

FBR struggles to net Rs1.4trn in May-June

KARACHI: The Federal Board of Revenue (FBR) is facing a daunting challenge to net around Rs1.4 trillion in the last two months of the current fiscal year to attain the annual revenue target as the government relaxed recovery from defaulters, but the new tax amnesty is likely to underpin the collection efforts, sources said on Tuesday.

The sources said the FBR needs to collect Rs1.397 trillion during the last two months of the current fiscal year of 2018/19 to achieve revenue collection target of Rs4.39 trillion.

The FBR managed to collect Rs919 billion during May and June of the last fiscal year and that included Rs90 billion generated owing to amnesty scheme announced last year.

The sources said the new amnesty scheme approved by the federal cabinet on Tuesday might help the FBR rack up sizeable revenue till June 30, 2019.

The FBR provisionally collected Rs2.993 trillion in the July-April period of 2018/19, up 2.4 percent year-on-year.

Sources said the offices of Inland Revenue, however, lost hope of maximizing revenue collection during the last two months owing to latest instructions issued by the newly-appointed FBR chairman.

The sources in the Large Taxpayers Unit (LTU) Karachi said the new chairman barred tax officials from freezing bank accounts without informing taxpayers and taking mandatory approval from the chairman.

Prime Minister Imran Khan appointed Shabbar Zaidi, a chartered accountant, as the chairman of the FBR with an aim to bring correction in the tax machinery. Zaidi assumed the charge of the FBR chairman last week.

The FBR sources said the Income Tax Ordinance 2001 allowed actions to create deterrence against deliberate tax defaults and tax evasion.

The FBR chairman further directed LTUs and regional tax offices (RTOs) not to exclude any taxpayers from active taxpayers list (ATL).

A new procedure has been laid down with regards to exclusion from ATL and the chairman would personally go through all the matter of suspensions and then decide.

The FBR chairman also directed the field offices that there would no raids on business premises without prior information to the FBR chairman or Member Inland Revenue (Operations).

The sources said tax offices are unanimous that revenue collection would not be increased in such a scenario.

The sources said the FBR headquarters asked LTUs and RTOs to provide estimates of revenue collection during the last two months of the current fiscal year.

Most of the tax offices believed that the revenue collection in such circumstances would not even reach the numbers achieved during the last two months of the last fiscal year, according to the sources.

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