

Late filers to be included in active taxpayers list: minister

KARACHI: State Minister for Revenue Hammad Azhar on Friday said the government will keep names of late filers of returns into the active taxpayers list (ATL) to broaden tax base and increase documentation of the economy.

“It has been decided that in order to facilitate late tax filers, all income tax returns filed till 31st March 2019 shall be included in the active taxpayers list,” Azhar said on Twitter.

Late filers would not be entitled to get their names on the ATL under an amendment (section 182A) into the Income Tax Ordinance 2001 through Finance Act 2018. The appearance on the ATL was mandatory for availing reduced rate of withholding tax rates and other tax benefits.

Tax experts have been demanding of the government to withdraw the decision as number of returns filers are hovering around 1.6 million.

The Federal Board of Revenue (FBR) allowed salaried individuals, business individuals, taxpayers in final tax and companies having special tax year to file their annual income tax returns up to March 31. Previously, the deadline was December 15, 2018. Similarly, the FBR also allowed corporate sectors whose last date for filing income tax returns was December 31, 2018 to file their returns up to March 31.

An official at Large Taxpayers Unit Karachi said the FBR received a score of complaints on the issue.

A large number of taxpayers filed their returns after due date but they were not included in the ATL issued on March 1.

The official said the FBR has limitation in taking decisions unilaterally in legal matters as such an amendment would require parliamentary approval.

The FBR issued ATL for tax year 2018 on March 1 and it carried names of 1.6 million taxpayers or return filers.

In contrast, names of active taxpayers for tax year 2017 was 1.84 million, which means the FBR lost around 240,000 taxpayers on the list.

Pakistan Tax Bar Association (PTBA) was the first to take up the issue before the FBR and apprised the tax authorities that the measure would be discouraging to broaden the tax base.

Abdul Qadir Memon, president of PTBA appreciated the FBR for allowing date extension. He said it would benefit many taxpayers, who filed their returns after due date but failed to appear on the ATL.

Memon recommended the FBR to defer the application of Section 182A for at least two years and allow taxpayers filing their returns beyond last date but with penalty.

“The penalty exists for late filing but under Section 182A another penalty was imposed on late filing. A person cannot be penalised twice for same offence,” he added.

Authorities should make an appropriate amendment into the provision in the upcoming budget.

Our Correspondent