

**Mobile phone top-ups: No proposal under study to waive advance WHT**

ISLAMABAD: There is no proposal under consideration for withdrawal of collection of advance withholding tax on mobile phone top-up cards recently allowed by the Supreme Court of Pakistan.

Sources in the FBR said that the sales tax on mobile cards is a provincial subject and has nothing to do with the federal government while withholding tax is a federal subject.

The Supreme Court had suspended the collection of sales tax and withholding tax on top-up cards effective June 2018.

Sources in the Finance Ministry stated that there is no proposal under consideration to forego withholding tax either in the outgoing fiscal year or in budget for next fiscal year because of its substantial contribution to Federal Board of Revenue (FBR) revenue collections.

Prime Minister Imran Khan while in opposition had frequently criticized the then government of Pakistan Muslim League (N) for collecting tax on mobile phone top-up cards in use by the poor and vulnerable.

The FBR has estimated Rs 8-10 billion additional monthly collection after the restoration of withholding tax on mobile phone top-up cards. And the estimated revenue loss for the federal and provincial governments for nine months is estimated at Rs 100 billion.

According to sources FBR has yet to draft any budget proposal to abolish withholding tax on mobile phone cards in the coming budget.

On April 24, the Supreme Court announced restoration of all taxes charged by cellular service providers on mobile phone top-up cards. Consequently, telecom companies were directed by FBR to begin deducting the tax from 25 April 2019.

On Rs 100 easy load or scratch card, 40% is deducted, which includes withholding income tax, provincial sales tax and company services charges.

**ZAHEER ABBASI & SOHAIL SARFRAZ**