



**ICMA**INTERNATIONAL  
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**MONTHLY  
TECHNICAL UPDATES**

**ON ACCOUNTING, TAXATION & LAWS**

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*"If you really want to do something, you'll find a way.  
If you don't, you'll find an excuse."*

*Jim Rohn*

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### **Message from the Chairman:**

I am pleased to present the Monthly Technical Updates by TSPD Committee for the month of March 2022. This issue provides a glimpse of committee activities for this month, Stock Market, Corporate Sector and Taxation. I believe that members will find it informative and helpful in discharging their professional assignments/ responsibilities.

Moreover, Worthy Members are requested to frequently visit the website of the Institute to keep themselves abreast with the latest developments in the AML/ CFT regime. 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](mailto:tspd@icmap.com.pk)

**Shehzad Ahmed Malik, FCMA**

Vice President & Chairman  
TSPD Committee ICMA Pakistan



# Committee Activities

## Seminar on International Transfer Pricing Model under the OECD Model Convention and the Income Tax Ordinance, 2001

TSPD Committee, in collaboration with the CPD Committee of ICMA Islamabad, organized an exclusive seminar on “International Transfer Pricing Model under the OECD Model Convention and the Income Tax Ordinance, 2001” on March 17, 2022. The objective of the program was to discuss the complex rules and procedures developed by Tax Authorities to regulate MNE Transfer Pricing Policies.

Barrister Nowsherwan Khan (Chief International Taxes, FBR) was the Guest of Honor of the seminar. Amongst the eminent speakers were Mr. Aquib Hussain, Mr. Muhammad Raza, and Mr. Muhammad Javaid Arif. Mr. Shehzad Ahmed Malik, Vice President ICMA Islamabad presented his thoughts in his valedictory note. The seminar was attended by a large number of participants who were awarded with 3 CPD Hours.



## Seminar on the Punjab Sales Tax on Services and Its Impact on NGO/INGO

TSPD Committee, in collaboration with the CPD Committee ICMA Islamabad, organized an exclusive seminar on “Punjab Sales Tax on Services and Its Impact on NGO/INGOs” on March 10, 2022, at Islamabad. The purpose of conducting the seminar was to highlight the issues faced by the NGOs/INGOs in the province of Punjab on account of “The Punjab Sales Tax on Services Act 2012”.

Dr. Javed Iqbal Sheikh (Member Policy, Punjab Revenue Authority) was the Chief Guest of the event. Ms. Ayesha Khan, Country Director Hashoo Foundation was the Guest of Honor. Distinguished speakers addressing to seminar were Ms. Jennifer Akrom Khan, Country Director Action Against Hunger, Mr. Ghulam Mustafa Qazi, FCMA, and Mr. Muhammad Javaid Arif, CEO Javaid & Co. Cost & Management Accountants. The valedictory note was delivered by Mr. Shehzad Ahmed Malik, FCMA, Vice President ICMA Pakistan.

A large number of dignitaries, members, students and personnel from different sectors participated in the event.



## Technical Session to formulate budgetary proposals for Fiscal Budget 2022-23

TSPD Committee organized a Technical Session to formulate budgetary proposals for the Fiscal Budget 2022-23 on March 15, 2022, physically at Islamabad and through ZOOM for the other cities. The objective of the technical session was to discuss and prepare budget proposals for the upcoming Federal Budget 2022-23.



