

Mehtab Haider

President endorses FTO's order on agri income tax

ISLAMABAD: President Arif Alvi has endorsed the order of Federal Tax Ombudsman (FTO) and instructed the FBR to devise IT based solution to verify claims of tax paid by taxpayers on account of exempted agriculture income on real time basis.

While rejecting the representation of the FBR, the president has ordered that by taking up the matter in suo motu jurisdiction the learned FTO did not commit any wrong. The president has further issued instructions to the FBR to develop and implement an IT based solution whereby all claims of tax paid by FBR's taxpayers to the provincial authorities against exempted agri-income should be cross-checked on real time basis.

System generated communications (without any human interface) asking for evidence of payment of agri income tax may be used prior to any formal amendment in deemed assessments under Universal Self-Assessment Scheme (USAS).

The president further directed the FBR chairman to direct the Chief Commissioner-IR, Hyderabad to complete the verification process and pass appropriate amended orders in respect of taxpayers who have claimed exemption on account of agriculture income for Tax Years 2014, 2015, 2016 and 2017, but failed to provide supporting evidence, as per law, and report compliance within 60 days.

The FTO on its Own Motion (OM) investigation, assumed jurisdiction under Section 9(1) of the Federal Tax Ombudsman Ordinance 2000 (FTO Ordinance) against the alleged systemic mal-administration of the department. It was noted that after insertion of the proviso to Section 111 (1)(d)(ii) of the Income Tax Ordinance 2001 (the Ordinance) vide Finance Act (FA) 2013 the explanation about the agriculture income declared by the taxpayers as exempted, was acceptable "to the extent of agricultural worked back income on the basis of agriculture Income Tax paid, under the relevant provincial laws."

Pending the investigation before the learned FTO, it revealed that during the period relevant to Tax Years 2016 and 2017, 606 taxpayers had declared agriculture income tax in their returns filed in RTO, Hyderabad.