

## SUMMARY OF THE ACTIVITIES OF LIFE COMMITTEE

### LIFE COMMITTEE



**Sitting from Left to Right:**

Mr. Hashim Sadiq Ali, Syed Fahad Subhan (Vice-Chairman),  
Mr. Muhammad Rashid (Chairman) and Mr. Muhammad Aamir

**Standing from Left to Right:**

Mr. Jalal Meghani, Mr. M. Numan Shaikh (Suptt. Accident & Life),  
Mr. N.A. Usmani (Secretary General) and Mr. Mohammad Asim Khan

- In August 2017, notices were served by the Punjab Revenue Authority (PRA) to various insurance companies on the subject matter. In this connection M/s Deloitte had been engaged to represent IAP before PRA and substantiate that Life insurance agents are not liable to sales tax as per current provisions of Punjab Sales Tax on Services Act, 2012 and the Schedules therein.

A comprehensive letter on the matter was addressed to the Deputy Commissioner Unit-4,

PRA maintaining that prior to considering the application of the provisions of the Act, the extent of jurisdiction of the Act is to be settled which is restricted to the province of Punjab. Further, life insurance services and services rendered by general insurance agents being different from the services rendered by other commission agents and brokers, does not fall under the ambit of the provisions of the Act, and therefore not taxable, and accordingly, there is absolutely no basis for requiring any information for such purpose. In view of facts and legal

---

grounds explained in the letter the PRA had been requested to drop the proceedings initiated in this regard.

- The rising concerns from the industry on continued imposition of SST on Corporate Health Insurance and soon expiring (30th June 2018) exemption on Life Insurance in Sindh needed the Committee's immediate attention. Although the administrative efforts made to convince Sindh Revenue Board (SRB) against the imposition have kept collection enforcement largely at bay, the ballooning SST liability from 1 July 2013 poses a challenge for all members writing corporate health business from Sindh without charging SST.
- The Committee in this perspective called a joint session with Taxation & Legislation Committee of IAP in March 2018 and subsequently presented the matter to the Executive Committee, where it was decided to consider approaching the court for relief through a constitutional petition. Preliminary discussions were held with a reputed law firm and a draft joint case was prepared against SST imposition on both corporate health and life insurance.

In May 2018 IAP met officials of Deloitte in presence of senior member representation, where they assured that the administrative efforts Deloitte has been making are expected to convince the SRB in extending exemption on life insurance and possible rollback of imposition on corporate health insurance. Since the government is completing its term on 30 June 2018 it will not be able to make fiscal decisions likely to impact the province's revenues in the

next year while the caretaker government will defer the matter till the new government takes office.

Therefore it was decided to reach a solution administratively when the new provincial government is in office (August 2018) and keep the legal recourse on hold.

- The Committee's attention was drawn that the Window Family/Takaful Operators accounting regulations Financial Statement format are under discussion at the ICAP by the working group formed in this regard. Members of the group from dedicated family takaful companies had presented what they feel would be a better presentation for dedicated takaful companies only. Whereas for Window Takaful Operators (WTO) the working group members recommended that the Balance Sheet should include a single line 'Total Assets/Liabilities of WTO' excluding the Waqf fund.

The representatives of Life insurance companies who had attended the meeting did not agree to the suggestion as being contrary to dedicated takaful companies who would be presenting Waqf fund too.

The draft format under discussion at the working group would lead to Investments and Policyholders Liability of Family Takaful not being reflected in the Balance Sheet. If ICAP insists on showing as single line items as in general takaful. The matter will be taken up while offering comments on the draft regulation notified by the SECP.

- 
- In April 2018 the ICAP sought feedback from IAP on IFRS 17 implementation timelines. The Committee was of the view that the members would be in a position to advise timelines once they understand the IFRS 17 requirements well, thereafter ICAP was requested to organize training sessions in this regard.

The training session for non-life insurance companies has already been held by the ICAP while a separate session for life insurance companies is expected soon.

- In context of better cooperation between tax administrators across borders to improve international tax compliance, Pakistan has been collaborating with the Organization for Economic Cooperation and Development (OECD). OECD has developed the Multilateral Convention for Mutual Administrative Assistance in Tax Matters (MAC) and its ancillary Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (MCAA) and a global model of Common

Reporting Standard (CRS) for the automatic exchange of information with respect to financial accounts.

FBR launched the Automatic Exchange of Financial Accounts Information (AEOI) portal for the subject reporting with an original compliance deadline of 30 June 2018. Technical challenges delayed the portal's activation to 13 July 2018 and FBR first extended the compliance deadline to 15th July, later to 31st July and to 10th August 2018. Upon IAP's request FBR organized training sessions for companies in Karachi and Islamabad in presence of the VIZOR team who developed the portal to answer any technical questions the reporting companies might have.

- To include takaful business in KFD format for life sector the Life Committee reviewed the format and advised to insert more columns for the first year, renewal, single, group life and group health contribution. Data for the year 2018 is being collected on the revised format.