# Pakistan Stock Market

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

Date	KSE-100 Index Closing Figures*	Date	KSE-100 Index Closing Figures*	Date	KSE-100 Index Closing Figures*
1.3.2022	44803.58	10.3.2022	43853.62	21.3.2022	43230.22
2.3.2022	44514.12	11.3.2022	43653.33	22.3.2022	43203.79
3.3.2022	44525.72	14.3.2022	43366.89	24.3.2022	43522.55
4.3.2022	44551.35	15.3.2022	43719.82	25.3.2022	43551.14
7.3.2022	43266.97	16.3.2022	43975.69	28.3.2022	43933.56
8.3.2022	42878.35	17.3.2022	43807.23	29.3.2022	44438.70
9.3.2022	43042.96	18.3.2022	43029.97	30.3.2022	44337.56
				31.3.2022	44928.83

\*As published in Daily Dawn

### KSE-100 INDEX CLOSING FIGURES

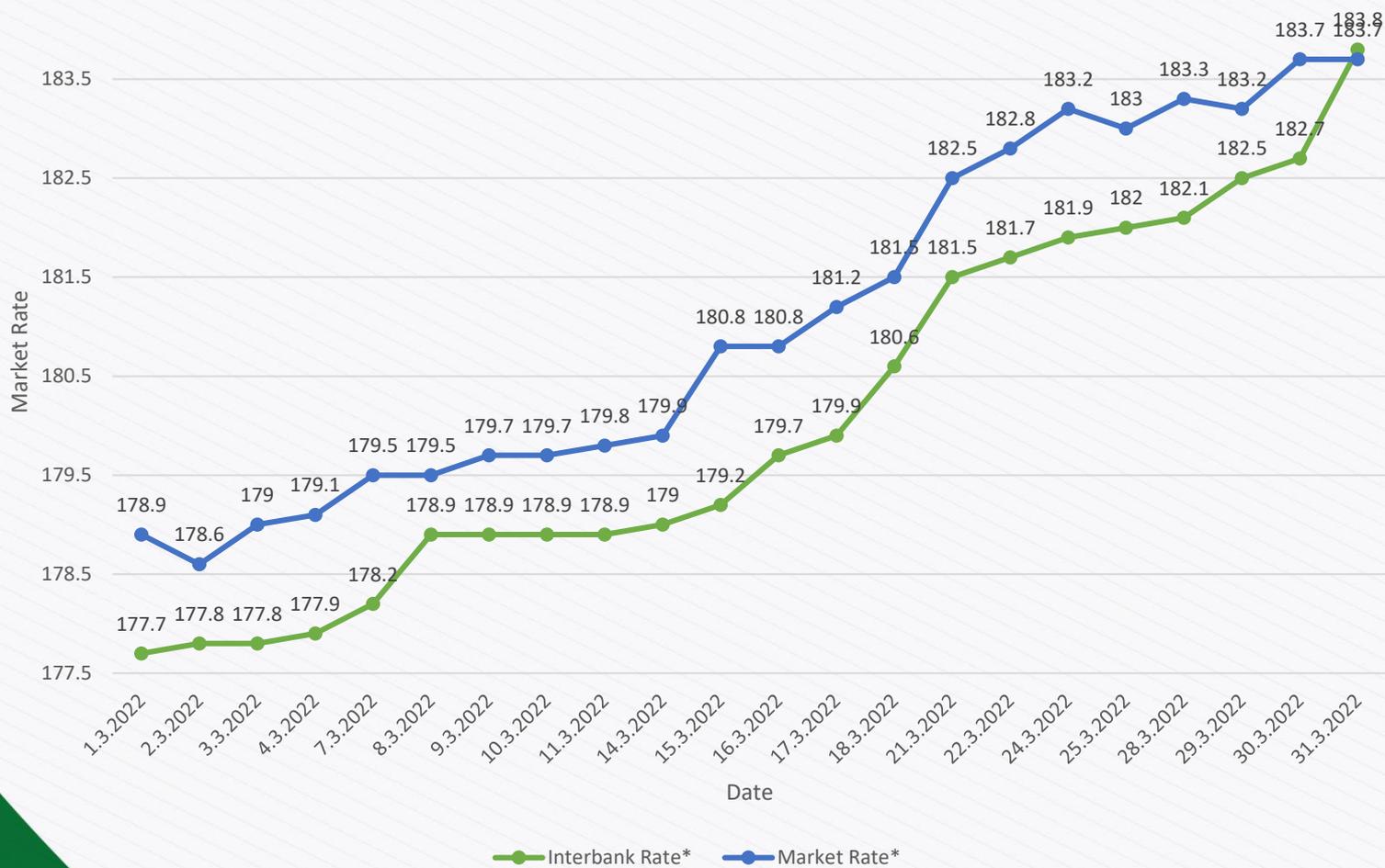


# Rupee-Dollar Parity

Date	Interbank Rate*	Market Rate*	Date	Interbank Rate*	Market Rate*	Date	Interbank Rate*	Market Rate*
1.3.2022	177.7	178.9	10.3.2022	178.9	179.7	21.3.2022	181.5	182.5
2.3.2022	177.8	178.6	11.3.2022	178.9	179.8	22.3.2022	181.7	182.8
3.3.2022	177.8	179.0	14.3.2022	179.0	179.9	24.3.2022	181.9	183.2
4.3.2022	177.9	179.1	15.3.2022	179.2	180.8	25.3.2022	182.0	183.0
7.3.2022	178.2	179.5	16.3.2022	179.7	180.8	28.3.2022	182.1	183.3
8.3.2022	178.9	179.5	17.3.2022	179.9	181.2	29.3.2022	182.5	183.2
9.3.2022	178.9	179.7	18.3.2022	180.6	181.5	30.3.2022	182.7	183.7
						31.3.2022	183.8	183.7

\*forex.pk

## RUPEE-DOLLAR PARITY DURING MARCH, 2022



# Corporate Updates

## 1. INCLUSION OF HOUSING FINANCE COMPANIES (HFCs) IN GOVERNMENT MARKUP SUBSIDY SCHEME (GMSS) FOR HOUSING FINANCE

Securities and Exchange Commission of Pakistan (SECP) vide their Circular No. 05 of 2022 dated March 15, 2022 notified inclusion of Housing Finance Companies (HFCs) in Government Markup Subsidy Scheme (GMSS) for Housing Finance Subject.

According to the Circular, SBP, in pursuance of the approval by the Economic Coordination Committee (ECC) and ratification by the Federal Cabinet on January 11, 2022, addressed to the SECP informed that it has included the Housing Finance Companies (HFCs) duly licensed by the Commission as Executing Agencies (EAs) under the Government Markup Subsidy Scheme (GMSS) for Housing Finance.

