

FBR doubles penalty on non-filing of sales tax returns

KARACHI: The Federal Board of Revenue (FBR) has doubled the penalty on non-filing of sales tax returns to Rs10,000 to ensure compliance with the laws by business individuals, sources said on Tuesday.

The sources said an individual failing to file monthly sales tax returns by the due date would be required to pay Rs10,000 from tax year 2020, starting from July 1, 2019. Earlier, the penalty for non-filing of monthly sales tax return was Rs5,000.

The sources said previously if an individual filed a return within 10 days of the due date then the person was required to pay a penalty of Rs100 for each day of the delay. Now the amount has also been increased to Rs200 per day of default.

The sources said every person registered in sales tax is required to file monthly sales tax returns to declare sales and purchases during the preceding month. A FBR official at the Regional Tax Office-II, Karachi said the penalty has been doubled to compel registered business individuals to comply with the law within the due date.

The official said certain amendment has been introduced in the Finance Act, 2001 whereby a number of individuals would be required to get registered to avoid legal action against them. At present, more than 100,000 individuals are registered with the sales tax and of them only 47,000 are filing monthly returns.

“Through Finance Act, 2019 the efforts have been made to bring retailers and other small traders into the sales tax net for broadening of the tax base,” the tax official said. The official said every individual engaged in making taxable supplies in the country is required to be registered under the sales tax laws.

Under the law, all the classes of individuals are required to get registration: manufacturers, retailers, importers, exporters, wholesalers, dealers and distributors. The official said the mandatory requirement of computerised national identity card (CNIC) and national tax number (NTN) on the sales invoices would increase the number of sales tax return filers.

The official said the FBR aimed at to monitor all the supply chain, including manufacturers, distributors, wholesalers and retailers, through the condition. A number of incidents have been reported in which manufacturers were found deliberately supplying goods to unregistered individuals to evade sales tax.

“However, with the mandatory requirement of CNIC/NTN and other information unregistered persons will document the supplies and FBR will also be able to enforce the law on those persons who are required to get registration,” the official added.

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