

FBR exempts tax amnesty declarants from audit

KARACHI: The Federal Board of Revenue (FBR) has exempted people who availed declared income and assets in the past two amnesty schemes from audit, it was learnt on Wednesday.

The FBR issued Audit Policy – 2019 for conducting audit of taxpayers for the tax year 2018. Under the audit policy the FBR granted exclusion to certain classes of taxpayers from selection of audit.

The FBR said exclusion from audit is available to all those cases where declaration had been made under the Voluntary Declaration of Domestic Assets Act, 2018. Further, those cases have also been excluded from audit where declaration has been made under the Asset Declaration Ordinance, 2019.

The FBR also granted similar exclusion from audit to the amnesty cases under sales tax and federal excise laws.

The FBR said immunity from audit under income tax has been granted to all cases that were already selected for audit by the Commissioner Inland Revenue and Director I & I (IR) under Section 177 and in consequence of action under Section 175 of the Income Tax Ordinance, 2001 for tax year 2018.

Further, the audit immunity has also been granted to all those cases where income chargeable to tax under the head of salary and /or pension exceeds 50 percent of taxable income, except cases having business income. "Directors of companies do not qualify for this exclusion," the FBR added.

The FBR also extended exemption from audit for persons falling under Final Tax Regime (FTR) for the tax year under review.

The FBR said that it would conduct computer ballot for selection of 0.76 percent of cases for audit out of total filers after exclusion in income tax for the tax year 2018.

For sales tax and federal excise duty, the FBR would select 1.67 percent and 5.65 percent cases for audit, respectively out of total filers after exclusions for tax year corresponding to accounting period adopted for the purpose of returns of income tax for tax year 2018.

However, the FBR has limited the audit cases selected without the risk-based system to 10 percent of total audits subject to clearance by Member (Taxpayers Audit).

Regarding parameters for selection of audit, the FBR said in the past the cases were selected for audit on either random or parametric basis with a possibility of selection of non-potential taxpayers.

"Thus, in order to overcome the issue, this time cases have been selected on a scientific approach for which a software has been designed and put in place named as risk based audit management system."