

OECD mechanism: Details of 50,000 foreign bank accounts received: FBR

Federal Board of Revenue (FBR) has so far received details of 50,000 foreign bank accounts of Pakistanis under OECD mechanism and now it would become impossible anyone to foreign accounts. Under the Organisation for Economic Cooperation and Development (OECD) mechanism, the countries have given closing balance, but the FBR is asking relevant countries to provide data for whole year's transactions. Pakistanis owning having bank accounts belong to major cities.

While briefing a select group of reporters, FBR's Member Inland Revenue Service (Operation) and Member IRS Policy here on Wednesday said that the FBR could not get any such information about those owning properties in Dubai on the basis of which they could launch any operation against them. "We need actionable information from Dubai for taking necessary action," they said.

Most of these people belong to Karachi, Lahore and Islamabad, but the information received from other countries under OECD model is required to be kept confidential, the officials added. Recently, the FBR informed the Supreme Court (SC) that they had recovered Rs 167 million from Pakistani citizens holding foreign bank accounts and more recovery is on the cards.

Without mentioning the name of one sugar mill located in Punjab, the officials said that the FBR took action against that mill and recovered due taxes of over Rs 450 million. In case of another sugar mill, the production was shown less to the tune of 125,000 bags of sugar, they added.

Officials pointed out that they have taken action against certain firms under section 40-B of Sales Tax Act for recovery of taxes. To a query, they said the FBR is facing a shortfall of Rs 158 billion in first six months of the current fiscal year and the main cause of shortfall was a cut in government's spending. The previous government granted exemption of income ceiling up to Rs 1.2 million that also caused a tax shortfall in the first six months of the current fiscal year. The suspension of withholding tax on mobile phone usage also resulted in causing a shortfall in achieving the tax collection target. The government slapped a ban on non-filers from purchasing plots and cars and that also caused a revenue shortfall in the current fiscal year.

Only suspension of WHT on mobile phone usage deprived the national exchequer of Rs25 billion, officials maintained. The government's decision to keep sales tax on petroleum products on lower side in first six months caused revenue loss of Rs 42 billion to the national kitty; however, the government raised sales tax rate to the standard level of 17 percent with effect from January 1, 2019. The reduction in GST on cement and fertilizer also caused a revenue loss of Rs 5.5 billion during the current fiscal year. The FBR collected Rs 1,894 billion in the first half of the current fiscal year against the target of Rs 2,052 billion.

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