

### **LTU Karachi collects Rs587bln in first half of 2018/19**

KARACHI: The Large Taxpayers Unit (LTU) Karachi has collected Rs587 billion during the first half (July–December) of the current fiscal year, amid flat growth in sales tax collection, sources said on Tuesday.

The unit – the biggest revenue collecting arm of the Federal Board of Revenue (FBR) – posted only two percent growth in the collection of Inland taxes to Rs587 billion during the first half 2018/19 , compared with Rs573.8 billion in the corresponding period of the last fiscal year.

The sales tax collection from domestic supplies and imports are the major component of collection. However, lower sales tax rates for petroleum products during the first half impacted the overall revenue collection.

The sales tax collection was at Rs433 billion during the period under review, compared with Rs431 billion in the same period of the last fiscal year.

The FBR has set the target of Rs504 billion for the period and the unit could able to collect 86 percent of the target.

Officials at the LTU Karachi said the government implements low sales tax during the period on petroleum products. The sales tax rates for POL products were even reduced to four percent for petrol.

The surplus stock of furnace oil and concessions of LNG supply had also contributed to lower growth of sales tax collection.

The government for the current month increased the sales tax on POL products to 17 percent. The tax office expressed the hope to collect substantial amount in the next six months provided the sales tax rates kept unchanged.

The collection of income tax; however, offset the overall lower growth, as it posted seven percent growth. The LTU Karachi collected Rs120.53 billion during the first half of the current fiscal year, compared with Rs112 billion in the corresponding period of the last fiscal year.

The unit managed to post this growth, despite the fact that the issuance of income tax refunds increased 48 percent. The unit issued Rs14.2 billion during the period, compared with Rs9.5 billion in the same period of the last fiscal year.

The officials said several incentives given by the government in the last budget slowed down the growth of income tax collection. The major impact was seen due to reduction in corporate tax rate to 29 percent for the tax year 2019.

The collection of federal excise duty (FED) posted five percent growth for the period July–December 2018 to Rs32 billion, compared with Rs30.7 billion in the corresponding period of the last fiscal year.

The LTU Karachi contributes around 33 percent in tax collection by the FBR at the national level. The FBR's total revenue shortfall reportedly shoots up to Rs170 billion during the first half, as the unit alone posted the shortfall of Rs80 billion.

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