

Composite audit of registered taxpayers on the cards

ISLAMABAD: The government is planning to introduce a new legal framework in Finance Bill, 2020, to control practice of multiple income tax and sales tax audits in a year by introducing the concept of composite audit of registered taxpayers from the next fiscal year.

For ease of doing business, the Finance Bill, 2020, will also introduce a single transaction-based declaration for sales tax registered taxpayers with the Federal Board of Revenue (FBR) and four provincial revenue authorities/boards.

At the conclusion of the meeting between Pakistan Tax Bar Association (PTBA) and the FBR held at the FBR House here on Tuesday, Pakistan Tax Bar Association (PTBA) Vice President Syed Tanseer Bukhari told Business Recorder that the tax authorities were very positive in understanding problems of multiple audits being faced by registered taxpayers.

The PTBA informed the FBR that the taxpayers received notices of multiple audits in a year. Every year, taxpayers receive notices of income tax audit under Section 177 of the Income Tax Ordinance 2001, withholding tax audit under Section 161 of the Income Tax Ordinance 2001 and sales tax audit under Section 25 of the Sales Tax Act 1990.

Three different audits of a single taxpayer are conducted in a single year, which is against the concept of ease of doing business. Tax authorities informed the meeting that the Finance Bill, 2020, is expected to introduce legal change in the federal tax laws to ensure single composite audit of a taxpayer in a year.

Thus, the taxpayer would only receive one notice of the composite audit instead of several notices during the entire year. Bukhari said that the taxpayers were also receiving notices of amendments in assessments under Section 122 of the Income Tax Ordinance 2001.

At the same time, taxpayers receive notices under Section 111 of the Income Tax Ordinance 2001 to explain sources.

The issue has been brought into the notice of the acting chairman of the FBR and she assured to look into the matter.

The bar also raised the issue of appointment of the members of the Inland Revenue Appellate Tribunals to expedite pending appeals at the level of tribunals.

The PTBA Tuesday met tax authorities at the FBR and raised key issues and practical problems being faced by the tax practitioners and taxpayers in field formations.

A delegation of the PTBA here on Tuesday evening held a meeting with the Acting FBR Chairperson Nausheen Javaid Amjad and the FBR team of members including FBR Member Inland Revenue (Policy) Dr Hamid Ateeq Sarwar.

During the meeting, the PTBA appreciated FBR's efforts regarding enhancement of "IRIS" (return filing FBR software) capacity and recent measures adopted to meet the end of transparency.

They highlighted that there were still certain issues that needed to be highlighted and resolved on a priority basis.

The PTBA has raised the following main issues before the FBR for consideration: Paid challans under Assets Declaration Ordinance, 2019 still unattended; adjustment of input in accordance with Section 8B of Sales Tax Act, 1990 read with SRO 119.(I)/2019 dated 02-10-2019; issues of CNIC/NTN in monthly Sales Tax Return (Column 6a); unnecessary delay in fixation of Appeals in Commissioner Appeals/ Appellate Tribunal Inland Revenue; case heard left for decisions for months at appellate forums; non-function Appellate Tribunal Benches in Inland Revenue as well as Customs; refund matters pending for years; complains against FBR officials are not taken seriously, and FBR officials busy in achieving targets rather than broadening of the tax base.

About the monitoring of the restaurants, it was pointed out that certain restaurants are using two computers to conceal their actual sales.

The FBR has deputed tax officials at restaurants to monitor their sales.

If Section 40B (deputation of tax officials at business premises) of the Sales Tax Act is to implement then what is the use of RIMS installation at restaurants.

The PTBA strongly believes that with honest and genuine efforts of the bar associations and the FBR, the existing taxation, revenue administration and guidelines for supporting ease of doing business, global competitive index, world economic freedom, global governance indicator, global prosperity index, human development and system, can be improved and brought in line with global practices and standards.