

Tax amnesty shows lack of will in making crime pay

LAHORE: Campaigns to increase the tax base are started on a very high note, but they fizzle out soon. That happens because the basic targets of the tax collectors are only honest taxpayers and not evaders from whom they seek rent.

At the start of every campaign, the Federal Board of Revenue (FBR) presents impressive data of tax evaders available with it. It asks them to pay their due taxes voluntarily or be prepared to face the law.

Then the FBR issues notices to those avoiding taxes on the basis of information available with it. All these efforts are publicised in the media.

This exercise is undertaken during the initial tenures of each new government. Each time people hope that the revenues would sharply increase. Each time they are disappointed. This process is going on since 2000.

No government has ever asked the tax collecting machinery why they kept silent for such a long time despite having huge data on tax evasion. This process has continued in this regime as well.

Another point worth noting is that the first advice given to each government is that instead of nabbing the tax culprits, it should announce an amnesty for those who declare their hidden assets within a specified period.

Each time when an amnesty is announced the bureaucrats assure rulers that a huge amount of money will be whitened accompanied with substantial revenue. Every time, including the outcome of the last amnesty, the results were disappointing.

During the amnesty period, the FBR stops actions (if any) against tax evaders. After the expiry of amnesty fresh notices are again issued to those who ought to be in the tax net on the basis of data available with tax collectors.

Most of those under protection of tax collectors ignore the amnesty and continue to amass black money.

Those that avail tax amnesty than rue doing so because they get registered with the FBR and get haunted by tax collectors for the rest of their lives.

The most disappointed lot are the ones that are already registered in the tax net as they have been paying all their taxes for decades and facing fierce competition from those who operated in the same trade.

Their heart burns when these law violators are offered tax amnesty by offering them to whiten their wealth at very low tax rate. The law abiding taxpayers are fully aware that the tax collectors do not appreciate businesses operating straight as they do not pay bribes. They appreciate those who need to avoid taxes as they avail services of corrupt tax officials.

An interesting point in this regard is that whenever a campaign is started against tax evasion, the tax collectors invariably target the taxpayers on the plea of under filing. In many cases, they subject the taxpaying firms to audits year after year and impose penalties after audit.

The honest taxpayers go into appeal and are vindicated either by the appellate tribunals or by high courts. Those tax officials who subjected the honest taxpayers to mental torture for years go scot free without any accountability.

The trick to escape accountability is that computerised parameters are set for audit selection in a way that earmarks honest taxpayers for audit.

The dishonest concealing their transaction through double book keeping escape audit.

Tax collectors being partners in crime know that. This way they protect their patrons without breaking law.

One fails to understand as to why tax collectors sitting on undeniable data fail to apprehend tax evaders. Technology records all major financial transactions.

When someone buys real estate, the registration is made against his/her computerised national identity card. This information goes to both NADRA and FBR database.

The FBR should act immediately after receiving this information. The property should be immediately attached with FBR until the buyer provides the money trail.

This action should be taken against all properties. Those taxpayers that have declared these properties in their tax returns should be spared while all others should be asked to come and provide the source of income from which the property was bought.

This should also be done in case of purchase of vehicles. Transfer of vehicle should remain suspended until the buyer provides the proof of legal income.

These owners of property and vehicles should then be asked questions about the data on foreign tours, stay in big hotels etc.