

FBR collected Rs 15 billion from real estate sector: Senate panel told

Federal Board of Revenue Chairman Dr Muhammad Irshad Friday said the FBR collected Rs 15 billion last year from real estate sector in the form of different taxes imposed on real estate. Dr Muhammad Irshad informed the Senate Standing Committee on Finance that the FBR has successfully brought the real estate sector into the tax net.

The FBR has also increased the rate of withholding tax on non-filers of income tax returns by 50 percent. In many cases, the rate of withholding tax on non-filers is double and the FBR is gradually increasing rates in other cases. To a query, he said that the potential data of 3.8 million taxpayers is a myth. If the National Database and Registration Authority (NADRA) has this data with it, it has never been shared with the FBR.

He said that the FBR has decided to give legal backing to the Directorate-General of Broadening of Tax Base to be constituted of a director-general and as many directors, additional directors, deputy directors, assistant directors and such other officers as the board may, by notification in the official Gazette, appoint. The board may, by notification in the official gazette, specify the functions, jurisdiction and powers of the Directorate-General of Broadening of Tax Base.

He termed broadening of tax-base as a very big challenges for the FBR, saying that the FBR is making serious efforts to document the economy using its own database. There is a plan to establish the offices 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 the FBR as there is a significant gap between us and the non-compliant tax payers and those who are not paying taxes too," Dr Muhammad Irshad said.

The chairman FBR said that the field officers engaged in assessment work at the field offices are reluctant to go outside for surveys and field work, etc. There is a need for a dedicated department like Directorate-General of Broadening of Tax Base to exclusively deal with the issue of BTB.

FBR Member Inland Revenue Policy, Dr Muhammad Iqbal said that the FBR has also proposed to establish Directorate-General of Transfer Pricing. The Directorate-General of Transfer Pricing shall consist of a director-general and as many directors, additional directors, deputy directors, assistant directors and such other officers as the board may, by notification in the official Gazette, appoint. The function of the Directorate General of Transfer Pricing shall be to conduct transfer pricing audit. He informed the committee that the audit of transfer pricing took 2-3 years for which the FBR needs a separate department like Directorate-General of Transfer Pricing. "It is a lengthy process and we are building capacity to effectively deal with the issue of transfer pricing," he added.