

Goods and services: FBR asks withholding agents to maximise collection

The Federal Board of Revenue (FBR) has asked withholding agents, who failed to collect/deposit withholding tax on payment for goods, services and contracts, to maximise collection in the remaining days of June 2017 for meeting the assigned targets. Sources said that the FBR has intensified efforts to generate maximum withholding tax collection from section 153 (payment for goods, services and contracts) of the Income Tax Ordinance 2001 in remaining days of June 2017 for meeting assigned targets.

According to the FBR instructions to the field formations issued here on Friday, it is to state that section 153 of the Income Tax Ordinance 2001 is a make or break section in terms of its effect on the withholding regime as it contributes more than 20% to the total withholding taxes collection.

The FBR said that as per figures provided by Pakistan Revenue Authority Limited (PRAL), the national growth in withholding tax collection under section 153 is only 6%, whereas during May last year the growth was recorded at 24%. The low growth in collection under section 153 is not affordable at this critical juncture of the year and concrete reasons behind this sudden dip need to be established.

In this connection comparative data in respect of withholding agents who have deposited less tax (Rs 0.5 million or more) under all the sub-sections of section 153 during the month of May 2017 has been communicated to the field formations, the FBR said. The FBR has further directed field formations to pursue these cases so that revenue shortfall suffered during the month of May 2017 can be recovered during June 2017. It is to be brought to chief commissioner's attention that each case shall be separately discussed with commissioner (WHT-Zone) in a video conference for which a schedule will be intimated during the next week, the FBR added.

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