FBR registering new taxpayers in Karachi on TR basis

The Federal Board of Revenue (FBR) has started a new exercise in Karachi to register potential taxpayers on the basis of TR (Temporary Registration) numbers for which legal cover has been provided under the law.

Sources told Business Recorder here on Thursday that the idea of "spot assessment" and "temporary registration" was discussed during the last meeting of the high-powered implementation committee of Tax Reforms Commission (TRC).

The FBR Member (Legal) apprised the committee that in Karachi an initiative was made to book new taxpayers on the basis of TR (Temporary Registration) number and necessary amendment in the relevant rule was also made by the policy wing of FBR to provide legal cover to this exercise.

The high-powered implementation committee of Tax Reforms Commission (TRC) discussed a unique idea of "spot assessment" of unregistered or new taxpayers with right to file appeal upon payment of 50 percent of the tax demand raised by the taxation officer of the Federal Board of Revenue (FBR). During last meeting, the FBR Member (Legal) observed that negligible returns were filed in response to notices and, therefore, provision for "spot assessment" should exist with right to file appeal upon payment of 50 percent of the tax demand. He also opined that capturing and utilization of data related to property could prove to be of great benefit.

The FBR Member (IT) observed that the extent of compatibility of the TPL data with FBR's data could only be ascertained after analysis of the data provided by TPL Member (TPA). The Member (IT) emphasized that the data in the ODS (operational data store) of FBR is of immense value and needs to be utilized constructively. As regards the utility of Nadra's data, the DG (BTB) gave a presentation which highlighted the challenges and impediments faced in the formulation of a data sharing agreement with Nadra for tax broadening efforts.

In the last meeting of the committee, it was decided that the possibility of an MOU between FBR and M/s TPL in respect of mapping of retail outlets/geo-tagging would be explored and the utility of such data would be evaluated by Pral. It was also decided that the possibility of utilizing Nadra's data for the purpose of broadening of the tax base be explored.

The director general Broadening of Tax Base (BTB) apprised the committee that sample data provided by TPL was analyzed and 1,200 unmatched cases were detected, therefore the data prima facie has certain utility, however, the major constraint is that the crucial field of CNIC is missing in TPL's data whereas FBR's software is triggered through CNIC. He suggested that the possibility of enriching TPL's data may be explored.

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amendment in the relevant rule was also made by the policy wing of the FBR to provide legal cover to this exercise.

The DG (BTB) apprised the committee that he was actively working towards creation of specialized zones in RTO's dedicated singularly to broadening of the tax base so that discernable progress is made in this crucial area. As a first step such dedicated tax broadening zones would be created in 3 major RTO's at Lahore, Karachi and Islamabad and 6 smaller RTO's where a BS-19 officer would head the specialized zone of tax broadening. He also submitted that the processing of BTB cases would be carried out by the respective field offices whereas the Directorate General of BTB would be responsible for monitoring the process form issuance of notice till recovery of tax.

Member TRC Abdi Shaban suggested that majority of the manpower in the FBR should be utilized for purposes of broadening of the tax base to make this exercise effective. He suggested that a hybrid model be adopted whereby analysis, sifting and feeding of data to the respective field formations be undertaken by the DG BTB whereas the actual processing of the cases be carried out by the field formations.

Special Assistant to the Prime Minister, Haroon Akhtar Khan also stressed that this area is of immense importance and needs special focus and dedicated efforts. Ashfaq Tola, Member TRIC /CEO Pral, facilitated and co-ordinated in acquiring data of 50,000 cases pertaining to Karachi, Lahore and Islamabad from M/S TPL which shall then be analyzed and sifted by Pral to identify 10,000-15,000 potential revenue yielding cases for dissemination to the field formations. The DG BTB will make a presentation before the committee in the next meeting to delineate the progress in augmenting efforts for tax broadening.

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