'Nadra's tax data helpful but not final solution'

ISLAMABAD: Tax experts have termed Nadra's calculated tax gap of Rs950 billion a 'hoax' exercise as their data analysis has never turned out favourable for taxation purposes.

One top FBR official who remained affiliated with exercises done by the Nadra for expanding the tax base since 2011-12 told The News that National Database Registration Authority (Nadra) is basically an IT based entity and they always over simplify taxation issues through their analysis. "There can be 1,000 different scenarios in case of 1,000 cases of taxation issues separately and the data entry cannot turn out such information for taxation purposes in such a simple manner," they added. Just the computing of data does not mean that it will be converted into tax collection purposes. It can be done on papers only but the actual collection may achieve nothing.

However, the data compiled by Nadra can be used for broadening of tax base if tax authorities use it intelligently to bring more people into the tax net.

It can be used as one of the available tools but if someone is portraying it as "ultimate solution" before the prime minister, it can be termed just "hoax" attempt and nothing else.

When FBR Chairman Shahbar Zaidi was asked about the FBR's domain on account of policy formulation and tax collection and presentation given by Nadra to Prime Minister Imran Khan, he replied in press conference on Friday that the compilation of data has been done by the Nadra but determination of due taxes in shape of assessment and collection of taxes is the domain of the FBR and it would remain vested with FBR.

On other hand, the Nadra Chairman Usman Mobeen told the media on Thursday that they found tax gap of Rs0.1 million among 4.3 million and 0.2 million among 1.4 million individuals through their data analysis.

However, one top official told this scribe that when Nadra made the presentation to the FBR officials they raised the question to open up the profile of one individual who had traveled more than 50 times. It was found by the FBR that the person was a "Khappia" who used to travel to Dubai to bring a few products to sell. So there can be different scenarios and one cannot fit its findings in all cases, added the official. In the past two regimes, the Nadra made efforts to convince the rulers that their data could result into expanding the tax base. But their efforts could not prove fruitful because simple data entry could not fully converted for tax purposes because the data does not know about tax laws and its different provisions. Now once again the Nadra has presented its data analysis before Prime Minister Imran Khan and shared its estimates that around Rs950 billion tax gap exists on account of non-filers and short filers. This whopping figure of tax gap has again grabbed attention of the ruling elite and now no one knows what the government is going to do to move ahead on this issue.

When contacted, FBR's top official said the FBR and Nadra have shared their data online where non-filers would know exactly what kind of data is possessed by the government in case of each individual. The individual will have to access to get details after insertion of CNIC on the website of FBR and Nadra separately. The Nadra and FBR demonstrated their respective online systems on Thursday evening and it was made available on Friday. Earlier, the FBR informed the Senate Standing Committee on Finance that the data of 5 to 6 million individuals specifically non-filers would be available on the web-portal of the FBR and the non-filers would have online access to ascertain details of his, her assets to verify the FBR data. The FBR's Member Inland Revenue Policy Dr Hamid Ateeq Sarwar told the Senate panel that the FBR is going to give online access of information of assets available with its database to the relvant persons. The non-filers can now access details of assets in their names. However, information on the website could only be accessed by the persons after giving their user names or CNIC etc.

Mehtab Haider