

### 3. LEGAL AFFAIRS COMMITTEE

(3 meetings held in the period October 1, 2011 - September 30, 2012)

<u>Member</u>	<u>Meetings Attended</u>	<u>Member</u>	<u>Meetings Attended</u>
Nihal Cassim ( <i>Chairman</i> )	3 of 3	Rubina Rizvi	2 of 3
Farid Ahmed Khan	3 of 3	Tehmeena Khan	1 of 3
Owais Wasti	2 of 3		

#### TERMS OF REFERENCE

- To devise an SOP to deal with cases that have pervasive impact on the industry; and
- To deal with and follow up on pending petitions on Federal Excise Duty (FED), Workers Welfare Fund (WWF) and Zakat.

#### ACTIVITIES' REPORT

The Committee invited senior professionals and tax consultants of Member institutions and MUFAP's Legal Counsel (M/S Fazleghani Advocates) to review FED matter and sought legal advice from MUFAP's Legal Counsel. MUFAP had made a lot of efforts to resolve this issue at all levels and as a result of these efforts, the issue has been resolved

through Federal Budget 2012/2013 wherein FED on asset management services has been waived retrospectively from 2007.

During the year, no significant development took place on the issue of Zakat. Mutual fund/pension funds should get Non-sahib-e-nisab status, as these are collective investment schemes and the investors in these funds are already subject to zakat.

During the year there was active follow up with Haidermota & Co. for early hearing of WWF Constitutional Petitions. A Full Bench of three judges had heard the Petition and reserved the judgement. After a few months, our Legal Counsel advised that the matters will need to be re-heard as one of the judges was not confirmed by the Parliamentary Commission for Judicial Appointments and one of them was due to retire soon. Our Petitions were reheard by a Full Bench in February 2012. Our Legal Counsel intimated us that the petitions relating to WWF have been bifurcated into two separate categories. The Full Bench of the High Court of Sindh has reserved judgment on those cases in which the challenge is only the constitutionality of the amendments to the WWF Ordinance through the Finance Act/Ordinance. The other category is that of the petitions filed by the mutual funds, where it has challenged the applicability of the WWF Ordinance on the basis of several other points. These petitions have not been reserved. There is strong probability that the amendments will be set aside.