

# MONTHLY TECHNICAL UPDATES

"We cannot be separated in interest or divided in purpose. We stand together until the end." – Woodrow T. Wilson

## UPCOMING EVENTS

### DURING NOVEMBER 2022\*

- Webinar on filing of Annual Returns of companies (Form-A/ Form-29/ Form-45)
- Webinar on Sustainable Cost Optimization
- Seminar on Incorporation of LLP and Company by SECP
- Webinar on Filing of Tax Returns (Companies)

\*tentative

## INSIDE

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- ✓ Pakistan Stock Market – KSE-100 Index Fluctuations
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### Message from the President



I am delighted to present the Monthly Technical Updates for the month of October, 2022. This month's edition comprises of news from economy, Corporate Sector, Taxation, monetary sector; updates from the stock market and foreign exchange. I believe that members will find it informative and helpful in discharging their professional assignments/ responsibilities.

Moreover, worthy members are requested to share their valuable suggestions at [tspd@icmap.com.pk](mailto:tspd@icmap.com.pk) for further improvement in the document and identify topics of technical interest, which the Committee may consider for arranging seminars and training programs beneficial for the practicing members in terms of their capacity building and value addition.

I appreciate and look forward to receive your inputs and comments for the uplift of practicing profession. Together we can take our Institute to greater heights.

**Shehzad Ahmed Malik, FCMA**  
President ICMA International  
& Chairman TSPDC

# Committee Activities

President's meetings with different dignitaries

President Mr. Shehzad Ahmed Malik had a meeting with USAID Officials



President Mr. Shehzad Ahmed Malik had a meeting in Petroleum House



President Mr. Shehzad Ahmed Malik met with the senior officials (Mr. Asif Raffat Khan, CFO PLL and Mr. Muhammad Arif, CFO Government Holdings) of Petroleum Industry along with Mr. Shan Muhammad, Chairman Islamabad Coordination Committee to discuss the matters related to arranging the joint seminars and trainings for members and identifying the opportunities for internships and jobs for the students and members of Institute.

## President Mr. Shehzad Ahmed Malik chaired the Certificate Distribution Ceremony



## Webinar on E-Filing of Income Tax Withholding Statements

In line with the directions of Mr. Shehzad Ahmed Malik, FCMA, President ICMA, for arranging capacity building sessions for the students and members of Institute, TSPD Committee, in collaboration with the National CPD Committee of ICMA Pakistan, organized a Webinar on E-Filing of Income Tax Withholding Statements through ZOOM on October 25, 2022 for the awareness of members, students, professionals and other stakeholders. A large number of participants attended the event and benefitted from the thought-provoking speeches of eminent speaker.

Mr. Awais Yasin, FCMA Honorary Treasurer ICMA welcomed the guests with his welcome note. Eminent speaker Mr. Nafees Ahmed, ACMA presented a detailed and comprehensive presentation on the subject. Ms. Khola Taj, ACMA moderated the session. President ICMA acknowledged the efforts of TSPD Committee and thanked the speakers for their valuable input and time. Mr. Shan Muhammad, FCMA, Chairman Islamabad Coordination Committee thanked the participants and speaker in his closing remarks.

The participants greatly admired the event and also had an interactive Question and Answer session.



## Webinar on Role of CMAs as Tax Consultants in Pakistan and abroad

Technical Support and Practice Development (TSPD) Committee, under the guidance of Mr. Shehzad Ahmed Malik, President ICMA & Chairman TSPD Committee, organized a Webinar on Role of CMAs as Tax Consultants in Pakistan and abroad, in collaboration with the National CPD Committee of ICMA Pakistan through ZOOM.

Mr. Awais Yasin, FCMA, Chairman CPD Committee graced the event with his presence and welcomed the participants. Mr. Abdul Razzaq, FCMA Chairman, Lahore Branch Council and Mr. Muhammad Javed Arif, FCMA Chief Executive Officer, Javaid & Co.; were the distinguished speakers at the event. Both the speakers enlightened the participants to the various aspects of Tax Consultancy locally and internationally.

The participants also had an interactive Question and Answer session. Ms. Khola Taj, ACMA moderated the session.



