

Banks' sharing of account details with FBR: Experts term move significant development

Tax experts have termed sharing of details of accounts by the banks with the Federal Board of Revenue (FBR) as a significant development, saying that tracing out the actual owners of the accounts would be helpful in detecting benami transactions.

The banks have finally shared the details of accounts having more than Rs 5 million in deposits with the Federal Board of Revenue (FBR) as the tax machinery puts together multiple data sources to nab maximum tax evaders, said Shahid Pervez Jami, a leading tax expert.

Reporting this to the National Assembly's Standing Committee on Finance and Revenue by FBR Chairman Shabbar Zaidi on Tuesday said the assets declaration scheme (tax amnesty) could not be extended beyond June 30 at any cost because the government was constrained by the IMF programme. He said there were more than 4.5 million accounts but a maximum of 1.2 million of them were registered taxpayers. He suspected that 25 to 30pc of these may be benami accounts.

He said only 43,000 out of 341,000 industrial consumers of electricity were paying sales tax while 3.1 million had commercial connections but their information was limited because most of them were described in the law as cottage industry consumers.

According to some other tax experts, bank account opening forms would play vital role in tracing down benami transactions as those involved in benami transactions close such accounts before the completion of a financial year while not mentioning such accounts in their tax returns. They said the banks' management also play due role in this regard. Bank statements of all such accounts reflect zero balance before ending of a financial year and fresh accounts are opened after start of new fiscal year.

It may be noted that the no taxpayer is bound to reflect accounts with zero balance in his tax return as per law. Therefore, such accounts are declared nowhere in any return. Bankers help their customers the way they used to help them once before the deduction of Zakat.

They said the banks would have major responsibility now to make financial analysis of their clients and report to the financial monitoring unit of the central bank.

Tax practitioners have also told this scribe that response for the Asset Declaration Scheme of Pakistan Tehreek-e-Insaf (PTI) is very poor, as introduction of another amnesty scheme within a period of one year has made it unattractive to taxpayers.

HAMID WALEED