

FBR to hire consultant to cross-verify big industrial units tax potential

KARACHI: The Federal Board of Revenue (FBR) has planned to engage an intelligence firm to track large scale manufacturing (LSM) that it says currently doesn't correspond to the sector's tax contribution, it was learnt on Friday.

The FBR started the process for hiring the company to monitor the production of companies engaged in LSM that accounts for 80 percent of industrial production after recording incidence of under reporting in various sectors.

"Full real federal tax potential in LSM segments like tobacco, cement, sugar and fertilizer is yet to be realized," the FBR said in a document.

The FBR will grant a five-year license to the company intending to provide services related to track and trace of LSM production, according to official documents.

The licence can be extended for further three years.

The track and trace system in such sectors has been planned to safeguard the interest of tax revenue collection by providing traceability and process visibility through automated data capturing at all relevant role players in the respective supply chains and enabling tax collection governance based on real-time information.

Moreover, the FBR aims to install a track and trace system to deter tax fraud entailing visibility of production volumes and product attributes and dis-incentivising fraudulent activities such as under-declaration.

The FBR said applications for the license must be submitted by December 19.

The FBR is seeking monitoring of production at factories and production lines. There are 15 cigarettes factories with 50 production lines.

Cement factories are 25 with 50 production lines. There are 80 sugar mills with 160 production lines. Fertiliser factories are 15 with 30 production lines.

"The successful company shall also be required to provide unique identification marking (UIM) for locally manufactured and imported goods which should enable designated tax officials to capture traceability information in both offline and online modes," said the FBR.

The Federal Board of Revenue said it will be prohibited to import, manufacture, distribute and sell goods without an UIM in the country after the implementation of the system.

"Non-compliance with this requirement will be eligible for prosecution in accordance with the applicable legislation of Pakistan," it said.

The FBR further said the affixing UIM will be required for goods manufactured for exports or for sale under duty free customs. For the confidentiality of data regarding production and monitoring, the company would be responsible for leakage of any information, it said.