

WHT collection increases to Rs11bln in July-February

KARACHI: Withholding tax collection from non-cash banking transactions increased three percent to Rs11 billion in the first eight months of the current fiscal year owing to increase in taxation.

The FBR's collection rose from Rs10.74 billion in the corresponding period of the last fiscal year.

The government introduced a section 236P into the Income Tax Ordinance 2001 through Finance Act 2015 under which 0.6 percent withholding tax was imposed only on non-filers of income tax returns on aggregate transactions of Rs50,000 per day.

The government reduced the tax rate to 0.3 percent in the same fiscal year after protest from stakeholders.

The reduced rate increased to 0.4 percent in March 2017 and finally the rate was made part of the statute through Finance Act 2018.

In October last year, the present government, through Finance Supplementary (Amendment) Act 2018, revised up the tax to 0.6 percent in order to make transactions costlier for non-compliant taxpayers.

The FBR officials said that the latest increase in collection was despite the rise in number of return filers.

An official said the collection decreased as number of return filers increased to 1.84 million for tax year 2017.

The official said the government is aiming to increase tax burden on non-filers of income tax returns and facilitate filers. "Therefore, the withholding tax rate on filers has been withdrawn in the latest mini-budget."

Number of return filers increased more than 103,113 to 1.74 million in a week ended on March 10, active taxpayers list (ATL) for tax year 2018 showed.

The ATL showed that the number of return filers stood at 1.638 million a week ago. The number was increased after date extension for filing of annual income tax returns up to March 31.

The government, through Finance Act 2018, directed the Federal Board of Revenue to issue the ATL for tax year 2018 on March 1. Inclusion in ATL was linked with filing of returns by Individuals till December 15, 2018 and by companies till December 31, 2018.

Stakeholders urged the government to delete the law and allow late filers of income tax to appear on the ATL.

The ATL issued on March 1 carried names of only 1.59 million active taxpayers as against 1.84 million in tax year 2017, which was showing a decline of returns by 240,000.

The FBR said around 300,000 more returns would be added to the ATL after the date extension.

Our Correspondent