

MINUTES OF 10TH MEETING OF THE EXECUTIVE COMMITTEE OF NBFI & MODARABA ASSOCIATION OF PAKISTAN HELD ON 26TH JULY 2011 AT 4.30 P.M. AT THE OFFICE OF TRUST MODARABA, KASSAM COURT, CLIFTON, KARACHI

Present:-

1. Mr. Basheer A. Chowdry, Chairman
2. Mr. Murtaza Ahmed Ali, Vice Chairman
3. Mr. Muhammad Adil Ghaffar, Member
4. Mrs. Arjumand A. Qazi, Member
5. Mr. Abdul Ghaffar Umer, Member
6. Mr. Zulfiqar Ali, Member
7. Mr. Muhammad Samiullah, Secretary General

Leave of absence granted:

1. Mr. Abdus Samad Khan, Member
2. Mr. Farrukh S. Ansari, Member
3. Mr. Khaqan Hasnain Ibrahim, Member
4. Mr. Arjumand A. Minai
5. Mr. Amjad Iqbal, Member

Specially Invited

1. Mr. Adnan Mufti, Tax Consultant, Shekha & Mufti
2. Mr. Ghazanfar Siddiqui, Tax Consultants, Shekha & Mufti

The Secretary General confirmed that the quorum being complete the requirements to convene the meeting were duly met. Mr. Basheer A. Chowdry took the chair and called the meeting to order. The meeting started with the recitation of Holy Quran by Mr. Muhammad Samiullah.

Mr. Chowdry welcomed the Members to the 10th EC meeting and thanked Mr. Adnan Mufti and Mr. Ghazanfar Siddiqui, Tax Consultants, Shekha & Mufti, Chartered Accountants for attending the meeting to discuss the issues of Sindh Sales Tax on Services Bills, 2011.

The Chairman informed the Committee that the Association had requested Mr. Adnan Mufti, Tax Consultant to prepare a draft representation to the Sindh Revenue Board (SRB) and submit to them in a personal meeting. He further informed the members that the draft representation was circulated to all the members and the input received from them will be finalized today for submission to SBR tomorrow.

The Chairman also informed the members that three modarabas have been issued notices by SRB to get them registered with Sales Tax before 31st July 2011. As such it has become necessary to resolve the issue before 31st July 2011.

The Secretary General informed that a number of members have proposed certain amendments in the draft which have been summarized. A detailed discussion took place in which all the participants took part and a final version of the representation letter in connection with the exemption/clarification of sales tax on services provided or rendered by modarabas was prepared.

Mr. Mufti informed that he has taken an appointment with Mr. Mumtaz Ahmed, Member, SRB on 27th July 2011 at 3.00 p.m. and the final representation will be submitted to him. It was resolved that Mr. Murtaza Ahmed Ali, Vice Chairman and Mr. Muhammad Samiullah, Secretary General will also be accompanied with Mr. Mufti in the said meeting while submitting the representation on behalf of Modaraba sector. He also informed that in his absence Mr. Ghazanfar Siddiqui will follow up the matter with SRB and will remain in touch with the Association.

The Chairman and Members of the Executive Committee thanked Mr. Adnan Mufti and Mr. Ghazanfar Siddiqui for attending this meeting and finalizing the representation to be submitted to SRB.

Agenda Item No.1: Confirmation of minutes of 9th EC Meeting held on June 09, 2011:

Mr. Basheer Chowdry invited the members to offer their comments on the minutes of the last meeting. Since there were no comments, the minutes were approved unanimously by the members of the Executive Committee.

Agenda Item No. 2: Matters arising out of the proceedings of last meeting:

The Secretary General informed the Committee the following developments during the period last meeting held.

- **Shariah Compliant Guidelines for Modarabas issued by SECP:**

SECP forwarded to us the Shariah Compliant Guidelines for Modarabas for our comments/feedback which was circulated to the members for their input. After complete review, the draft shariah compliant guidelines for Modarabas were returned to SECP with certain amendments for the approval of the Religious Board.

Mr. Imran Hussain Minhas informed that the draft guidelines were put up to the Religious Board for approval on 13th June 2011 but they have recommended certain amendments in the guidelines which will be put up after incorporating those amendments to the Religious Board for approval.

The matter is still pending with SECP.

- **Renovation of Office Premises:**

The renovation work of office premises has already been started and the work is under progress.