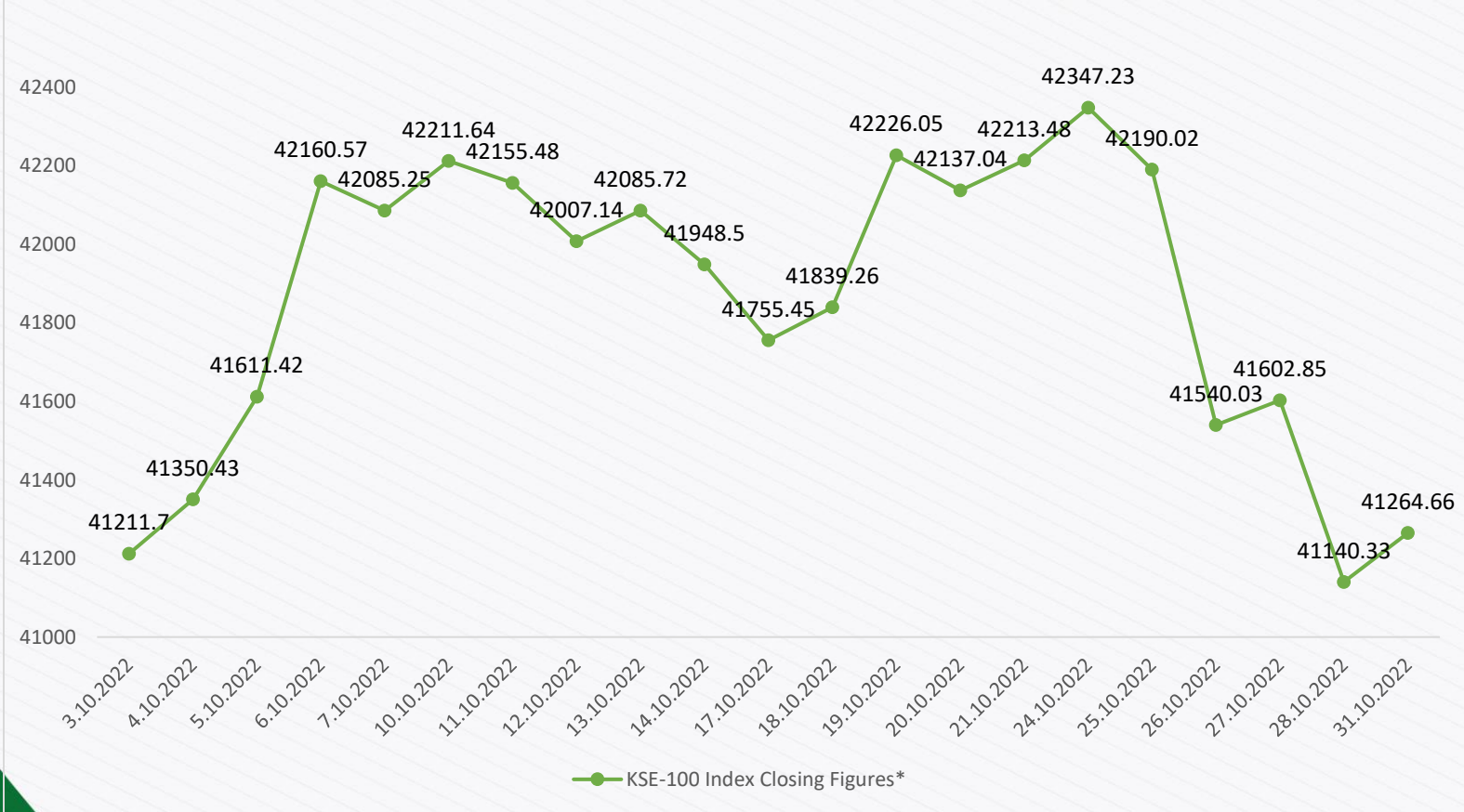
# Pakistan Stock Market

## Pakistan Stock Market - KSE-100 Index Fluctuations during October, 2022

Date	KSE-100 Index Closing Figures*	Date	KSE-100 Index Closing Figures*	Date	KSE-100 Index Closing Figures*
3.10.2022	41211.70	12.10.2022	42007.14	21.10.2022	42213.48
4.10.2022	41350.43	13.10.2022	42085.72	24.10.2022	42347.23
5.10.2022	41611.42	14.10.2022	41948.50	25.10.2022	42190.02
6.10.2022	42160.57	17.10.2022	41755.45	26.10.2022	41540.03
7.10.2022	42085.25	18.10.2022	41839.26	27.10.2022	41602.85
10.10.2022	42211.64	19.10.2022	42226.05	28.10.2022	41140.33
11.10.2022	42155.48	20.10.2022	42137.04	31.10.2022	41264.66

