

### **LTU Karachi collects Rs665bln of taxes in first half of FY20**

KARACHI: Large Taxpayers Unit (LTU) Karachi, the main revenue collecting arm of the Federal Board of Revenue (FBR), registered a growth of 15 percent in tax collection to Rs665 billion during the first half (July-December) of the current fiscal year 2019/20, officials said on Saturday.

The unit collected Rs582 billion in the first half of the last fiscal year.

The growth in revenue collection has been attributed to the budgetary measures that were taken in the budget 2019/20, which included elimination of sales tax zero-rated regime; imposition of 100 percent withholding tax on persons not appearing on the Active Taxpayers List (ATL); uniform rates of sales tax on petroleum products, etc.

The growth in income tax collection remained flat due to the payment of hefty amount in the shape of refunds, officials added.

The unit collected Rs116 billion of income tax during the first half of the current fiscal year, compared with Rs116.5 billion in the corresponding half of the last fiscal year.

The unit issued around Rs12.5 billion income tax refunds and around Rs3.66 billion was allowed adjustment against taxpayers' liabilities, they said.

Of the total income tax collection, the withholding tax collection stood at Rs40 billion during the period under review, compared with Rs36 billion during the same period of the last fiscal year, posting a growth of eight percent.

Officials said the growth in withholding tax collection under various heads witnessed decline due to increased returns filing.

However, some heads witnessed significant growth in withholding tax collection because of the imposition of 100 percent additional tax on those persons not appearing on ATL.

The collection of sales tax posted 18 percent growth to Rs513 billion during the period under

review, compared with Rs433.6 billion in the same period of the last year.

They attributed 18 percent growth to elimination of zero-rated sales tax regime during the current fiscal year.

They said sectors subject to zero-rated sales tax were now paying 17 percent sales tax.

The sales tax collection at import stage witnessed 20 percent growth to Rs400 billion during the first six months of the current fiscal year, compared with Rs333.7 billion in the corresponding period of the last fiscal year.

Sales tax collection on domestic sources posted a growth of 16 percent to Rs118.45 billion during July-December 2019/20, compared with Rs102 billion during the corresponding period of the last fiscal year.

The unit also issued sales tax refunds worth Rs5.4 billion during the period, which is 187 percent higher, compared with Rs1.89 billion issued during the corresponding period of the last fiscal year.