? Yes No
Check all that apply
- Inherent Characteristics of the Client that Represent Higher Risk
 - Client Transaction History
 - Products/Services Used
 - Geographic Nexus
 - Delivery Channels Used
- 3.1.5 Are customer risk ratings kept up to date? Yes No
If yes, how often:
- 3.2 Policies, Procedures and Systems**
- Policies and Procedures*
- 3.2.1 Does the entity have a documented AML/CFT compliance program? Yes No
- 3.2.2 Was the AML/CFT Policy developed to mitigate risks identified in the risk assessment? Yes No
- 3.2.3 Are controls in place to prevent breaches of the AML/CFT Policy? Yes No
- Systems*
- 3.2.4 Has the Reporting Firm put in place systems to support the implementation of the AML/CFT Policy? Yes No
Check all that apply
- Automatic Systems
 - Manual Systems
- 3.2.5 Are there systems in place to carry out obligations under the AML/CFT Policy? Yes No
Check all that apply
- Identifying PEPs
 - Identifying targeted financial sanctions designated persons
 - Monitoring third party introducers or agents
 - Monitoring other professional service providers
 - Monitoring occasional customers
 - Monitoring transactions
 - Record keeping and retention
 - Applying policy changes throughout the organisation
- 3.2.6 Are the Reporting Firm's systems updated periodically? Yes No
If yes, how frequently:
- 3.3 Customer Due Diligence**
- Client Identification*
- 3.3.1 Does the Reporting Firm identify and verify all its clients' identities in the situations required by the AMLA? Yes No
- 3.3.2 Does the Reporting Firm make and keep records of customer identification? Yes No
Check all that apply
- Name
 - Address
 - Nationality and residency status
 - Occupation
 - Purpose of account
 - Third parties exerting control over the client
- 3.3.3 Does the Reporting Firm reject clients with incomplete client identification? Yes No

Corporations and Beneficial Ownership

3.3.4 Does the Reporting Firm identify its corporate clients in situations required by the AMLA? Yes No

3.3.5 Does the Reporting Firm make and keep records of corporate customer identification? Yes No

Check all that apply

- Name
- Business address
- Articles of Incorporation, Partnership Agreement, Trust Agreement etc.
- Nature of business
- Purpose of account

3.3.6 Does the Reporting Firm identify and take reasonable measures to identify all ultimate beneficial owners who own 25% or more of the corporate client? Yes No

Ongoing Due Diligence

3.3.7 Are client identification and beneficial ownership files kept up to date? If yes, how frequently are the files updated? Yes No

3.3.8 Is there ongoing due diligence to verify that transactions are consistent with the customer's risk profile? Yes No

3.3.9 Is the frequency and depth of ongoing due diligence conducted on the basis of client risk? Yes No

3.4 Enhanced Measures

Identify High Risk Clients and Situations

3.4.1 Does the Reporting Firm identify high risk clients and situations? Yes No

Check all that apply

- Foreign Politically Exposed Persons
- Domestic Politically Exposed Persons
- Legal persons with complex or opaque ownership structures
- High net worth individuals
- Non-face-to-face clients
- Professional service providers
- Non-profit organizations
- Clients seeking aggressive tax planning

3.4.2 Does the Reporting Firm identify and assess the risks of new technologies? Yes No

3.4.3 Does the Reporting Firm identify clients or transactions related to high risk countries or areas/countries of concern or the border areas of KP and Balochistan and also South Punjab? Yes No

Application of Enhanced Measures

3.4.4 Does the Reporting Firm apply enhanced mitigating controls to address high risks? Yes No

Check all that apply

- Obtaining more information (client ID, beneficial ownership, transaction purpose etc)
- Updating customer information more frequently
- Taking reasonable measures to identify the client's source of wealth and funds
- Increasing the degree and level of transactions monitoring
- Obtaining the approval of senior management of the business relationship

3.4.5 Does the Reporting Firm's senior management have ongoing oversight re: high risk clients and situations? Yes No

3.5 Targeted Financial Sanctions

Targeted Financial Sanctions Designated Persons Listings

3.5.1 Does the Reporting Firm screen clients against the UN targeted financial sanctions designated lists for terrorist financing (UNSCR 1267 and its successor resolutions)? Yes No

3.5.2 Does the Reporting Firm screen clients against national-level targeted financial sanctions lists for terrorist financing? Yes No

Which national lists are checked?

