

### **Property tax collection rises 31pc in July-Jan**

KARACHI: Property tax collection by provinces surged 31.34 percent to Rs7.38 billion during the first half of the current fiscal year of 2018/19, official data showed on Friday.

Finance ministry's data showed property tax collection amounted to Rs5.624 billion during the corresponding period of the last fiscal year. Sources in the ministry said the revenue grew due to regularisation of immovable property rates and monitoring of transactions for tax collection.

Provincial governments have jurisdiction over collection of property taxes and this contributed towards the total revenue collection after enhanced monitoring by the Federal Board of Revenue (FBR).

In August 2016, the FBR notified table of valuations for around 20 cities in order to monitoring open market values of immovable properties. Valuations were meant for increasing withholding tax collection from buyers and sellers of immovable properties. However, the valuations also created deterrence against mis-declaration of property values.- The previous government last year announced to abolish FBR valuation and in the budget 2018/19 established a new directorate of immovable properties in addition to abolish the valuation table.

The government also notified that the FBR valuations would be abolished from the date of notification issued by the federal government regarding functioning of the directorate. Nonetheless, the FBR valuations have so far been prevailed. In fact, the FBR recently increased valuation by 20 percent in order to collect withholding tax.

The directorate general immovable properties was set up under a new section (230F) introduced into the Income Tax Ordinance 2001 through the Finance Act 2018.

The tax authorities assigned jurisdictions to the relevant officials in the unit to perform vigilance. They, however, could not undertake any action without the availability of all the prerequisites, including uniformity in provincial and federal valuation, tribunal for redressal of complaints in consultation with ministry of law and creation of fund with seed money in consultation with the ministry of finance to procure land.

Tax experts said the establishment of the directorate created a fear and people preferred to declare property values near to the fair market values. They said the valuations notified by the provinces are very low but due to transactions at the higher rates the property tax collection increased significantly.

In terms of volume, the Punjab took lead by collecting Rs5.02 billion during first half of the current fiscal year. The collection was Rs4.09 billion in the corresponding period of the last fiscal year, showing a 22.64 percent increase.

Sindh posted sharp 73.83 percent growth in collection of property taxes. The province collected Rs1.83 billion during July-December compared with Rs1.05 billion in the same period of the last fiscal year.

The collections by Khyber Pakhtunkhwa and Balochistan were Rs450 million and Rs83 million, respectively.

The sources said the ongoing drive against black money and undeclared assets would result in growing declarations and it would subsequently increase the property tax collection besides revenue collection from rental income.

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