

**Finance Bill to introduce key tax reforms**

Finance Bill (2019-20) will introduce key tax reforms for facilitation of taxpayers and promote transparency within the tax machinery of the Federal Board of Revenue (FBR). Budget makers are seriously considering different facilitation proposals in coming budget and approved proposals would be made part of the Finance Bill 2019-20. This requires legal and procedural changes in the federal tax laws in the upcoming budget. Among other proposals, key tax reforms for facilitation of taxpayers and to promote transparency are:

One: Pre-populated income tax return be introduced based on the taxes withheld from and deposited in the name of the taxpayer against his/her computerized national identity card number (CNIC) or National Tax Number (NTN).

Two: Assessment proceedings under section 122(5A) be restricted to genuine cases only instead of routine exercise.

Three: Performance of tax officers will be assessed on the basis of issues raised by them which have been upheld in appeals instead of assessment on the basis of recovery.

Four: Strict action including imprisonment may be introduced for tax officers as well as taxpayers involved in receiving or offering bribery.

Five: In case of video (supported by audio) evidencing any instance of bribery, tax officer will be suspended instantly and thereafter inquiry be conducted. Moreover, all bank accounts of taxpayer involved in bribery be blocked and thereafter penal action be initiated.

Six: Tax officers be barred from harassing taxpayers to pay advance sales tax/income tax liability just to meet their targets.

Seven: In order to promote industrialization and capital investment, income tax withholding at import stage be abolished on import of plant and machinery.

Eight: Purpose of withholding taxes is to record the transaction. In order to reduce burden on genuine taxpayers, rate of income tax withholding both on import of raw materials and on supply stage be reduced down to 0.5 percent.

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