

Our Correspondent

Anomalies in withholding tax deduction detected

KARACHI: The tax authorities have detected anomalies in the deduction of withholding tax by the concerned officials, which it said was causing revenue losses to the national exchequer and needed immediate remedial measures, a statement said on Tuesday.

“Withholding agents are not deducting the withholding tax according to the changes made through Finance Act, 2019,” the Large Taxpayers Unit (LTU) Karachi said in the statement.

The unit, which has jurisdiction over high-volume companies and individuals, strongly directed the taxpayers to ensure correct deduction of withholding tax as per the changes.

The LTU informed corporate entities that the government had introduced changes in the withholding regime through the Finance Act, 2019.

“The collection so far during current fiscal year revealed that in spite of a lapse of considerable time these changes have not been adopted by the withholding agents and their staff/system put in place for deduction of withholding taxes are still following old regime/rates,” the LTU said.

Resultantly, the collection of withholding tax is falling short of expectations, it added.

The LTU Karachi asked the withholding agents to ensure: the staff/systems were updated and the tax was deducted at the current withholding rate; the withholding tax deducted was deposited in the exchequer within the prescribed time without delay; and separate rates for filers/ non-filers were correctly applied according to their status on the Active Taxpayers List.

The unit said the timely action would not only safeguard the government revenue but also save taxpayers from undue hassle in case of withholding audit.

The LTU Karachi has jurisdiction over many big companies falling in sectors, included: banks, petroleum, cement, automotive, steel, media etc.