

## FBR detects over Rs14bn sales tax evasion

Mubarak Zeb Khan Updated January 19, 2019

"More breakthroughs are expected in some other high profile cases involving billions of sales tax evasion," says official. — File photo

ISLAMABAD: The FBR's Directorate General of Intelligence and Investigation (DG I&I) has detected 6,186 cases involving sales tax evasion amounting to Rs14.5 billion in the past two months, *Dawn* has learnt from official sources.

The cases were detected in an investigation initiated since November 12, 2018 for all returns with negative carry forward amount of sales tax.

On October 29, 2018, the government restored powers of the Federal Board of Revenue (FBR) DG I&I to carry out criminal prosecution against sales tax evaders after a delay of 15 months.

The statutory regulatory order (SRO) 116, which allowed DG I&I to conduct investigation into sales tax evasion, was declared illegal in a Lahore High Court (LHC) judgment in July 2017.

A senior tax official told *Dawn* that these cases were just the tip of an iceberg. "More breakthroughs are expected in some other high profile cases involving billions of sales tax evasion," the official said. "We have extended the scope of investigation into some specific sectors," he added.

The newly appointed chairman FBR Jehanzeb Khan has tasked DG I&I to speed up investigation into sales tax evasion.

As per the investigation of DG I&I, a pattern of negative balance pertaining to unadjusted credit available for the purpose of refunds was detected from analysis of sales tax returns.

Further analysis revealed that taxpayers have illegally enhanced their carry forward amount which resulted in short payment of sales tax in subsequent tax periods.

The official said data was sent to the concerned large taxpayers units (LTUs) and regional tax officers (RTOs) across the country for recovery of sales tax from the identified 6,161 cases.

As per the findings, 798 cases involving an amount of Rs2.25bn were detected in Islamabad and Rawalpindi. Of these, so far the Islamabad-based directorate of DG I&I has recovered an amount of Rs388 million in 43 cases. Moreover, six cases were

detected which only exists on paper involved in a tax evasion of Rs45m.

The directorate has recommended these cases for blacklisting. 43 cases were selected on the basis of its value which was more than Rs5m. The remaining cases were sent to LTU Islamabad, RTO Islamabad and Rawalpindi, respectively.

According to the official, it was expected that in other cities such cases can be detected which only exists on the paper. "We may identify such cases in the next few weeks," the official said.

City-wise break up shows that Karachi has emerged with 2,310 cases involving an amount of Rs7.27bn, followed by 1,988 cases in Lahore with an amount of Rs2.44bn.

Other cities where such cases were detected include Peshawar with 278 cases involving an amount of Rs1.45bn, Faisalabad with 209 cases involving an amount of Rs123.7m, 66 cases in Quetta with an amount of Rs144.8m, in Hyderabad 64 cases involving an amount of Rs97.2m, and Sargodha with 43 cases with amount of Rs62.03m, respectively.

In Gujranwala 158 cases were detected involving an amount of Rs185.85m, Sialkot 75 cases Rs43.68m, Sukkur 17 cases with an amount of Rs16.2m, Multan 107 cases of Rs341.7m, Bahawalpur 19 cases with an amount of Rs16.4m and Sahiwal 35 cases involving an amount of Rs34.3m, respectively.

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