In view of the above, the SECP notified that HFCs duly licensed by the Commission are included as EAs under the GMSS for Housing Finance subject to the eligibility criteria, assessment of financial soundness of HFCs, regulatory monitoring requirements and markup subsidy payment mechanism as may be prescribed by the SECP.

For further details, please visit the following link:-

<https://www.secp.gov.pk/document/circular-no-05-of-2022-inclusion-of-housing-finance-companies-hfcs-in-government-mark-up-subsidy-scheme-gmss-for-housing-finance/?wpdmdl=44269&refresh=6232ce7f00a091647496831>

## 2. SBP ENABLES MICROFINANCE ACCOUNT-HOLDERS TO INVEST IN GOVERNMENT SECURITIES

State Bank of Pakistan (SBP) vide their Circular No. 03 of 2022 dated March 16, 2022 enabled Microfinance Account-holders to Invest in Government Securities.

This step will provide greater opportunities for public to invest in government securities and in line with the objective of diversifying funding for this exclusive avenue. Following measures have been taken by the SBP:-

- Microfinance Banks (MFBs) have been permitted to offer Investor Portfolio of Securities (IPS) Accounts to their customers.
- Microfinance Bank (MFB) account holders have been allowed to open IPS Accounts with any Scheduled Bank to invest in government securities

In order to invest in government securities, individuals and retail investors need to open an IPS account to hold, sale and purchase of these securities. Previously, only individuals and entities having a PKR denominated account with Scheduled Banks could open IPS Accounts. The main attraction for investment in government securities is their secure nature and attractive profits, which are generally higher than the ones offered by banks on saving accounts.

