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### **Tax laws being amended to cut non-filers' utility connections**

ISLAMABAD: Amid low compliance in filing of tax returns from industrial and commercial consumers, the Federal Board of Revenue (FBR) has decided in principle to amend tax laws for disconnecting electricity and gas supplies to non-compliant clients from next month, a senior tax official told Dawn.

The need for bringing change in the tax laws came in the wake of poor response from power distribution companies (Discos). In the last six months, Discos have been unable persuade non-compliant industrial and commercial consumers to e-file income tax return for the TY19.

Taking to social media platform Twitter, FBR Chairman Shabbar Zaidi said field formations are directed to ensure that all industrial and commercial consumers of electricity and gas distribution companies are registered under and file return of income, if required. "Such consumers, who have not yet filed return of income to avail extension in time," he said.

The government has extended the last date for filing of tax returns until Dec 16.

Zaidi, talking to Dawn, said Discos have informed the FBR that they do not have national tax numbers (NTN) or CNIC data of consumers.

Previously, the government had allowed power connections with the requirement of CNICs. "Now, it is mandatory to get connection on the basis of CNIC," the chairman said.

The government has launched an initiative to get all consumers to voluntarily come under the tax net by filing tax returns. However, there is very poor response. "We have decided to identify non-compliant industrial and commercial consumers physically by visiting the sites," he said.

Zaidi said the field formations have been directed to expedite the process.

Till Nov 30, the FBR has received more than 1.5 million tax returns as against 1m in same period of 2018-19.

Last year, the FBR received 2.5m tax returns till August 2019 for TY18.

Member Tax Policy Dr Hamid Ateeq told Dawn that the board is expecting to receive more than 2.5m tax returns for the current tax year.

He said field formations have been directed to contact the over 1m filers of last year to file returns this year too.

On the issue of low compliance of industrial and commercial consumers, Dr Ateeq said changes will be made in the sales tax rules next month to discontinue power and gas supplies in case of non-registration with the tax department.

He said chairman FBR has written several letters to Secretary Energy to ensure compliance of all consumers.

The FBR has already served more than 482,354 notices to non-registered or non-compliant industrial and commercial consumers across the country in order to persuade them to e-file income tax return for the tax year 2019.

Nine power distribution companies and six FBR regional offices along with regional tax offices (RTOs) issued notices to unregistered units across the country. The notices warned of discontinuation of supplies in case they failed to come on the tax roll.

Section 181AA of the Income Tax Ordinance 2001 mandates every industrial and commercial connection holder to register with the FBR. The section further clarifies that the government will not process any application for commercial or industrial connection for electricity or gas unless the applicant registers with the FBR.

There are around 267,724 unregistered industrial consumers in the country along with some 2.52 million unregistered commercial power consumers. These figures, however, do not include unregistered consumers of K-Electric.

Compliance by commercial consumers on the income tax roll remains very poor. There are only 37,146 commercial consumers, barely 1.47 per cent, who have obtained NTN. The registration of industrial units under income tax is also dismal as only 25,871 industrial consumers are currently holding NTNs.