\*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*
3.10.2022	227	230	12.10.2022	218	220	21.10.2022	221	224
4.10.2022	225	229	13.10.2022	218	222	24.10.2022	221	225
5.10.2022	224	228	14.10.2022	218	222	25.10.2022	220	223
6.10.2022	222	225	17.10.2022	219	224	26.10.2022	220	223
7.10.2022	220	223	18.10.2022	220	226	27.10.2022	221	225
10.10.2022	218	220	19.10.2022	221	228	28.10.2022	223	227
11.10.2022	217	218	20.10.2022	221	225	31.10.2022	220	228

\*forex.pk

## RUPEE-DOLLAR PARITY DURING OCTOBER 2022



# Corporate Updates

## 1. SECP EXTENDS EFFECTIVE DATE OF APPLICABILITY OF IFRS 9 FOR NBFCs (INCLUDING NBMFCs) AND MODARABAS

Securities and Exchange Commission of Pakistan (SECP) vide their press release dated October 11, 2022 extended the effective date for applicability of IFRS-9 for non-banking finance companies (NBFCs) including non-bank microfinance companies (NBMFCs) and Modarabas till June 30, 2024.

The extension is granted by the SECP in the wake of economic hardships and capacity issues being faced by respective sectors in the post-Covid times. As per SECP, the decision would provide level playing field to the NBFCs/Modarabas in line with an extension granted by the State Bank of Pakistan for banks and development finance institutions till January 1, 2024.

SECP directed NBFCs and Modarabas to formulate and submit their board's approved time bound action plans containing timelines, capacity building measures and any other activities required for effective implementation of IFRS-9 by October 31, 2022. SECP also asked them to submit periodic status update to the commission on December 31, 2022, March 31, 2023, and June 30, 2023.

## 2. CIRCULAR NO. 10 OF 2022 – SALES LOAD BEING CHARGED BY COLLECTIVE INVESTMENT SCHEMES

Securities and Exchange Commission of Pakistan (SECP) vide their Circular No. 10 of 2022 notified Load being Charged by Collective Investment Schemes. SECP directed all Asset Management Companies (AMCs) to ensure that:

The cumulative sales load does not exceed 3% of the NAV per unit, where the offering document of the Collective Investment Scheme (CIS) permits charging of sales load. Provided that an AMC may charge sales load maximum up to 3% of NAV per unit if investor approaches directly for investment or where transactions are done through a third-party online distribution portal/ website, and may charge sales load maximum up to 1.5% of the NAV per unit where transactions are done through AMC's own online distribution portal or website.

SECP also directed the AMC's to ensure following complete disclosures along with requisite documents:

- Clearly disclose, at the time of investment, the maximum rate of Sales Load that is being charged to the unitholder;
- Obtain duly signed acknowledgement from the unit holder to ascertain that all the terms and conditions along with details of Sales Load to be deducted, have been read and understood by the unitholder; and
- Issue to the unit holder, within 48 hours of the realization of funds, breakup of the total amount received from the unitholder, sales load charged and net amount invested in the fund on his behalf as per the following format:

Particulars	Amount/ Percentage
Investment Amount Received	
Front End Load	(% of NAV per unit (at the time of investment))
Net Amount Invested	Rs.: (Investment Amount Received - Amount of Front-End Load)
Back End Load (to be charged)	(% of NAV per unit to be charged at the time of issuance or redemption (please specify))

SECP also directed that, in case of an investment done through a third-party online distribution portal or website, an AMC shall ensure that at the time of investment, the disclosures specified in above table are immediately displayed prominently to the investor through a screenshot popping up in English and Urdu languages, providing a choice to the investor to accept or decline through a click on the buttons provided conspicuously with the screenshot.

