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Multi-billion tax evasion: FBR posts teams to mega retail stores in big cities

ISLAMABAD: The FBR has deputed its teams at mega chain stores in major cities in order to detect multi-billion tax evasions in a bid to achieve the desired tax collection target during the current fiscal year.

The FBR has also been obtaining data of sale receipts from 2,500 retail stores electronically all over the country. Now the FBR plans to gear up efforts to bring more mega stores in the online loop with every passing month so that tax collection can be increased for achieving the annual collection target of Rs4,398 billion. Keeping in view the massive shortfall, it seems difficult but the FBR officials maintained that they wanted to go close to the desired target.

“Our revenue efforts have been geared up and the FBR collection is witnessing almost double growth in the range of 7 to 8 percent in the first 22 days of ongoing month (February 2019) against the growth of just 3 to 4 percent in revenue collection during the first seven months (July-Jan) period of the current fiscal year,” top official sources in the FBR confirmed to The News here on Sunday.

With deputation of the FBR staff at mega chain stores to scrutinise their real sale, the FBR has found massive discrepancies in their real sale and shown in tax records and this one step could yield billions of rupees increase in tax collection from major cities such as Karachi, Lahore and others in months ahead of the ongoing financial year.

When asked about over Rs170 billion revenue shortfall being faced by the FBR so far, the official termed this ongoing fiscal correction year and stated that the advances were taken in rampant manners in last fiscal year in order to inflate the collection so the FBR was not forced to make adjustments in the ongoing fiscal year.

The FBR has explained to Prime Minister Imran Khan that there was no justification to get advances, stuck up refunds and inflate revenue collection figures because all these measures resulted in negative impact on overall business activities of both public and private sector companies.

The official argued that tax incentives on salaries given by last government and telecom tax suspended by the Supreme Court of Pakistan caused revenue losses of over Rs50 billion so far while reduced tax rates on POL products caused loss of Rs70 billion. The slowdown of development programme also caused losses so they can count each and every penny out of total revenue shortfall of Rs170 billion so far being faced by the FBR. “By excluding these factors, the FBR has generated revenue in the range of 13.5 percent growth so far in first seven months,” the official claimed.

Giving another justification for revenue shortfall, the official said that the government took measures to compress import growth by $1.5 to $2 billion that caused revenue loss to the FBR but it was important for the country to slash the current account deficit so the government preferred to bear revenue hit for the larger interest of the economy.

“There is the element of fear that persists in the market and the economy slowed down so the FBR’s revenue also impacted negatively,” said the official and added that now the FBR team was in place with a lot of efforts of last few months and the stage was set where the revenue collection was bound to go up in remaining months of the current fiscal year.

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