The new measures allow two options for both regular and Branchless banking (BB) account holders of Microfinance Banks. Under the first option, account holders of MFBs can open IPS accounts with their MFB to use their funds for sale and purchase of government securities. In the second option, account holders of MFBs can open IPS accounts with any Scheduled bank to invest in government securities. Both options allow account holders of MFBs to use amounts available in their accounts or BB/wallet for the investment.

The recent issuance of Customers' Digital Onboarding Framework by SBP will further simplify and facilitate the process of IPS Account opening, under which banks and MFBs have been allowed to share customers' KYC related information with any SBP/SECP regulated entity in compliance with applicable laws and regulations after obtaining customer's consent.

For further details, please visit the following link:-

<https://www.sbp.org.pk/dmmd/2022/C3.htm>

### **3. DEDUCTION OF ZAKAT AT SOURCE IN RESPECT OF SAVING BANKS/PROFIT AND LOSS SHARING AND SIMILAR BANK ACCOUNTS (ASSET CODE NO. 101) AND DEPOSIT THEREOF IMMEDIATELY AFTER DEDUCTION DATE**

State Bank of Pakistan (SBP) vide their BPRD Circular Letter No. 07 of 2022 dated March 30, 2022 notified a copy of the Notification No.CE-1001(36)/NISAB/1442-43/2022 dated March 30, 2022 issued by the Poverty Alleviation & Social Safety Division, Cabinet Secretariat, Government of Pakistan, Islamabad, declaring "Nisab of Zakat" for the Zakat year 1442-43 AH at Rs. 88,927/- (Rupees: Eighty Eight Thousand Nine Hundred Twenty Seven only).

As per the notification, no deduction of Zakat at source shall be made, in case the amount standing to the credit of an account in respect of the assets mentioned in column 2 of Serial No. 1 of the first schedule of Zakat and Ushr Ordinance, 1980, is less than Rs. 88,927/- (Rupees: Eighty Eight Thousand Nine Hundred Twenty Seven only) on the first day of Ramzan-ul-Mubarak, 1443 A.H, First day of Ramazan-ul-Mubarak has already been notified as the "Deduction date" likely to fall on 3rd or 4th April, 2022 (subject to appearance of the moon) for deduction of Zakat from Saving Bank Accounts, Profit and Loss Sharing Accounts and other similar Accounts having credit balance of Rs. 88,927/- (Rupees: Eighty Eight Thousand Nine Hundred Twenty Seven only).

For further details, please visit the following link:-

<https://www.sbp.org.pk/bprd/2022/CL7.htm>

<https://www.sbp.org.pk/bprd/2022/CL7-Annex.pdf>

### **4. EXTENSION IN LAST DATE FOR ENCASHMENT/CONVERSION/REDEMPTION OF RS. 40,000/-, RS. 25,000/-, RS. 15,000/- & RS. 7500/- DENOMINATION NATIONAL PRIZE BONDS WITHDRAWN FROM CIRCULATION**

SBP vide their CMD Circular No. 2 dated March 30, 2022 extended the last date for encashment / replacement / conversion of Rs. 40,000/-, Rs. 25,000/-, Rs. 15,000/- & Rs. 7,500/- denomination National Prize Bonds (bearer) up to June 30, 2022.

Earlier, the last date for encashment / conversion / redemption of captioned denominations of National Prize Bond (NPBs) was communicated as March 31, 2022. Accordingly, all banks are instructed to accept to requests for encashment/ conversion / redemption of cited denomination from general public till June 30, 2022.

For further details, please visit the following link:-

<https://www.sbp.org.pk/CMD/2022/C2.pdf>

## **Taxation Updates**

### **1. INCLUSION OF NEW CHAPTER – REFUND TO PHARMACEUTICAL SECTOR IN THE SALES TAX RULES, 2006**

Federal Board of Revenue (FBR) vide their S.R.O. 383(I)/2022 dated March 7, 2022 notified further amendments in the Sales Tax Rules, 2006 by including a new Chapter V-B, "Refund to Pharmaceutical Sector" after rule 39G.

