

### **Tax professionals seek quarterly data for FBR to identify potential taxpayers**

KARACHI: The government should make it mandatory for property and motor vehicle registration authorities to share data of transactions with the Federal Board of Revenue (FBR) on quarterly basis to help it identify the potential taxpayers, tax professionals said.

Pakistan Tax Bar Association (PTBA), the representative body of all tax bars in the country, said the condition should also be applied on housing societies, financial institutions, private and public clubs, the central depository company, National Clearing Company of Pakistan, private hospitals, hotels and schools.

Abdul Qadir Memon, president of the PTBA said Pakistan faces a challenge with regards to the widening of the current tax base to prevent erosion of tax revenue.

“Though in the current year number of active taxpayers has improved, Pakistan’s registered tax base has been more or less stable at less than one percent of the total population for several years,” Memon said in a PTBA’s budget proposals for the fiscal year of 2019/20.

PTBA president said the concept of filers and non-filers has been introduced over the last few years to encourage filing of returns of income.

“However, such amendments have not been able to increase the tax base by manifolds as envisaged,” he added. “Rather, it has increased the burden of withholding agents by prescribing different withholding tax rates based on the active taxpayers list without achieving any significant progress inroads on the actual tax compliance rates.”

Memon said bulk of the increased cost due to higher tax rates for non-filers has been passed on to the end consumers by the unregistered individuals as cost of goods/services has been increased to gross up the impact of higher withholding tax rates.

The PTBA the assignment of preparation of profile of potential taxpayers/registered individuals should be outsourced to data mining company in line with

the responsibility of collection of tax on capital gains given to the National Clearing Company of Pakistan.

The data mining company should be allowed to collect the information and present the potential taxpayers’ profile to the FBR’s broadening of tax base (BTB) department to enable it to take appropriate action under the law.

Tax professionals also proposed that a new team comprising of young IT expert, accountants and tax experts should be inducted into the BTB department.

A task force comprising of independent professionals and top officials should be formed to monitor the works assigned to the data mining company and ensure that the BTB department operates efficiently and effectively to ensure the progress in broadening of tax base activity by the FBR.

The effective enforcement should be made in accordance with the law (section 114 of the Income Tax Ordinance 2001).

“The government and FBR on its part should ensure that the relevant provisions of law are implemented in letter and spirit without any distinction on the basis of cast, creed, color and clout to achieve the goal of broadening the tax base,” the PTBA said in its budget proposals.

Our Correspondent