

100,000 non-filers to be issued notices

ISLAMABAD: With less than five days left for filing of tax returns for tax year 2018, the Federal Board of Revenue (FBR) has decided to issue notices to at least 100,000 non-filers who own a house larger than five hundred square yards or a vehicle over 1,000 cc.

“We will definitely issue notices to all those people who are required to file returns under the Income Tax Ordinance,” FBR Chairman Shabbar Zaidi told Dawn on Saturday.

The government, he said, has extended the last date several times for filing of tax returns to a maximum August 2 and announced an assets declaration scheme to facilitate them to file their returns. “We have decided to bring these nonfilers into the tax net,” he said.

So far 2.1 million people have filed their tax returns, which is the highest in the FBR’s history. FBR has projected a target to enhance these returns numbers to 4m for the tax year 2019.

FBR has already compiled data of almost 8-10m individuals who own a house larger than five hundred square yards or a vehicle over 1,000 cc and bank accounts across the country. The data will be used for issuance of notices in several phases.

The FBR chairman said that government wants to increase tax returns to a reasonable level. All regional tax offices (RTOs) have also been directed to issue notices to all those people on whom name in industrial and commercial utility bills are issued, he said.

The distribution companies have already been requested to identify such people and also requested to consumers for converting bills to actual users. It has been observed that several bills are being issued on the name of a single person. As per clause 181A of the income tax law, it is imperative for commercial and industrial gas and electricity consumers to become part of the Active Taxpayers List (ATL).

There are 341,000 industrial connections while more than 1m are commercial consumers’ connections.

Mr Zaidi urged people to benefit from this opportunity and file their tax returns timely to avoid difficulties, stressing that “return filing is compulsory under the income tax ordinance”.

As per proposed strategy, the notices will be couriered as well as sent electronically on available email address and cell number.

The first and second notices at least will be handled electronically, as per strategy. The penalty for non-filing of tax return is around Rs40,000. The notices will be selected from the available data from top rich people to less rich in the priority. Another benchmark is to focus first on big cities and then move towards small cities.

Asked whether there is any resistance for bringing these people into the tax net, Mr Zaidi said that public is now supporting the FBR. `People now want to make these people file their tax returns,` the chairman said, adding now people are more sensitive to poor tax compliance in the country.

With better enforcement, the chairman said he was expecting to achieve the ambitious revenue collection target of over Rs5 trillion for the current fiscal year. `With better enforcement, the revenue collection will be achieved without additional revenue measures,` he said.

The July 2019 revenue collection so far shows improvement except in the customs collection. He said the revenue collection in the next two months is very important, which will make clear the trend in the remaining financial year.

`We have seen substantial increase in revenue collection because of revenue measures in the last budget,` he said.

The chairman said that FBR revenue collection is one of the benchmark in the IMF review.

By Mubarak Zeb Khan