The following new Chapter and rules thereunder are inserted through this SRO:

Chapter V-B REFUND TO PHARMACEUTICAL SECTOR

39H. Application.—(1) This Chapter shall apply to refund claims for the period commencing from 15th day of January, 2022 onwards, as filed by the registered persons engaged in import or supply of zero-rated drugs as registered under the Drugs Act, 1976 (XXXI of 1976), or medicaments as classified under Chapter 30 of the First Schedule to the Customs Act, 1969 (IV of 1969) except PCT heading 3005.0000.

39I. Extent of payment of refund claim.—The total amount of refund paid against the claims filed and processed under this Chapter shall not exceed the lower of the two amounts, namely, the amount of input tax actually consumed in goods as supplied at zero-rated rate, or the amount as per ceiling, if any, determined by the Board, in terms of percentage of value or amount per unit of the quantity as deemed appropriate.

39J. Filing and processing of refund claims.—The data provided in the monthly national sales tax return shall be treated as data in support of refund claim and no separate electronic data shall be required to be provided. The amount specified in column 29 of the return, as prescribed in the form STR-7, shall be considered as amount claimed, once the return has been submitted along with all prescribed annexures thereof:

Provided that the claimant may submit his return without Annex-H and the same may be filed separately at any time but not later than one hundred and twenty days. The date of submission of Annex-H shall be considered as the date of filing of refund claim:

Provided further that the period of one hundred and twenty days, as aforesaid, may be extended for a period not exceeding sixty days, by the Commissioner having jurisdiction, for reasons to be recorded in writing on the basis of an application made by the claimant.

39K. Risk management in refund processing.—After submission of refund claim, in the aforesaid manner, the same shall be processed by risk management system (RMS). Based on the parameters in RMS, a refund claim shall be routed to the processing module referred to as fully automated sales tax e-refund pharma (FASTER Pharma). The claims that do not fulfil RMS parameters for processing through FASTER Pharma module shall be routed for processing under Chapter V.

39L. Processing in FASTER PHARMA module.— The claims routed to FASTER Pharma module shall be electronically processed. The data in the refund claim shall be scrutinized and verified by the system and the payable refund amount shall be determined on the basis of RMS quality check of input consumed in supplies. The refund payment order (RPO) of the amount found admissible shall be generated and the same shall be electronically communicated direct to the State Bank of Pakistan, within seventy-two hours of submission of claim, for onward advice to the respective banks for credit into the notified account of the claimant.

39M. Processing in STARR module.— The part of the refund claim that is not verified or not found admissible shall be subjected to system validation checks every week and RPO shall be generated for the amount found valid during each validation check. After every validation process, the information regarding RPO generated, if any, as well as the objections shall be communicated by the system to the refund claimant and also to the concerned IRS field formation for information. RPO so generated shall be communicated to the State Bank of Pakistan for payment in the aforesaid manner. After eight validation checks, including the initial one, if any amount still remains un-cleared, the same shall then be processed under STARR module as referred to in Chapter V.

39N. Miscellaneous.—The provisions relating to transmission of bank advice to State Bank post-refund scrutiny, supportive documents, responsibility of claimants and action in respect of inadmissible claims, as specified in Chapter V, shall, mutatis mutandis, be applicable to refund claims filed and processed under this Chapter:

Provided, however, that supportive documents shall only be presented in by the claimant, if so required by the officer-in-charge of post-refund scrutiny, with the approval of Commissioner concerned.

For further details, please visit the following link:-

<https://download1.fbr.gov.pk/SROs/2022371435048624SRO383-2022.pdf>

## 2. AMENDMENT IN SRO 342(I)/2022 – OMISSION OF ENTRIES RELATED TO DHA PHASES

Federal Board of Revenue (FBR) vide their S.R.O. 428(I)/2022 dated March 15, 2022 made further amendments in its S.R.O. 342(I)/2022 dated March 2, 2022 by omitting entries pertaining to DHA Phases and its extensions.