As per decision of the EC, the Association sent a letter to all the Chief Executives with the signature of the Chairman, NBFI & MAP requesting the members for their support and contribution towards this project. Until now we have received the following payments from the members:-

○ Allied Rental Modaraba	Rs.50,000
○ First Habib Modaraba	Rs.50,000
○ Trust Modaraba	Rs.25,000
○ ORIX Leasing Pakistan Ltd.	Rs.50,000
○ Saudi Pak Leasing Company Ltd.	Rs.25,000
○ Security Leasing Corporation Ltd.	Rs.25,000
○ First Imrooz Modaraba	Rs.25,000
○ Pak Gulf Leasing Company Ltd.	Rs.25,000
○ First Treet Manufacturing Modaraba	Rs.50,000
○ Standard Chartered Leasing Ltd.	Rs.50,000
○ First Dawood Investment Bank Ltd.	<u>Rs.50,000</u>
	<u>Rs.425,000</u>

The Committee appreciated the contributions received so far and requested the Secretary General to send reminders to the remaining members.

The Association has made a total payment of Rupees One million in two installments (advance payment of Rs.500,000/- and second installment of Rs.500,000/-) to BBCL (Pvt) Limited as against a total payment of Rs.1,389,525/-.

The Secretary General is coordinating the renovation work with Mrs. Arjumand A. Qazi, Member, EC and keeping the Chairman informed.

Mrs. Arjumand A. Qazi visited the office and discussed various aspects in connection with the renovation work with Mr. Shahid Iqbal of BBCL and Mr. Muhammad Samiullah, Secretary General and showed her satisfaction over the speed and quality of work and gave various suggestions for further improvement.

● **Website of the Association:**

The template designed by the Web Designer was approved by the Executive Committee and the designer was advised to get the work completed as early as possible. An advance of Rs.25,000/- has also been paid to them. The Secretary General is keeping informed of the development to Mr. Amjad Iqbal, Member, EC.

● **Sindh Sales Tax on Services Bill, 2011 & Demand Notices for Payment of FED:**

The Sindh Assembly on 13th June 2011 unanimously passed into law the Sindh Sales Tax on Services Bills, 2011 enabling the Provincial Government to levy and collect sales tax on services from the financial year started on July 01, 2011. The Sales Tax will initially be

collected on 12 selected services as provided in the First Schedule and Second Schedule annexed with this Act.

Demand Notices received by a number of members from tax authorities for payment of Federal Excise Duties.

To discuss the promulgation of Sindh Sales Tax on Services Bill, 2011 and Demand Notices received by members for payment of Federal Excise Duty an emergent meeting was called by the Chairman of the Association on 16th June 2011. Mr. Adnan Mufti and Mr. Zafar Ahmed, Tax Consultants, also attended the meeting on our request.

The minutes of the said meeting were circulated to all the members.

Subsequently Mr. Murtaza Ahmed Ali, Vice Chairman and Mr. Teizoon Kisat, CEO, ORIX Leasing Pakistan Limited had a meeting with the Chairman, SRB Mr. Nazar Hussain Maher and discussed the issue.

In this connection the Secretary General also met the Chairman, SRB and Mr. Ajaz Jaffery, Adviser, SRB and discussed the issue.

Recently SRB issued notices to First Al-Noor Modaraba and B.F. Modaraba for e-enrolment with Sindh Revenue Board.

The matter was referred to Mr. Adnan Mufti, who met the Chairman, SRB and Mr. Mumtaz Ahmed, Member, SRB and Mr. Mushtaq Kazmi, Advisor, and briefed them the case of modaraba sector.

On 23rd July 2011 the Secretary General met Mr. Adnan Mufti in his office. Mr. Mufti informed that he had a detailed discussion with Mr. Mushtaq Kazmi who advised to make a representation on behalf of the Modaraba sector explaining all the aspects discussed in the said meeting. Mr. Mufti informed that he is proceeding to perform Umrah on 28th July 2011 but before leaving, he will send a draft of the representation to the Association for approval to be submitted to the Chairman, SRB and thereafter a meeting with Mumtaz Ahmed and Mr. Mushtaq Kazmi on 27th July 2011 will be arranged in which representatives of NBF1 & MAP will meet SRB Officials along with Mr. Mufti. On an enquiry Mr. Mufti informed that in his absence Mr. Ghazanfar Siddiqui will deal with the matter.

The Association is following up the matter vigorously.

Agenda Item No. 3: To discuss and update Sales Tax on Services Bill, 2011:

The matter has already been discussed in the beginning of this meeting.

Agenda Item No.4: To update Renovation of office of the Association:

The progress in the work of renovation of office of the Association has already been briefed while discussing the second item, narrated above,

Agenda Item No.5: To finalise the Criteria for Best Performance Award:

The Secretary General informed the members that Mr. Samad Khan has raised some observations on the final criteria for Best Performance Award circulated to the members. The Chairman advised the Secretary General to get the issue resolved in with the members of the Sub-Committee and than submit to the EC for final approval. The Secretary General noted the same for compliance.

There being no other business to be transacted, the meeting ended with a vote of thanks to the Chair.

Muhammad Samiullah
Secretary General