- Notification/SRO by the Ministry of Interior/ NACTA or Ministry of Foreign Affairs
- United States (OFAC)
- United Kingdom
- European Union
- Other

3.5.3 Does the Reporting Firm screen clients against the UN targeted financial sanctions lists for proliferation financing (UNSCR 1718 and its successor resolutions, and UNSCR 2231)? Yes No

Targeted Financial Sanctions Screening Procedures

3.5.4 Are all new and existing clients checked/screened against designated persons sanctions lists whenever the lists are updated? Yes No

How is screening done?

- Manually against the published listings
- Using in-house or third-party software solutions

3.5.5 Is there an ongoing customer screening /filtering process (automated or manual) for the designated persons sanctions lists? Yes No

What frequency is the client database screened?

- Multiple times per day
- Once a day
- Once a week
- Once a month
- Other timeframe: _____
- Client database is not scanned on an ongoing basis

3.5.6 Are beneficial owners checked against the designated persons sanctions lists? Yes No

Targeted Financial Sanctions Matches

3.5.7 Does the Reporting Firm maintain records of name matches against targeted financial sanctions designated persons lists? Yes No

Check all that apply

- Records are maintained of all true matches
- Records are maintained of all false positives

3.5.8 Does the Reporting Firm have policies in place to determine whether matches against the designated persons sanctions lists are true hits? Yes No

3.5.9 Does the Reporting Firm have policies in place to report any positive matches against the designated person's sanctions lists to the competent authorities? Yes No

Have any designated financial sanctions name matches been reported?

- True matches have been reported to competent authorities
- True matches have not been reported to competent authorities
- No true matches have been determined

3.6 Suspicious Transaction Reporting

Transaction Monitoring

3.6.1 Does the Reporting Firm monitor for suspicious transactions/activity? Yes No
Check all that apply
 Manually
 Automatically

3.6.2 Does the Reporting Firm have expected turnaround times to analyse suspicious transactions/ relationships ? Yes No
If yes, what is the expected turnaround time from the time the transaction is processed:

3.6.3 Does the Reporting Firm have a designated person responsible for filing suspicious transaction/ relationships reports? Yes No

Suspicious Transactions Reported

3.6.4 Has the Reporting Firm reported suspicious transactions/relationships to the FMU? Yes No

*If yes, how many STRs have been filed:
 How many CTRs have been filed:*

3.6.5 Does the Reporting Firm report suspicious attempted transactions/ relationships that were not completed or rejected? Yes No

3.6.6 Does the Reporting Firm file STRs even when it does not suspect a specific crime that the transaction/ relationships may be related to? Yes No

3.7 Internal Controls

Compliance Officer

3.7.1 Has the Reporting Firm appointed a compliance officer with responsibility for the implementation of the AML/CFT Policy and compliance program? Yes No

3.7.2 Is the compliance officer at a management level? Yes No

3.7.3 Does the compliance officer have access to all client and business files and records? Yes No

Training

3.7.4 Does the Reporting Firm have an AML/CFT training program? Yes No
How is the training developed (check all that apply)
 Developed in-house
 Sourced from third parties

3.7.5 Does the training program cover the entirety of the AML/CFT compliance program? Yes No
What does the training program cover (check all that apply)
 Responsibilities of the entity and its employees under the AMLA/Regulations
 Internal policies, procedures and processes
 How to identify and report suspicious transactions to the FMU
 Common methods used by money launderers and terrorist financiers

3.7.6 Does every employee with AML/CFT responsibilities receive training? Yes No
Who receives AML/CFT training (check all that apply)
 New recruits
 Frontline employees with customer interface
 AML/CFT Compliance Officer and staff



Back office staff
Audit
Senior management
Board members

Audit

3.7.7 Is there an independent evaluation of the AML/CFT compliance program? (e.g. internal audit, independent audit) Yes No

What frequency is audit?

Every year
Every two years
Other timeframe: _____

3.7.8 Does the audit program review all elements of the AML/CFT compliance program? Yes No

Check all that apply

Does the audit function assess compliance with applicable laws, regulations and guidelines?

Does the audit function examine the adequacy of customer due diligence policies, procedures and processes?

Does the audit function perform testing (client files, unusual/suspicious transaction files, targeted financial sanctions name match files, etc.)?