According to the notifications, in the Table, in column (1), S. Nos. 62, 63, 64, 65, 66, 67, 68, 171, 172, 173, 174, 175, 176 and 177 and entries relating thereto in columns (2), (3) and (4) shall be omitted.

For further details, please visit the following link:-

[https://download1.fbr.gov.pk/SROs/202231514356878SRO428\(I\)2022dated15.03.2022.pdf](https://download1.fbr.gov.pk/SROs/202231514356878SRO428(I)2022dated15.03.2022.pdf)

# International Updates

## 1. NEW IFAC DIGITAL PLATFORM ASSISTS PUBLIC SECTOR TRANSITION FROM CASH TO ACCRUAL ACCOUNTING: PATHWAYS TO ACCRUAL

The International Federation of Accountants (IFAC) launched a new digital platform “Pathways to Accrual”, providing a central access point to resources helpful for governments and other public sector entities planning and undertaking a transition from cash to accrual accounting including adopting and implementing International Public Sector Accounting Standards (IPSAS).

Pathways to Accrual builds upon the work of the International Public Sector Accounting Standards Board (IPSASB)’s Study 14, Transition to the Accrual Basis of Accounting: Guidance for Governments and Government Entities with updated content and a modernized presentation with easier navigation.

To equip public sector entities with tools for a carefully considered and smooth transition, Pathways to Accrual:

- Outlines the benefits and implications of adopting and implementing accrual accounting including IPSAS;
- Lays out the fundamentals to quality public financial management (PFM), essential for effective and efficient delivery of public services, transparent public finances, and trust between government and citizens;
- Explores multiple transition pathways for incremental implementation of accrual;
- Identifies the main tasks associated with recognition of assets, liabilities, revenues, and expenses, including issues and challenges associated with the identification of, as well as measurement of, those elements in financial statements;
- Gives practical suggestions, guidance, and case studies based on the experience of other entities and jurisdictions; and
- Provides links to other useful guidance and resources to help entities make the best decisions for their unique circumstances.

For further details, please visit the following link:-

<https://pathways.ifac.org/standards/pathways/2021>

## 2. IFAC AND ICAEW RENEW ANTI-MONEY LAUNDERING EDUCATIONAL SERIES, RELEASE FIRST OF THREE NEW INSTALLMENTS

The International Federation of Accountants (IFAC), together with the ICAEW, released a new installment in its Anti-Money Laundering educational series “.Installment Seven: Virtual Assets”.

The publication is part of a series helping accountants enhance their understanding of how money laundering works, the risks they face, and what they can do to mitigate these risks and make a positive contribution to the public interest. Installment seven looks at the broad new class of assets that have emerged over the past decade known as virtual assets, including Bitcoin and NFTs (non-fungible tokens).

For further details and to download the series, please visit the following links:-

[www.ifac.org](http://www.ifac.org)

[www.icaew.com](http://www.icaew.com)

# Consolidated list of the Red-Flags Applicable to all Categories of DNFBPs

CRMC Guidelines

The following consolidated list of red-flags are based on the FMU Guidance, CRMC guidelines as well as the FATF Guidance that looked at proliferation financing- related sanctions evasion techniques have been captured in the reports submitted by the UN PoE to relevant UNSC or UNSCR committees.

The following list is not uniquely determinative of proliferation financing, and proliferation financing activities may share similar traits with money laundering (especially trade-based money laundering) and terrorist financing activities.

It is recommended that that the DNFBP reach out to their respective AML/CFT regulatory authorities as well as the CRMC to provide further guidance.

