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### **FBR issues 253,000 notices to non-filer industrialists**

KARACHI: The Federal Board of Revenue (FBR) has issued around 253,000 notices to industrialists and businessmen, asking them to file returns, as the revenue body is expanding its broadening of tax base drive, officials said on Tuesday.

An official said the FBR has so far issued 253,700 notices to consumers of industrial / commercial electric and gas connections to bring them into the tax net.

The notices have been sent to connection holders of K-Electric and Sui Southern Gas Company Limited (SSGC) within the jurisdiction of Regional Tax Office-II (RTO), Karachi. Around 249,000 notices have been sent to electricity consumers from industrial / commercial sector as they pay bills above threshold for mandatory income tax registration. Similarly, 4,700 notices have been sent to industrial / commercial consumers of SSGC.

“The notices have been sent to those consumers whose annual billed amount exceeds Rs0.5 million,” Badar-ud-Din Qureshi, chief commissioner of RTO-II-Karachi said.

Under the Income Tax Ordinance 2001, an industrial / commercial consumer of gas or electricity paying above Rs500,000 for single connection is mandatorily required to file income tax returns.

The FBR has received 2.493 million income tax returns along with paid tax amount of Rs33 billion till the expiry of filing deadline of August 9. Recently, RTO-II and RTO-III Karachi obtained data from K-Electric and SSGC and identified around 650,000 such connections where billed amount is more than the threshold amount.

Qureshi said there are several consumers who have multiple connections / meters and so only one notice was served to those consumers.

FBR Chairman Shabbar Zaidi directed officials to take all action under the law to enforce returns on such unregistered business individuals.

Zaidi since assuming the charge in May 2019 warned on many occasions unregistered individuals of penal actions.

Recently, the chairman wrote letters to power and gas utilities for refusing new applications for commercial / industrial connections until the individuals appear on the active taxpayers list.

The chief commissioner said the non-compliant taxpayers have been given time to reply to the notices.

“After expiration of statutory time limit the tax department will invoke relevant provisions of law to force those persons to file their returns and provide details of business transactions,” he added.

The chief commissioner said there are penalties for deliberate non-filing under the tax ordinance. “The penalty may include one year imprisonment for non-compliance to notice and another two years imprisonment for deliberate denial to return filing,” the commissioner added.

He, however, said the FBR chairman instructed officials to provide maximum opportunities to non-compliant taxpayers for discharging their liabilities.

The FBR is already collecting withholding tax on industrial and commercial connections. “Mere collecting withholding tax is not sufficient to achieve the goal of documentation of economy,” the chief commissioner said. The FBR aims to document the entire supply chain.

Pakistan’s authorities are under an immense pressure to restore external and internal balances to resume sustainable growth that plunged to 3.3 percent in the last fiscal year from 5.5 percent in the preceding fiscal year.

The International Monetary Fund (IMF) said Pakistan is facing a problem of low level of revenue collections relative to GDP and to many other emerging markets and peer countries. Fiscal deficit rose to the highest in the last three decades at 8.9 percent for FY2019 from 6.6 percent a year earlier.