

Bank transactions, FBR agrees to proposal of lowering tax on non-filers

ISLAMABAD: The Federal Board of Revenue (FBR) has agreed to a proposal to bring down the rate of 0.3 percent withholding tax on banking transactions of non-filers through digital channels at par with the rate of filers.

Sources told Business Recorder that the decision has been taken during the last meeting of Banking Committee's Recommendations agreed by the State Bank of Pakistan (SBP) and further coordination with the relevant ministries through the SBP and the Finance Division.

According to the proposal, "the 0.3 percent tax on transactions by non-filers through digital channels should be brought at par with that of filers as those transactions give capability to track for later accountability". The proposal has been agreed by the FBR and would be implemented by the FBR. However, no specific timeline has been specified.

According to a tax expert, the digital transactions are defined as transactions in which the customer authorizes the transfer of money through electronic means, and the funds flow directly from one account to another. These accounts could be held in banks, or with entities/providers.

At present there is zero percent withholding tax on the banking transactions carried out by the filers of income tax returns. It has been proposed that the 0.3 percent withholding tax on transactions by non-filers through digital channels, should be brought at par with that of filers.