

FBR chief defends district taxation offices

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ISLAMABAD: The Federal Board of Revenue (FBR) plans to establish offices of District Taxation Officer (DTO) across the country to broaden the tax base, its chairman told a Senate committee on Wednesday.

“There's a need to expand the territory of FBR as there is a significant gap between us and taxpayers,” FBR chairman Dr Muhammad Irshad said while briefing the members of Senate Standing Committee on Finance. There will be at least one DTO in each district, he said.

The FBR was based on sectors and not territories, which has left many areas unattended, he said. “As a result, non-compliance has significantly increased.” The DTOs would be FBR officers of grade 17 and 18, he said.

The committee was also informed that the FBR has decided to impose sales tax on the import of raw materials and inputs to be consumed in factories and industrial units located in Federally Administered Tribal Areas and Provincially Administered Tribal Areas in the next financial year.

Dr Muhammad Iqbal, FBR's member for Inland Revenue Policy, clarified that the FBR wanted to provide a level playing field to all manufacturers operating in tariff areas and non-tariff areas of the country.

He informed the committee that Azad Jammu and Kashmir (AJK) has also adopted laws of the FBR.

The committee discussed the sales tax section of the Finance Bill 2017. Under one proposal it was agreed that in case of appeal by the taxpayer against a decision of FBR, the board cannot impound money from the bank account of the taxpayer if he/she pays 10 per cent of the tax imposed. The FBR was also advised to adjust the deposited 10pc after the dispute was resolved.

The Senate committee also decided that agriculture machinery, mainly combined harvesters, up to five years old could be imported duty-free to avoid damage to crops.

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