

Faysal Asset Management

Research Note – WWF impact on Faysal Funds

4th March, 2013

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We wish to update our valued investors on the recent developments pertaining to the provisioning undertaken for Workers' Welfare Fund (WWF). Please find below the news article published in the 'THE NEWS' on March 04, 2013.

ISLAMABAD: The Federal Board of Revenue (FBR) will initiate once again the process of collecting tax on the Workers Welfare Fund (WWF) from the companies all over the country. The collection of the tax on WWF was ceased to be collected following the LHC judgment in this regard issued in 2011.

FBR member legal Aqil Usman said that the tax authority would collect billions of rupees taxes from the Workers Welfare Fund (WWF). Tax Commissioner, Karachi Dr Tariq Masood said that the three-member bench of the Sindh High Court (SHC) comprising Justice Faisal Arab, Justice Syed Sajjad Ali Shah and Justice Aqeel Abbasi annulled the decision of the single-member bench of the Lahore High Court (LHC).

The SHC three-member bench had termed the amendments in the WWF rules made through Money Bill (financial) valid and according to the Constitution.

In this way, hundreds of cases which have been deferred were settled down and FBR would take practical steps to recover the arrears from the companies in accordance with the decision of the SHC. Aqil Usman said that the income of the exporters had also come under the ambit of WWF and its rates would stand at 2 percent which will be charged from the export income of the exporters and firms.

From the aforementioned news publication, it is likely that the SHC have decided in favor of the WWF levy on mutual funds. Faysal Asset Management Limited, being a proactive Asset Management Company had already been providing WWF on all of its Funds under management since imposition of the tax.

With this prudent measure taken by the management, there will be no impact on the return following the honorable High Court's decision.