

### **Jewellers, moneychangers in FBR crosshairs**

KARACHI: The Federal Board of Revenue (FBR) is all geared up to launch a drive against those jewellers and moneychangers that are in possession of undeclared gold and foreign currencies, respectively, official sources said on Friday.

The tax authority has been tasked with meeting a mammoth Rs5.55 trillion revenue collection target set for the fiscal year 2019/20, which is impossible to realise without out-of-the-comfort-zone efforts for expanding the tax base and recording the undeclared economy.

The sources said following the passage of the finance bill for next fiscal year in the Parliament, the FBR would get powers to raid premises of businesses possessing undeclared gold, bearer certificates, and foreign currencies.

Presently there is bar on a commissioner of Inland Revenue to take such action against aforementioned undeclared assets.

Tax experts at Deloitte Yousuf Adil Chartered Accountants firms said the powers had been sought to discourage hoarding of foreign currency and to encourage documentation of the economy.

They said such powers had already been available under Section 175 of the Income Tax Ordinance, 2001, which empowered a commissioner to take action related to enforcement, audit and survey of a taxpayer.

“This section empowers the commissioner to impound and retain taxpayer’s manual or computerised record,” Deloitte Pakistan said in a tax commentary. The Finance Bill 2019/20 has proposed to enhance the powers of a commissioner to raid premises after receiving credible information about the presence of undeclared gold, bearer security or foreign currency and confiscate the same.

A senior official at Regional Tax Office (RTO)-II Karachi said the proposed changes had been in line with the government’s commitment to bring all segment of the economy into the tax net. The official said the RTO-II had held a meeting with representatives of jewellers association recently and apprised them about the proposed changes through the finance bill. The jewelers have been asked to avail the asset declaration scheme to declare their concealed assets before the initiation of stern action.

The official said the office had already conducted surveys of jewellers market in various parts of the city and identified a huge gap of sales and use of raw material. “From July 01, 2019 the RTO-II will initiate action against them and conduct raid to confiscate undeclared gold,” the official added.

Similarly the FBR also held talks with exchange companies and encouraged them to declare the details of their sales and purchases of foreign currency and avoid hoarding. In the past it had been witnessed that tax machinery in India had exercised similar powers and recovered huge amount of undeclared gold, local and foreign money, the official said.

Commenting on the proposed powers, Rehmatullah Khan Wazir, former Member Inland Revenue, FBR, said it was contrary to directives of the revenue board's chairman as he had barred tax officials from raiding business premises.

Wazir said the FBR should outline a policy to ensure such powers were not misused. He said such changes had shown the intention of the government to bring a major reform in the taxation system of the country. "But such abrupt changes may backfire," he said, adding that the proposed raids would result in flight of capital.

Wazir further said the term bearer security was not cleared in the finance bill because besides unregistered prize bonds the local currency was also bearer security. Shabbar Zaidi, the new FBR chairman, who is pursuing high-pressure revenue-boosting policies to broaden the tax base by going after tax-evading sectors, segments, and individuals, has laid special emphasis on the documentation of the economy.

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