INTERNATIONAL THE NEWS

15th June, 2019

## FBR sets off drive against mis-invoicing of exports

KARACHI: Chairman Federal Board of Revenue (FBR) Shabbar Zaidi on Friday directed tax authorities to identify the extent of under-invoicing in export declarations to ascertain the suspected items or sectors and destinations for such mis-declaration so that the revenues that have been eluding the government could be reclaimed.

To realise its new revenue collection target, the FBR will have to hit the magic number of Rs5.5 trillion in the fiscal year 2019-20.

Economists say the scale of the challenge is significant as the proposal involves a jump of around 36 percent in tax collection compared to last year. However, some still believe this target is achievable if the tax system undergoes an overhaul from top to bottom.

A statement said the chairman FBR also tasked the taxmen with categorising the exporters on the basis of risk profiling by segregating the compliant ones from mis-invoicers.

Accordingly, the statement said, Customs Operations wing had tasked the Director General Customs Valuation to submit a report in this regard.

Zaidi also directed the concerned officials to develop a risk-based system to intercept this trend without compromising export facilitation.

Punitive action shall be taken against unscrupulous exporters under the proposed Section 32 C of the Customs Act, 1969 and the allied laws, the statement said.

This initiative has been taken following reports indicating mis-invoicing in exports, which includes under-invoicing, resulting in loss of remittance of foreign exchange and over-invoicing used to transfer excessive funds abroad.

Under-invoicing could also possibly be used as a mechanism for trade-based money laundering.

One of the suspected methods used in under-invoicing in exports is through the medium of port cargo.

Export cargoes are mis-declared by under-invoicing the values of export commodities, and shipped via port wherein new declaration with actual values is re-shipped for a final destination.

As a consequence, the lesser amount of foreign exchange is remitted to Pakistan and a major portion of export proceeds is retained in the other country.

Our Correspondent