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Import stage, FBR to revise valuation rulings: Shabbar

ISLAMABAD: The Federal Board of Revenue (FBR) has decided to improve the valuation of imported goods through revised valuation rulings to increase revenue collection at import stage during September 2019.

Sources are optimistic that the FBR will cross one trillion rupees mark by the end of first quarter of the current fiscal year.

According to a tweet of FBR Chairman Shabbar Zaidi, “FBR is going to substantially modify its valuation model for determination of customs duty and other taxes levied at import stage. Old customs general order on this subject will be revised.”

The FBR official said that the installment of quarterly advance tax payment would be received in September 2019. It has been estimated to generate around Rs 70-80 billion from advance tax payment during this month. Secondly, some of the budgetary measures have been implemented from August 2019 and their actual impact would be seen in September 2019. The collection from withholding taxes is also expected to improve in September 2019.

Sources said that many textile units have not paid their electricity bills in August 2019 on the assumption that the sales tax rate may be decreased in bills. The FBR has withdrawn sales tax zero-rating facility on electricity consumption of the five export sectors. In September 2019, the FBR will get sales tax for two months bills from textile sector i.e. August and September 2019.

The FBR is facing shortfall of Rs 64 billion during July-August (2019-20). The shortfall in July and August were Rs 14 billion and Rs 50 billion, respectively. The quarterly target set for July-September (2019-20) is Rs 1,072 billion. The FBR has to collect over and above Rs 450 billion in September 2019 to meet the assigned quarterly target of Rs 1,072 billion for the first quarter (2019-20).

The FBR is making all-out efforts to maximise collection during September 2019.

Sources said that major shortfall of Rs 13 billion has been witnessed from customs duty collection at the import stage during August 2019. In September 2019, the FBR has focused on checking smuggling and improving valuation of imported items. The FBR has decided to revise valuation rulings of different items for accurate assessment of customs duty, income tax, sales tax and withholding tax at the import stage.

The FBR has also issued instructions to Directorate General Customs Valuation for revision of valuation rulings at the import stage.

The FBR has estimated to improve collection from imports after revision of customs values on the imported items.

So far, the FBR has recovered an amount of Rs 2.8 billion from 6,000 high net worth individuals. The FBR is in the process of sending 100,000 notices to potential taxpayers, which would also generate additional revenue.