

FBR plans to set up DTO offices across country

The Federal Board of Revenue (FBR) is planning to establish the office of District Taxation Officer across the country, with the target to broaden the tax base and extend the penetration of tax collecting body into the society. "There is a need to expand the territory of FBR as there is a significant gap between us and the non-compliant tax payers and those not paying taxes too," FBR Chairman Dr Muhammad Irshad said.

Briefing the members of Senate Standing Committee on Finance, the chairman FBR said that there will be at least one district taxation officer in each district of the country, but there could be two or three DTOs in a single district depending upon its potential.

The Senate Committee was informed that the current restructured FBR was based on sectors and not territories, which has left many areas unattended, whereas the FBR emphasised its concentration at corporate sector and few businesses only.

"As a result non-compliance has significantly increased and eligible taxpayers have been left unattended in many towns and cities of the country," Dr Irshad said. However, Chairman of the Senate Committee Senator Saleem Mandviwalla inquired if FBR would be making additional appointments too. The reply was that the DTOs would be grade-17 and 18 employees already working in the FBR at different designations, and the move will help broaden the tax base, Dr Irshad added.

"There is need to make massive investment to improve FBR's infrastructure as basic requirements needed to be established in each district to implement the idea of DTO," he said. Members of the Committee assured Chairman FBR and his team of co-operation and asked him to forward the restructuring plan. The Committee discussed the Sales Tax section of Finance Bill and under one proposal it was agreed that in case of appeal by the tax payer against the decision of FBR, the board cannot impound money from the bank account of the tax payer, if he/she pays 25 percent of the tax imposed.

After discussion the Committee decided that FBR cannot deduct the tax amount directly from the bank account of the tax payer if the matter was under appeal and 10 percent of the amount is paid to FBR. The FBR was also directed adjust the deposited 10 percent in taxes after the dispute was resolved.

The committee also decided that agriculture machinery mainly combined harvesters up to five years old could be imported zero rated, to avoid damage to crops. The Committee approved duty free imports for multimedia equipments, LED lights, engines for tube wells, solar powered equipments for tube wells and cooling in urban areas. Senate Standing Committee on Finance has recommended an amendment in the proposed Finance Bill 2017 pertaining to the validation of all notifications and orders issued under Finance Act, 2017. Senate Standing Committee on Finance reviewed the proposed section 221A (validation) of the Finance Bill 2017. The provision 221-A (validation) said that all notifications and orders issued and notified in exercise of the powers conferred upon the federal government, before the commencement of Finance Act, 2017,

shall be deemed to have been validly issued and notified in exercise of those powers, notwithstanding anything contained in any judgement of the High Court or Supreme Court.

The committee members suggested that the confrontation language of the section 221A (validation) of the Finance Bill 2017 should be deleted. The representative of the Law Division Sheikh Sarfraz said, "We can omit certain words on the recommendations of the Finance Committee. But after amendment the provision of the proposed law would become weak." If amendment has been recommended, the revised section would read as: All notifications and orders issued and notified in exercise of the powers conferred upon the federal government, before the commencement of Finance Act, 2017 shall be deemed to have been validly issued and notified in exercise of those powers. Thus, the words, "notwithstanding anything contained in any judgement of the High Court or Supreme Court" may be deleted from the said provision.

Copyright Business Recorder, 1/6/2017