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RECORDER REPORT

FPCCI budget proposal, FBR urged to withdraw discretionary powers vested with tax officials

KARACHI: Mian Anjum Nisar, President and Zakaria Usman, Convener, Budget Advisory Council of the Federation of Pakistan Chambers of Commerce & Industry (FPCCI) urged the Federal Board of Revenue (FBR) to withdraw the discretionary powers vested with the tax officials to avoid their misuse, provide relief to the taxpayers, simplify taxation law and restore the diminishing confidence of the assesses in the taxation laws – a pre-requisite for success of any scheme.

The proposal is a part of the FPCCI presentation being made to the concerned quarters including Dr Hafeez Shaikh, Advisor to the Prime Minister on Finance & Revenue, Razak Dawood, Advisor to PM for Commerce, Textile and Investment, and Nausheen Javaid Amjad, Chairperson, FBR for incorporation in the forthcoming Federal Budget 2020-21.

They added that FPCCI after identifying a series of such provisions vesting discretionary powers had given concrete proposals to safeguard the interest of the taxpayers against the misuse of discretionary powers.

Regarding discretionary powers of conducting Multiple Audits/Amendment of Assessment under Sections 177, 214C and 122 of Income Tax Ordinance, they elaborated, "Although a return filed, U/S 114 of ITO 2001, within time limit does qualify for Universal Self-Assessment Scheme (USAS) and considered to be Assessment Order deemed to have been passed U/S 120(1) of the Ordinance on the date of filing the return, but even then it may be amended as many times as may be necessary by the Inland Revenue officials within 5 years from the end of the financial year in which the return is filed which results in multiple tax assessments".

They therefore proposed that the power to select the return of income may rest only with the FBR which is already having the powers to select the audit cases randomly through Computer U/S 214C of the Ordinance.

However, they added, "In case where definite evidence is available with the department then the audit be initiated upto the transaction in question only".

These discretionary powers provide sufficient incentives to the Inland Revenue Officials to serve Audit Notices to the commercial importers and other such assesses who have already discharged their tax liability as full and final at the time of clearance of goods at customs stage and as such promote direct contact between a taxpayer and tax officials which is against the government policy as it encourage tax evasion and corruption.

FPCCI Chief Mian Anjum Nisar also lamented posting of Inland Revenue Officer at Business Premises under Section 40B of Sales Tax Act, 1990 to monitor production, sales of goods, stock position etc as it is outdated and unnecessary in the modern era of computerization and available methods of monitoring the entire production and supply chain.

He argued, "It gives a perception of anti-business and anti-investment government policies, creates harassment and tantamount to revival of supervise clearance scheme of Central Excise in Sales Tax Act, 1990".