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Number of return filers up 43pc to 2.63 million in tax year 2018

KARACHI: Number of returns filing for tax year 2018 rose 43 percent year-on-year to 2.63 million, official data showed on Monday, as higher withholding tax on non-filers compelled them to appear in the active taxpayers list (ATL).

The Federal Board of Revenue's (FBR) statistics showed that the annual income tax returns filing for 2018 increased 43 percent when compared with 1.84 million returns received by the FBR for the tax year 2017. FBR sources said people are filing their income tax returns for the tax year 2018 along with late surcharge to avoid 100 percent withholding tax rates on financial transactions, although due date for the tax year 2019 has already been prescribed.

The current ATL (for tax year 2018) would remain applicable till February 29, 2020 and new ATL on the basis of return filed for tax year 2019 would be issued in March 2020.

The appearance of taxpayers on ATL guarantees the lower rate of withholding tax on financial transactions. The government, through Finance Act 2019, introduced tenth schedule into the Income Tax Ordinance 2001 under which individuals not appearing in the ATL would be liable to pay 100 percent more withholding tax than one charged on those in the ATL.

The FBR issues ATL on March 1 every year on the basis of return filed by taxpayers by due date for a relevant tax year. The FBR issued ATL for tax year 2018 on March 1, 2019 on the basis of returns filed till then. Since the date for filing of returns was extended up to August 9, 2019, the names of new return filers were added to the updated ATL.

Till August 9, 2019, the number of return filers was increased to 2.5 million. However, additional 0.13 million returns had been included in the ATL after they paid late filing surcharge.

The FBR said restriction of including an individual's name in the ATL – if the person has not filed tax return by the due date specified by Income tax authorities – was introduced through Finance Act, 2018. An individual's name can, however, be part of ATL even after the due date specified by Income Tax authorities under the Finance Act 2019, the FBR said in a statement.

The FBR added that there, however, would be a surcharge of Rs1,000 on individuals, Rs10,000 on association of persons and Rs20,000 on companies, to appear in the ATL after due date of filing of tax returns.