

FBR eyes dollar transaction details to net hoarders

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KARACHI: The Federal Board of Revenue (FBR) is all set to ask foreign exchange companies about transactional details of individuals as it wants to bring 'hoarders' into the tax net, sources said on Tuesday.

An official confirmed with this scribe that the FBR would launch a major crackdown in this regard and obtain information from foreign exchange companies regarding individuals who purchased the foreign currency during the past few months.

The sources said leading national agencies, including FBR, State Bank of Pakistan (SBP) and Federal Investigation Agency (FIA) launched investigation into the dollar supplies in the domestic market.

The sources said FBR asked the SBP to provide information of transactions made by the exchange companies. A meeting regarding hoarding of US dollar was held on August 1, 2019, which was attended by the officials of SBP, Director General Federal Investigation Agency, FBR Member, and Director General Financial Monitoring Unit along with representatives of ISI and Anti-Narcotic Force.

The sources said current dollar value is much higher than the actual value, which is due to hoarding by some elements. The SBP, in its response to the FBR request for providing information of transactions made by exchange companies, said it is a statutory body that regulates / supervises exchange companies under the relevant provision of Foreign Exchange Regulation Act, 1947.

"However, we [SBP] understand that in terms of Income Tax Ordinance, 2001 FBR is authorised to collect transactions data from exchange companies or any other financial institutions," the SBP said in a letter to FBR chairman last month. "It would, therefore, be appropriate that FBR directly approaches the exchange companies for required information under the relevant provision of law."

The FBR sources said the tax offices would ask exchange companies to provide details of persons who purchased dollars for remitting the foreign currency for the purpose of education, health and other matters. The exchange companies are required to withholding income tax from persons purchasing dollars and remitting abroad for education purposes.

The education related expenses include tuition fee, boarding and lodging expenses, any payment for distant learning to any institution or university in a foreign country and any other expense related or attributable to foreign education.

Further, the exchange companies are also required to provide information of persons who purchased dollars for such purposes. The FBR sources said it was believed that many persons purchased dollars under these heads and kept on the hopes of further appreciation of dollar value. The FBR sources said the penal action would be initiated as per law on the detection of misuse of facility of allowing remitting foreign currency.
