

### **Amnesty scheme**

THE tax amnesty deadline is drawing closer. Soon the government will realise that such a scheme neither fetches revenue nor will it serve to document the informal economy, which is thriving on tax evasion.

Instead of resorting to the repeated mantra of tax amnesty, the government should invest in enhancing the Federal Board of Revenue's (FBR) capacity for tax detection and prosecution. A few steps will result in more revenue than any tax amnesty.

There must be established a national economic transaction data wing in the FBR.

This data should be fed with banking transactions from the banking sector, provincial excise taxation departments, and industrial and commercial connections of electricity and gas and necessary records from Nadra.

Second, the documentation of the economy will help bridge the gap between potential tax worth and the actual tax received.

The FBR has taken the one muchneeded step by requiring big retailers to connect their invoice system with the online FBR system. This step should be broadened to every major sector. Retail chains operating in malls, restaurants in posh areas, expensive hospitals and large manuf actures of sugar, textile, cement, pharmaceuticals, ghee, auto sector, etc.

and five-star hotels, should have online invoice systems connected with the FBR.

Third, the government should adopt such methods which compel non-filers to file their tax returns. The ban on purchase of vehicles and immovable property above five million by non-filers was innovative.

As a result, the number of income tax filers increased f rom 1.1 million to 1.8 million in a year.

Tax evasion is criminal offence. America's Crime Investigation Division of Internal Revenues Service initiated 2,886 cases in fiscal 2018 and achieved a conviction rate of 91.7 per cent in fiscal 2018.

In comparison, hardly anyone has been prosecuted and convicted for income tax evasion in Pakistan.

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