

FBR recovers Rs5.7bln through freezing corporate bank accounts

KARACHI: The Large Taxpayers Unit (LTU) Karachi recovered Rs5.7 billion in the last three months through freezing bank accounts of high volume corporate entities, while tax officials are ready for another crackdown against evaders with returns filing deadline expiring next week, sources said on Wednesday.

The LTU Karachi attached 220 bank accounts of large taxpayers in various sectors, including oil and gas, insurance, aviation, sugar and cement.

The sources said the unit made such recoveries during the past three months in various demands under income tax, sales tax and federal excise duty. The demand included both current and arrears in which corporate entities failed to pay their liabilities. The LTU Karachi is the major revenue collecting wing of the Federal Board of Revenue (FBR) and collects around 38 percent of total revenue collection at the national level. The sources said the unit also attached bank accounts of individuals, including directors and executives of various corporate entities. An official at the LTU Karachi said the recovery was made against short payment, audit discoveries and assessment orders.

The recoveries have been made by conducting audit of cases that were selected by the unit.

An official said the corporate entities showed excessive sales in various cases to reduce tax liabilities. The unit issued notices and recovered the amount on discovery of concealment. The unit also made recoveries from aviation and cement sectors under federal excise duty.

The sources said many taxpayers paid amount on the issuance of notices. Taxpayers who failed to comply with the tax office resorted to recover the amount through freezing bank accounts.

The sources said the LTU Karachi made such exercise in the wake of significant shortfall in overall revenue collection of the FBR.

The FBR projected shortfall in revenue collection of Rs486 billion for the current fiscal year. The FBR sources said the gap between revenue collection and the actual target would further be widened due to less collection in advance tax for the third quarter.

The sources in LTU Karachi said the recovery campaign would continue and more bank attachments are expected during the next few days.

The FBR will launch next phase of crackdown against tax evaders from next week, which will primarily be focusing transactions of properties, sources said. The next phase will be launched after expiry of extended date for filing income tax returns -- March 31, 2019, a FBR official said.

The official said the FBR issued instructions to regional tax offices about the next phase of action. The official added that the tax officials would conduct random examination of properties with recent transactions. The tax officers will collect information of buyers and their status on the tax roll. "In

case a buyer having taxable income is not on roll then tax officials will enforce annual returns,” the official added. The official said owners of certain categories of properties are required to file income tax returns even without taxable income. The official said the extension in income tax return date is an opportunity for non-compliant taxpayers to avoid any harsh action.

The FBR sources said the regional tax offices in Karachi would conduct examination of transactions within their jurisdictions. The tax offices will target posh area for the examination.

The sources said there were meetings with builders and developers and real estate representatives to make them aware of importance of returns filing by their members and clients.

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