

### **FBR shifts thousands of revenue cases to three large taxpayer units**

ISLAMABAD: In a bid to implement the restructuring plan, the Federal Board of Revenue (FBR) has brought major changes into jurisdiction and handed over thousands of major revenue potential cases to three large taxpayer units (LTUs) located in Karachi, Lahore and Islamabad.

Now the regional taxpayer offices (RTOs) will only be responsible to broaden the tax base and facilitation of existing taxpayers under the new restructuring mechanism. The FBR has implemented its order by handing over 1,100 cases to LTU Lahore, 750 cases to LTU Islamabad and around 1,500 cases to LTU Karachi.

Some within the ranks of tax machinery term this move as disastrous as it will pave the way for abandoning the structure of RTOs because their collection will be much less but their fixed expenses will be on higher side. So the government will be convinced to abandon this burdened structure. But it will also provide opportunity to concerned chief commissioners of RTOs to justify their existence and broaden the tax base by putting real efforts to find out new potential taxpayers.

But there are some officials who praise this new structure arguing that 75 to 80 percent revenue was coming through three major LTUs so more workforce was needed to be deputed to monitor and pursue major revenue potential cases. They were saying that now the RTOs would have to justify their presence by focusing upon broadening of tax base otherwise if this structure was meant for burden it should be abandoned.

Top official sources said the FBR handed over 1,100 cases to LTU Lahore from earlier 300 cases and LTU Islamabad from 300 cases to 700 cases. The same had happened in case of LTU Karachi so the officer who was looking after 20 to 30 cases under his jurisdiction will now check up to 50 cases. It's not possible to focus upon increased number of cases so this structure is bound to fail, they added.

But those who are extending support argue that sector-specific cases were handed over under one jurisdiction into LTUs so it would help the tax machinery for meeting all cases in unified manner. They cited example of cement sector and added that the LTU Islamabad would deal all cement cases in unified manner. Earlier, different officers were treating one sector cases differently because of different jurisdictions.

When contacted, FBR former Member Shahid Hussain Asad said that neither it would give boost nor extend harm to tax collection, but it will depend on how this structure will be placed to enhance efficiency of tax machinery.

According to FBR's order F.No.1 (48) Jurisdiction/2014 dated August 05, 2020, in exercise of power conferred by sub-section (1) of section 209 of the Income Tax Ordinance, sub section (1) of section 30 and section 31 of Sales Tax Act 1990 , sub

section (1) of section 29 of the Federal Excise Act 2005, read with Islamabad Capital Territory (Tax) on Services Ordinance 2001 and in suppression of all previous orders issued under the aforementioned legal provisions in respect of jurisdiction, functions and cases assigned to LTU Islamabad, the FBR is pleased to direct the chief commissioner Inland Revenue to exercise all powers, re-designate the commissioner IR and assign the commissioner IR. This order has taken effect from August 10.

Now the list available with The News shows that income tax audit powers, assessment under sections 143 and 144, revision of assessment, imposition of penalty has been handed over to LTU Islamabad. Under Sales Tax Act 1990, audit and assessment of registered persons, risk based audit, recovery of un-disputed liability, monitoring of audit schedules, maintenance and analysis of audit records, investigative audit in selected cases, grant of extension in time for audit, ratification of mistakes in respect of audits, giving effects to the orders of FTO-related to audits and any other audit functions were handed over to the LTU Islamabad. The FED and ICT-related cases were also handed over to LTU Islamabad under the new jurisdiction-related mechanism.

The FBR has handed over 377 cases to LTU Islamabad under Table-B and 315 cases under Table-C.