

**Names of 3.26m power consumers missing from sales, income tax records**

ISLAMABAD: Amid record fiscal deficit and declining government revenues, names of as many as 3.26 million power consumers have been found to be missing from the sales tax and income tax records.

The alarmingly poor compliance with tax laws is at the heart of the country's widening fiscal deficit. Chairman of the Federal Board of Revenue (FBR) Shabbar Zaidi has warned that from July onwards the board will take strict action against tax defaulters, including by cutting off their supply of electricity.

Read: Shabbar Zaidi warns tax defaulters of utility disconnections

FBR has already requested the industrial and commercial consumers to avail the "last" assets declaration scheme to avoid penalties and other action required under the tax laws.

As part of the drive aimed to widen the tax base, FBR has requested the power ministry to provide details of the consumers not registered with the tax department.

In response, the power distribution companies have compiled a list of consumers that were not registered with regard to the income tax and sales tax until June. The list of registered and unregistered consumers has now been shared with FBR.

However, this data does not include the consumers of Karachi Electric.

As per the data released on Tuesday night, there are 267,426 unregistered industrial consumers in the country. These industrial units do not exist on the tax roll — they have not obtained national tax numbers (NTN) and also do not have sales tax registration numbers (STRN).

An official said the industrial consumers' registration with the sales tax department is vital in terms of collection of domestic sales tax. "We want to ensure the registration of all these units in the sales tax net," the official said.

Currently, only 26,512 industrial consumers have obtained STRNs across the country. At the same time, the registration of industrial units under income tax is pathetic as there are only 25,871 industrial consumers who have obtained NTN.

Contrary to this, there are 2.52m unregistered commercial power consumers in the country. This shows that commercial consumers of electricity are using electricity for business purposes. Under Section 14 of the Sales Tax Act 1990, every person engaged in making taxable supplies in Pakistan is liable to be registered and obtain STRN.

As per the data, there are only 36,732 commercial consumers who have obtained STRNs so far, which is only 1.45 per cent of the total commercial consumers in the country. "We are introducing two schemes for small businesses to come under the tax net," the official said, adding the fixed tax regime would be announced in a day or two.

According to the official, notices will be issued to industrial and commercial users after identifying the potential tax evaders.

Compliance by commercial consumers on the income tax roll is also very poor. There are only 37,146 commercial consumers who obtained NTN, which is just 1.47pc of the total commercial consumers in the country.

In case of commercial consumers, only those consumers can pay income tax or get registered with the income tax, who pay Rs1m or above per annum in electricity bills.

The data also shows that 288,679 tube wells have not been registered with the sales tax and income tax records.

These tube wells are mostly operating in the housing societies across the country.

Currently, only 35 tube wells have obtained NTN and 29 are registered with the sales tax.

Further analysis of the data shows that power distribution companies have also identified 23.6m domestic users of electricity, who did not register either with income tax or sales tax. Currently, only 670 domestic consumers obtained NTN, while 773 are in possession of STRNs.

The analysis shows that only 0.24pc of the total power consumers are registered with the tax department. The breakup shows that over 65,000 consumers each are registered with sales tax and income tax, respectively, while a bulk of 26.88m still remain unregistered.

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