## **Customer Specific Red-Flags**

- When customer is involved in the supply, sale, delivery or purchase of dual-use, proliferation sensitive or military goods, particularly to higher risk jurisdictions.
- When customer or counter-party, or its address, is the same or similar to that of an individual or entity found on publicly available sanctions lists.
- Inconsistencies in information contained in trade documents and financial flows, such as names, companies, addresses, final destination etc.
- Customer vague/incomplete on information it provides, resistant to providing additional information when queried.
- The customer is a research body connected with a higher risk jurisdiction of proliferation concern.
- When customer's activities do not match with the business profile provided to the reporting entity.
- When customer is vague about the ultimate beneficiaries and provides incomplete information or is resistant when requested to provide additional information
- When customer uses complicated structures to conceal connection of goods imported /exported, for example, uses layered letters of credit, front companies, intermediaries and brokers.
- When a freight forwarding / customs clearing firm being listed as the product's final destination in the trade documents.
- Use of professional intermediaries and firms to mask parties to transactions and end users.
- When final destination of goods to be imported / exported is unclear from the trade related documents provided to the reporting entity.

## **Transaction Specific Red-Flags**

- Project financing and complex loans, where there is a presence of other objective factors such as an unidentified end-user.
- The transaction(s) involve an individual or entity in any country of proliferation concern.
- Transaction involves person or entity in foreign country of diversion concern.
- The transaction(s) related to dual-use, proliferation-sensitive or military goods, whether licensed or not.
- Involvement of a small trading, brokering or intermediary company, often carrying out business inconsistent with their normal business.

- Transaction involves persons or companies (particularly trading companies) located in countries with weak export control laws or weak enforcement of export control laws.
- Transaction involves possible shell companies (e.g. Companies do not have a high level of capitalization or displays other shell company indicators).
- Transaction demonstrates links between representatives of companies exchanging goods i.e. same owners or management.
- Use of cash or precious metals (e.g. gold) in transactions for industrial items.
- The transaction(s) involve the shipment of goods inconsistent with normal geographical trade patterns i.e. where the country involved does not normally export or import or usually consumed the types of goods concerned.
- Over / under invoice of dual-use, proliferation-sensitive or military goods, trade transactions.
- When goods destination/shipment country is different from the country, where proceeds are sent/ received without any plausible reason

### **Guidelines on AML/ CFT Regime by the Institute**

The Institute, over the period, developed and disseminated extensive guidance and outreach amongst its members at large, to increase their understanding on ML/TF risks in Pakistan through guidance documents and several awareness sessions/ Seminars/ Webinars etc. This guidance included the understanding of the members of the Institute and other stakeholders, on the Anti Money Laundering/ Combating the Financing of Terrorism Regime and their obligations under it. In addition to this, the Institute developed a dedicated AML Supervision tab on website of the Institute wherein all the guidance documents and recordings of Webinars/ training sessions are placed for the convenience of the members at large. Following Guidance Documents are available on the website:-

- AML/ CFT Regulations – ICMA Pakistan
- AML/ CFT Guidelines for Accountants – 2020
- AML/CFT FAQs – ICMA Pakistan
- Guidance on AML – ICMA Pakistan
- FAQs on TFS Obligations – ICMA Pakistan
- Anti - Money Laundering Act, 2010
- AML / CFT Sanction Rules, 2020
- Counter Measures for High-Risk Jurisdiction Rules, 2020
- Red Flag Indicators for Accountants
- Guidelines on Targeted Financial Sanctions (TFS)
- UNSC Consolidated Sanction Lists
- List of 'Proscribed organizations' issued by NACTA
- List of Proscribed Persons issued by NACTA
- Red Flags Indicators for DNFBPs Sectors on Targeted Financial Sanctions (TFS) related to TF and PF
- Guidelines on the Implementation of the UNSC Resolutions Concerning TFS on PF
- Guidance from Financial Action Task Force (FATF)
- FATF Recommendations (Revised)
- Guidance on Countering Proliferation Financing

## 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**  
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**Mr. Nasir Jamal, FCMA**  
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**Mr. Nafees Ahmed, ACMA**  
Member

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