



Catching tax evaders

Will the FBR become a more effective body under the PTI? The first target for the board is set to be non-filers, after the National Assembly has finally decided to withdraw relaxations given by the current government to non-filers when purchasing property and vehicles. The move constitutes another turn around by the PTI, after facing pressure over its earlier decision to remove such restrictions. In the meanwhile, the FBR has announced that it will start by taking action against 185 tax evaders and non-filers. How the FBR performs in its latest tax recovery drive will be a good indicator of whether change has really come in the country's tax system. One must wonder, however, of the FIA decision to make public a list of 3,550 Pakistanis purported to own property in Dubai. Surely, owning property in another country is not a crime, and it should worry us that the FIA is more interested in publicity than securing convictions. Such lists have been seen before, without any real action. The real question is whether the new government will create a climate in which tax evaders will be prosecuted. Issuing public lists that have little value in a court of law undermines any efforts for serious tax reform. The more conspiracy minded could actually see it as an early warning to tax evaders, who can simply sell their properties before the FBR or FIA are in possession of any real evidence of fraudulently acquired properties.

The presence of a paper trail is often essential to prosecuting those who evade taxes and are engaged in money laundering. While the FBR seems to have wisely insisted that it will pursue a small number of individuals who have already left a significant paper trail of their property and vehicle purchases, the FIA seems to have created chaos once again. The so-called 'Dubai list' is likely to meet the fate of the Panama Papers. The hundreds of Pakistanis named have not been investigated. Tax evaders have remained on edge since the PTI took power over whether this new government is serious in its commitment to crack down on tax evasion. It is important to start early and show itself to be strong and committed. It will also need to target some of its own to show that this will not be another case of political victimisation. The issue cannot be allowed to become mired in controversy. Opposition has already come from the Chamber of Commerce and Industry and real-estate agents, who claim of witch hunts and the harassment of genuine taxpayers. Such opposition must be taken with a pinch of salt, but only if this really does not become a witch hunt. If the government wants to take action against tax evaders, it must do so. But action cannot be substituted by publicity stunts.