For further details, please visit the following link:

<https://www.secp.gov.pk/document/circular-no-10-of-2022-sales-load-being-charged-by-cis/?wpdmdl=45948&refresh=634a47b0d031b1665812400>

### 3. CATEGORIZATION OF OPEN-END COLLECTIVE INVESTMENT SCHEMES (CIS)

Securities and Exchange Commission of Pakistan (SECP) vide their Circular No. 11 of 2022 notified following amendments in the Non-Banking Finance Companies & Notified Entities Regulations, 2008:

- In Circular No.7 of 2009 dated March 06, 2009 as amended through Circular No.31 of 2020 dated October 22, 2020:- In para 8. under the heading "Money Market Scheme" in clause (i), after the word "commercial papers" the words "and/or short term Sukuk" shall be added;
- In Circular No.2 of 2020 dated February 06, 2020 as amended through Circular No.6 of 2022 dated June 09, 2022:- In table, after heading row, in 1st and 2nd row to the table, after the word "commercial papers" the words "and/or short term Sukuk" shall be added;
- AMCs shall ensure that cumulative exposure in commercial papers and/or short term Sukuk of their money market schemes shall not exceed beyond the prescribed exposure limit of 20% of the net assets.
- AMCs whose money market schemes have already taken exposure beyond 20% in commercial papers and/or short term Sukuk shall comply with the requirement within a period of three months from the date of this Circular unless their investments are held till maturity.

For further details, please visit the following links:-

<https://www.secp.gov.pk/document/circular-no-11-of-2022-categorization-of-open-end-money-market-collective-investment-schemes-ciss/?wpdmdl=46018&refresh=6358c1f2a582f1666761202>

## Taxation Updates

### 4. FBR EXTENDED THE DATE OF FILING OF INCOME TAX RETURNS TILL NOVEMBER 30, 2022

Federal Board of Revenue (FBR) vide their Circular 17 of 2022 dated October 31, 2022 further extended the date of filing of Income Tax Returns for tax year 2022 till November 30, 2022.

For further details, please visit the following links:-

<https://download1.fbr.gov.pk/Docs/2022103123105347492FURTHEREXTENSIONINDATEOFFILINGOFINCOMETAXRETURNSFORTAXYEAR2022.pdf>

### 5. AMENDMENTS IN BAGGAGE RULES, 2006 - FBR SETS NEW RULES FOR CURRENCY DECLARATION

Federal Board of Revenue (FBR) vide their SROs 1864(I)/2022 dated October 12, 2022 made amendments in the Baggage Rules, 2006 by inserting a new sub-rule in Rule 7 of the aforementioned Rules.

According to this SRO, the outbound passenger, for all countries except Afghanistan, without prejudice to his entitlement of taking out of Pakistan 1,000 US \$ upto the age of 5 years, 5,000 US \$ above 5 years upto 18 years and 10,000 US \$ above the age of 18 years, while taking out of Pakistan foreign currency exceeding US \$ 5,000 or equivalent, or any other prohibited or restricted item, shall file a declaration in the Form as set out in Appendix-C, before or on departure, electronically in the WeBOC or pass track or manually at the airport.

The persons travelling to Afghanistan, while having entitlement of 1,000 US \$, shall file a declaration of currency in their possession, in the Form as set out in Appendix-C. The incoming passenger when in possession of foreign currency exceeding US \$ 10,000 or equivalent, or any other prohibited or restricted item, shall also file a declaration in the Form as set out in Appendix-C.

To download Appendix – C and for further details, please visit the following links:-

<https://download1.fbr.gov.pk/SROs/2022101116105519224sro1864.pdf>



## **6. DRAFT AMENDMENTS IN RULES 37(2), 38(2) AND SECOND SCHEDULE TO THE INCOME TAX RULES, 2002**

Federal Board of Revenue (FBR) vide their S.R.O. 1892(I)/2022 dated October 13, 2022 made draft amendments to rules 37 & 38 of the Income Tax Rules, 2002.

