

No attachment of defaulters' bank accounts until approval: FBR chief

ISLAMABAD: The newly-appointed chairman of the Federal Board of Revenue (FBR), Shabbar Zaidi, has asked tax officers to seek his prior approval before the attachment of bank accounts of any taxpayer.

Soon after taking charge as FBR chairman on Friday, Mr Zaidi held a meeting with top FBR officers and issued his first directive.

Once a bank account is attached, the person concerned is unable to make any transaction from that account.

At present, a tax officer can attach the bank account of any tax defaulter with prior approval of a commissioner of income tax as required under the income tax ordinance.

"The field formation [tax officers] will have to bring it to my notice before attaching any bank account," Mr Zaidi categorically said.

"No bank account attachment unless the taxpayer's chief executive officer/ principal officer/ owner is informed at least 24 hours prior to attachment and the chairman FBR's approval is obtained," the directive of the FBR chairman issued to all chief commissioners of income tax read out.

Finance secretary given additional charge of revenue division secretary

The business community at large was complaining about the misuse of the power of the attachment of bank accounts without prior information. Under the law, the bank attachment is allowed only as a last resort against tax evaders.

Speaking to the tax officers, Mr Zaidi also shed light on his intended reforms agenda. He said his focus was on bringing complete automation within the tax machinery. He categorically said that he would have to change the perception that taxpayers are harassed by the FBR.

Mr Zaidi shared his vision to revamp the tax system and tax machinery with the top FBR officers. He discussed with them broader problem areas affecting the institution. The FBR chairman stressed the need for shifting the working process from manual to completely automated system to facilitate taxpayers.

Mr Zaidi also emphasised the need to document all economic transactions which could be great a source of revenue generation for the country.

He took the FBR officers into confidence and assured them that the issues being confronted by FBR employees would be addressed under his leadership. He sought the support of all the officers to work as a team for the betterment of the institution and the country.

He thanked Prime Minister Imran Khan for reposing trust in him and pledged to bring about improvement in the working and performance of the FBR.

The FBR officers asked questions which were answered by the new chairman. Mr Zaidi hoped to have regular interactions with the FBR officers in the future.

Parallel economy

Talking to reporters at the FBR headquarter, Mr Zaidi justified his decision of restricting the use of attachment of bank accounts to avoid the possible harassment of taxpayers. He elaborated that there is already a provision for freezing of a bank account as the last recourse in case of a dispute between the account holder and institutions.

But tax officials believed that halting of attachment of bank accounts of defaulters will halt the current drive of the government against tax evaders. They believe without deterrence it will be difficult to improve tax compliance in the country.

“My intention and aim is to document the undocumented economy,” the chairman said, answering a question regarding tax reforms.

“The documentation of the undocumented economy will automatically increase the tax base,” he said. “No one can estimate the [volume of] parallel economy. Some people say it amounts to 30 per cent of the economy, some say it is 40pc, my opinion is that it would be more than 30pc,” the new chairman said.

Answering a question, he said that no budget date was fixed as yet.

Earlier, the government circulated a notice to finalise their proposals for making part of the budget 2019-20 to be announced on May 22. Now with the changes the new date was yet to be finalised.

The chairman also did not speak about the shortfalls in revenue collection posted in the current fiscal year. He was asked to comment that the shortfall has already crossed Rs350 billion in the first 10 months of the current fiscal year.

The new chairman has taken charge of the FBR at a time when the focus of a bailout package from the International Monetary Fund is to generate maximum revenue for bridging the yawning budget deficit. The proposed revenue measures for implementation in the next fiscal year will be a big challenge for the new chairman, who already has less support from the tax department for being from the private sector.

Moreover, he will also not enjoy the power of secretary revenue division which means he will be dependent on a career bureaucrat in BS22 as revenue division secretary. All summaries and other correspondents with the cabinet and other departments will be carried out through the signature of revenue division secretary.

The federal government has given additional charge of secretary revenue division to Finance Secretary Younus Dagha for a period of three month until a new regular secretary is posted, according to a notification issued by the establishment division.

Mubarak Zeb Khan