

Business community assured, FBR will avoid multiple audits of taxpayers

ISLAMABAD: Dr Muhammad Ashfaq Ahmed, Member (Inland Revenue-Operations), Federal Board of Revenue (FBR) Friday conveyed to the business community that the FBR would avoid multiple audits of taxpayers, but ensure complete audit of cases of income tax, sales tax and Federal Excise Duty (FED) to be selected for audit on the basis of risk based parameters through computer balloting.

FBR Member IR Operations was responding to a query on Audit Policy-2019 raised by Malik Sohail Hussain Chief Coordinator United Business Group (UBG) Federation of Pakistan Chambers of Commerce and Industry (FPCCI) during a visit to the Islamabad Chamber of Commerce & Industry (ICCI) here on Friday.

FBR Member visited Islamabad Chamber of Commerce and Industry (ICCI) along with Zubair Khan Secretary Sales Tax, Nasir Janjua Chief IR Analysis FBR and other tax officials of the Board.

Mailk Sohail raised the issues of disclosure of audit parameters, exclusions from audit; audit of cases where declaration were filed under the Voluntary Declaration of Domestic Assets Act, 2018/ Asset Declaration Ordinance, 2019 and audit methodology adopted for selection of 0.76 percent of income tax cases; 1.67 percent sales tax cases and 5.65 percent FED cases for audit under Audit Policy-2019.

Dr Muhammad Ashfaq Ahmed responded that the FBR will carry out proper audit of taxpayers to be selected through computer balloting process. The approved Audit Policy, 2019 pertaining to Tax Year 2018. The criteria for selection of cases (for all taxes) for Tax Year 2018 would be parametric. Cases will be selected on scientific approach for which software has been designed and put in place named as "Risk Based Audit Management System" (RAMS). This will enable FBR to focus on cases with maximum non-compliant taxpayers while facilitating compliant taxpayers and building the confidence of taxpayers in the Audit system.

FBR Member (Inland Revenue -Operations) further stated that the FBR will establish a Corporate Tax Office in Islamabad to effectively handle the corporate tax cases and revisit the agreements with traders/retailers address their genuine concerns.

FBR Member stated that FBR would clear all pending refunds of business community and ICCI should share the list of pending refunds and exemption cases to address them.

To a query on the issue of transfer of cases from the RTOs to the Large Taxpayer Unit (LTU) Islamabad, FBR Member IR Operations responded that the transfer of such corporate cases would facilitate their day to day operations. These units would be more facilitated at the LTU Islamabad as compared to RTOs. The FBR is trying its level best to address their concerns, Dr. Muhammad Ashfaq Ahmed, added.

Dr Muhammad Ashfaq Ahmed said that the current fragmented tax system was not helpful for sustainable growth of economy and FBR was working to carve out a new tax system to reduce direct interaction, promote ease of doing business and transparency that would facilitate the taxpayers. This process would take 2-3 years and the business community would appreciate it. He said that promotion of industry, trade and exports was the first priority of FBR with revenue generation as second priority as promotion of businesses would translate into more tax revenue for the country. The new tax system would end harassment from taxpayers as direct interactions would be replaced with video link meetings for hearings.

He said that the agreements with traders/retailers would be revisited to address their concerns and make them acceptable for both sides. However, he said that the point of sale (POS) was a reality and the business community should cooperate in its implementation. He assured that all highlighted tax issues of the business community would be taken care of to facilitate them.

Speaking at the occasion, Muhammad Ahmed Waheed, President, Islamabad Chamber of Commerce and Industry said that when business community was paying 100 percent input tax under Sec-8B of Sales Tax Act, they deserved its 100 percent adjustment against output tax as withholding 10 percent of input tax was not justified in these tough conditions. He said that refund cases of 2009 were still pending and stressed that all refunds should be automated for timely clearance. He said that a uniform policy for exemptions should be made and the last date for POS installation should be extended up to Dec 31, 2020. He said that FBR should reduce the 1.5 percent turnover tax on the steel industry, which accumulated into huge amounts. He urged that FBR should exempt manufacturers from withholding agents under Sec-236G and Sec-236H so that they could fully focus on promoting business activities. He said that turnover threshold for individuals/AOPs has been increased to Rs.100 million for treating them as withholding agents and emphasized that the same concession should also be given to the private limited companies having turnover of less than Rs.100 million. He said that FBR should develop a simplified tax return form to facilitate taxpayers.

Saif-ur-Rehman Khan Vice President ICCI, Tariq Sadiq, Mian Shaukat Masud, Malik Sohail Hussain, Khalid Chaudhry, Mian Ramzan, Nasira Ali and others highlighted various tax issues of business community and stressed upon the need of their solution to facilitate the growth of business activities.