3.7.9 Does the audit function examine the integrity and accuracy of information management and information technology systems used in the AML/CFT compliance program (including transaction monitoring systems if applicable)? Yes No

Declaration and signature

I confirm that I have the authority to submit this form on behalf of the Reporting Firm (name of the firm). I have reviewed the answers and information and I confirm that I am satisfied that, to the best of my knowledge, after undertaking all reasonable inquiries, all answers are true and correct.

Date:

Signature:

Full name:

Position:

Legal Privileges Available to Cost and Management Accountants*

Sr.	Description	Legal Statute	Relevant Section / Rule
1	To act as an Auditor	Companies Act, 2017	Section 247(b)
2	Appointment as Special Auditors by FBR for Income Tax Audit	Income Tax Ordinance, 2001	Section 177 (10) Income Tax Ordinance, 2001
3	Appointment as Special Auditors by FBR Sales Tax Audit	Sales Act, 1990	Section 32-A of Sales Act, 1990, & SRO 539(1)/2006 dated 5th June, 2006
4	To perform Audit of Cost Accounts as an Auditor	Companies Act, 2017	Section 250(1)
5	Audit & Certification of Accounts of Non Profit Organizations	Income Tax Rules, 2002	Income Tax Rules, 2002 notified through SRO 774 dated 29th July, 2006
6	Audit of Financial Statements for Agricultural Borrowers	Prudential Regulations for Agriculture Financing 2014	Part C, Regulations R-20
7	Audit of Financial Statements of SMEs	Prudential Regulations for Small and Medium Enterprises Financing 2013	Chapter No. 3, Regulation ME R-4
8	Audit of Financial Statements of Corporate and Commercial Banks	Prudential Regulations for Corporate / Commercial Banking 2011	Part B, Regulations R-3
9	To Act as Legal Representative of Taxpayer	Income Tax Ordinance, 2001 Income Tax Rules, 2002	Sec 223 Income Tax Ordinance, 2001 Rules 84-90 Chp XIV if Income Tax Rules, 2002
10	Delegation of Function by Assets Management Companies	SECP Circular, 2013	No.24/2013 dated December 06, 2013
11	Declaration for Registration of Memorandum	Companies Rules, 1985	Rule 4 (2) (ii)
12	Appointment as Committee Member on Custom matters	Customs Act, 1969	Section 195 C(2)
13	Appointment as Member of Settlement Commission on Custom matters	Customs Act, 1969	Section 196 K(3)
14	Appointment as Accountant Member of the Appellate Tribunal	Anti-Dumping Duties Ordinance, 2015	Rule 65(1)(a), No.2((1)/2015-Pub dated February 26, 2015
15	To Act as Legal representative in Anti-Dumping Tribunal	Anti-Dumping Duties Ordinance, 2015	No.2((1)/2015-Pub dated February 26, 2015
16	To Act as Member of Small Dispute Resolution Committee	Small Dispute Resolution Committees (Constitution and Procedure) Rules, 2015	Section 4(1)(b)
17	To act as an Expert in the Companies Act, 2017	Companies Act, 2017	Section 2(30)
18	To act as Certifier in the memorandum and articles	Companies Act, 2017	Section 17(3)
19	To act as Auditor for making report in case of return as to allotments	Companies Act, 2017	Section 70(b)
20	To act as an Intermediary in terms of Section 455 of the Companies Act, 2017	Intermediaries (Registration) Regulations, 2017	Section 3(i)(b)
21	To act as an Internal Auditor in the listed companies	Code of Corporate Governance	Code of Corporate Governance
22	To carry out the Audit of Separated Accounts	PTA Accounting Separation Guidelines, 2007	Sub-Clause 9(1)
23	To act as an Expert in the Panel of Insolvency Experts	Corporate Rehabilitation Regulations, 2019	Sub-Clause 4(ii)
24	To act as a Provisional Manager and Official Liquidator	Panel of Provisional Managers and Official Liquidators Regulations, 2019	Sub-Clause 4(a)
25	To act as a member of ADRC	Income Tax Ordinance ,2001	Section 134 A

*The above furnished details are compiled to the best of our knowledge, however, Worthy Members are encouraged to provide their inputs and feedback on the above information.

TECHNICAL SUPPORT & PRACTICE DEVELOPMENT COMMITTEE