

FBR's property tax collection climbs 58 percent in July-March

KARACHI: The Federal Board of Revenue's (FBR) collection of property tax surged 58 percent during the first nine months of the current fiscal year of 2018/19 as it increased valuation of properties, experts said on Wednesday.

The finance ministry's latest data showed that the collection of property tax sharply increased to Rs7.6 billion in the July-March of FY2019 compared with Rs4.817 billion in the corresponding period of the last fiscal year.

The FBR increased property valuation by 20 percent in February 2019 in order to raise collection through withholding tax.

Sources said the FBR also enhanced monitoring of collection of property tax by the provinces that added up to the revenue. Provincial governments also collect property taxes based on its own valuations.

In August 2016, the FBR notified table of valuations for around 20 cities to monitor the open market values of immovable properties and to determine withholding tax. The valuations were meant for increasing withholding tax collection from buyers and sellers of immovable properties. The valuations however created deterrence against declaration of fair values of properties.

The previous government last year announced to abolish the FBR valuation table in addition to set up a directorate to keep values of immovable properties under vigilance. The government, however, linked the abolishing of the FBR valuations table with the functioning of the directorate. But, since the body is yet to start working, the FBR valuations are still existent.

Tax experts said the establishment of the directorate created a fear among people who preferred to declare property values near to the fair market values. The valuations notified by the provinces are very low, but the property tax collection increased significantly due to transactions at the higher rates, they said.

The Punjab government led the property tax collection among all the provinces as it collected Rs4.36 billion during the period under review compared with Rs2.59 billion in the corresponding period of the last fiscal year, posting a 64 percent increase, according to the ministry of finance's data.

Sindh government posted a 63.56 percent growth in collection of property taxes.

The province collected Rs2.375 billion during the July-March FY2019 compared with Rs1.45 billion in the same period of the last fiscal year. The property tax collections by Khyber Pakhtunkhwa and Balochistan were Rs730 million and Rs140 million, respectively.

Sources said the ongoing drive against black money and undeclared assets would promote declaration of fair values and it would subsequently increase the revenue collection from property buying and selling as well as rental income.

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