FBR, through the above-mentioned SRO, substituted relevant forms of rules mentioned hereunder:

- Rule 37 (2) - Return to be furnished by a non-resident ship owner or charterer under section 143
- Rule 38 (2) - Return to be furnished by a non-resident aircraft owner or charterer under section 144
- In the Second Schedule:
  - ✓ in Part-II-R for the Form-A, under the heading “114(1) Simplified Return of Income for Retailers having Turnover less than Rs 10 million”
  - ✓ in Part-II-S for the Form-A, under the heading “Return for Individuals/ AOPs having Turnover up to Rs 50 million”
  - ✓ in Part-II-V for the Form, under the heading “Computations”

For further details, please visit the following link:

[https://download1.fbr.gov.pk/SROs/2022101316105431754SRO1892\(I\)of2022dated13.10.22.pdf](https://download1.fbr.gov.pk/SROs/2022101316105431754SRO1892(I)of2022dated13.10.22.pdf)

## **7. FBR INSERTED RELEVANT FORM FOR TAX PAYERS FOR PAYMENT ON IMMOVABLE PROPERTIES**

FBR vide their S.R.O. 1891(I)/2022 dated October 13, 2022 inserted the relevant form for the taxpayers with regards to payment of tax on immovable properties under Section 7E (tax on deemed income basis under the Income Tax Ordinance, 2001). The same was earlier published vide SRO.1829(I)/2021 for soliciting public comments.

FBR amended Part-II-V of the Second Schedule to the Income Tax Rules, 2002 by inserting a new form with regards to payment of tax on immovable properties. The relevant form shall be applicable for the tax year 2022.

The form & the SRO can be accessed through the following link:

[https://download1.fbr.gov.pk/SROs/202210131810242580SRRO1891\(I\)of2022.pdf](https://download1.fbr.gov.pk/SROs/202210131810242580SRRO1891(I)of2022.pdf)

Federal Board of Revenue (FBR), in view of the recent flood situation in the country and requests from various trade bodies, Tax Bar Associations and other Stakeholders, extended the date of filing of Income Tax Returns up to October 31<sup>st</sup>, 2022 for all the taxpayers who were required to file Income Tax Returns by September 30<sup>th</sup>, 2022.

## **8. AMENDMENTS IN RULES 37(2), 38(2) AND SECOND SCHEDULE TO THE INCOME TAX RULES, 2002 - SIMPLIFIED INCOME TAX RETURN FORM FOR SMALL RETAILERS AND SHOPKEEPERS**

Federal Board of Revenue (FBR) vide their S.R.O. 1955(1)/2022 dated October 24, 2022 made amendments to the Income Tax Returns and notified a simplified income tax return form for small retailers and shopkeepers having an annual turnover of less than Rs10 million.

The same was earlier notified vide S.R.O. 1892(I)/2022 dated October 13, 2022 for soliciting public comments.

The new return form would be applicable for the tax year, 2022. According to the simple return form, the traders/retailers have to declare basic information such as business turnover/receipts; electricity bills, cost of sales; opening stocks; purchases; other expenses; closing stocks; gross profits; profit and loss expenses and other information.

The notification also prescribed return form for the individuals and the association of persons (AoPs) having turnover up to Rs50 million.

For further details, please visit the following links:-

[https://download1.fbr.gov.pk/SROs/20221024191081894SRO1955\(I\)of2022.pdf](https://download1.fbr.gov.pk/SROs/20221024191081894SRO1955(I)of2022.pdf)

# Monetary Updates

## 9. DATE TO ENCASHMENT, CONVERSION OF DISCONTINUED PRIZE BONDS EXTENDED

Finance Division vide their notification on Tuesday extended the date for encashment, conversion and redemption of discontinued National Prize Bonds of Rs 40000, 25000, 15000 and 7500 denominations up to June 30, 2023.

The procedure for encashment/ conversion/ redemption of National Prize Bonds was earlier issued vide notifications No. F. 16 (3) GS-1/201 4-299, dated 29th March, 2022, notifications No F.16(3)GS-1-2014-298, notifications No.F.16(3)GS-2014-2207 and notifications No.F.16(3)GS-1.2014-296.

## 10. SHAREHOLDING RETURNS-BANKS/DFIS/MFBS

State Bank of Pakistan (SBP) vide their notifications dated October 24, 2022 decided to consolidate the instructions issued by SBP, from time to time, on the shareholding returns.

SBP directed banks/DFIs/MFBs to furnish their shareholding information as per enclosed format (Annexure-I) on calendar year basis within 15 (fifteen) days from the close of each calendar year. SBP further directed all locally incorporated banks to continue to furnish information about the shareholding of Chairman, Managing Director or Chief Executive Officer, by whatever name called, as per the relevant format on calendar year basis within 15 (fifteen) days from the close of each calendar year.

