High net worth individuals, Only Rs2.6bn collected by using third party data, info

ISLAMABAD: The Federal Board of Revenue (FBR) has so far collected a small amount of Rs 2.6 billion from high net worth individuals by using third party data and information received through use of technology.

Finance Minister Asad Umar had projected revenue collection of Rs 92 billion through use of modern technology in the first Supplementary Finance Amendment Bill 2019 unveiled in September 2018.

The Bill envisaged extensive use of information technology for data mining and detection of under-reporting to spot tax evaders. FBR official claimed that successful implementation of the plan was envisaged to raise revenue and increase the number of filers substantially however data for the first six months of the current year as opposed to same period of last fiscal year is of grave concern for Finance Ministry. They said that on the fiscal side, healthy growth in revenue could not keep up pace with a sharp rise in expenditure resulting in a widening of the fiscal deficit to 2.7 percent of GDP during the first six months of current fiscal year (as compared to the deficit of 2.3 percent in the corresponding period of last year).

In the past two months 6000 notices were issued to high net worth individuals out of which tax demand of Rs 6 billion was created in 204 cases. The recovery so far made after assessment of these notices is Rs 2.6 billion.

The notices were sent electronically to big non-filers. The FBR is waiting for the response and will then be in a position to determine how many have not declared their assets/income.

The administrative and enforcement measures taken using technology included identifying potential taxpayers who do not exist on the tax roll of the country. The exercise will be vigorously extended on a continuous basis to identify major non-filers drawing huge amounts of income/holding high value assets.

Sources said that the FBR has estimated tax demand from audit/high net worth individuals to the tune of Rs 37 billion, expected revenue generation from liquidation of litigation cases would generate Rs 20 billion and estimated revenue from tobacco sector alone stands at Rs 14 billion. The cumulative effect of these measures is projected at Rs 71 billion.

Under the plan, FBR has also commenced action against all those tax evaders who purchased properties valued at over Rs 20 million, or purchased 1800cc or larger engine cars, or received rent to the tune of Rs 10 million or more in a year but have not filed their tax returns. The drive for the recovery of tax from these evaders has already been launched across Pakistan without any discrimination.

The FBR has also approached various public sector entities equipped with databases to identify potential taxpayers, including data relating to motor vehicles and land registration authorities.

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