SBP further informed that this information shall be furnished to Banking Policy & Regulations Department (BPRD) via email at [shareholding.info@sbp.org.pk](mailto:shareholding.info@sbp.org.pk) in the following manner:

- Scanned copies of duly signed returns as per the given formats
- Soft copies of the above returns on MS Excel formats

For further details, please visit the following links:-

<https://www.sbp.org.pk/bprd/2022/CL30.htm>

# International Updates

## 11. IFAC RELEASES ADDITIONAL SUPPORT FOR SMALL FIRMS ON THE IAASB'S QUALITY MANAGEMENT STANDARDS

International Federation of Accountants (IFAC) vide their notification dated October 31, 2022 released the first installment in a three-part publication series to help small- and medium-sized practices implement the International Auditing and Assurance Standards Board's (IAASB) new quality management standards.

The IAASB's suite of quality management standards were issued in December 2020 and will come into effect on December 15, 2022.

According to IFAC, the Installment One of the new quality management standards addresses the mindset change the new standards require and the shift in focus from quality control to quality management. It also includes developing a project implementation plan, an introduction to quality objectives, the risk assessment process, and assigning roles and responsibilities. Helpful meeting agenda templates practitioners can use with their colleagues are also included.

The three-part series will provide tips and guidance for practical implementation of the IAASB's standards. Installment two will focus on developing a detailed implementation plan and installment three will address monitoring and remediation. Installment One joins IFAC's collection of available resources that support quality management implementation, including webinars, articles and videos, as well as the IAASB first-time implementation guides, all of which are available at [www.ifac.org/qualitymanagement](http://www.ifac.org/qualitymanagement).

For further details, please visit the following links:-

<https://www.ifac.org/news-events/2022-10/ifac-releases-additional-support-small-firms-iaasbs-quality-management-standards>

## 12. IASB AMENDS ACCOUNTING STANDARD TO IMPROVE INFORMATION ABOUT LONG-TERM DEBT WITH COVENANTS

International Accounting Standards Board (IASB) vide their notification dated October 31, 2022 issued amendments to IAS 1 Presentation of Financial Statements with the aim to improve the information companies provide about long-term debt with covenants.

IAS 1 requires a company to classify debt as non-current only if the company can avoid settling the debt in the 12 months after the reporting date. However, a company's ability to do so is often subject to complying with covenants. For example, a company might have long-term debt that could become repayable within 12 months if the company fails to comply with covenants in that 12-month period.

The amendments to IAS 1 specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements.

The IASB expects the amendments to improve the information a company provides about long-term debt with covenants by enabling investors to understand the risk that such debt could become repayable early.

According to IFAC, the amendments are effective for annual reporting periods beginning on or after January 01, 2024, with early adoption permitted.

For further details, please visit the following links:-

<https://www.ifrs.org/news-and-events/news/2022/10/iasb-amends-accounting-standard-to-improve-information-about-long-term-debt-with-covenants/>

## Important dates

<b>November 30, 2022</b>	Last date of filing of Income Tax Returns to FBR (FBR extended the last date for filing income tax returns for tax year 2022 up to Nov 30, 2022 from Oct 31, 2022)
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## TECHNICAL SUPPORT & PRACTICE DEVELOPMENT COMMITTEE

**Mr. Shehzad Ahmed Malik, FCMA**  
Chairman

**Mr. Azeem Hussain, ACMA**  
Member

**Sayyid Mansoob Hasan, FCMA**  
Member

**Mr. Zahid Farooq, FCMA**  
Member

**Mr. Naeem-ud-din, FCMA**  
Member

**Mr. Abdul Razzaq, FCMA**  
Member

**Mr. Muhammad Yousuf, FCMA**  
Member

**Mr. Naveed-ur-Rehman, FCMA**  
Member

**Mr. Nasir Jamal, FCMA**  
Member

**Mr. Tariq Javed Kamboh, FCMA**  
Member

**Mr. Shan Muhammad, FCMA**  
Member

**Mr. Imran Ashfaq, ACMA**  
Member

**Mr. Muhammad Tayyab, ACMA**  
Member

**Mr. Khuram Shazad, ACMA**  
Member

**Mr. Nafees Ahmed, ACMA**  
Member

**Mr. Bilal Ahmad, FCMA**  
Director TSPD