

LCCI urges FBR to end discretionary powers of officials

The Lahore Chamber of Commerce and Industry has demanded of the Federal Board of Revenue (FBR) to withdraw withholding tax on banking transactions and discretionary powers of the tax officials under Sales Tax Act 38-B and 40-B.

The demand was raised at a traders' convention held under the umbrella of the Lahore Chamber here on Monday which was also addressed by the LCCI office-bearers and traders representatives. Speaking on the occasion, LCCI President Malik Tahir Javed said the withholding tax and discretionary powers are creating panic among the business community. The unjustified taxes including the withholding tax are discouraging the new taxpayers and obstructing the expansion of tax net, he said. He asked FBR Chairman and Chairman Standing Committee of Senate on Finance and Revenue to take immediate notice of this longstanding issue that is causing trust deficit between the business community and the government.

"New strategy will be evolved if these issues are not resolved by the end of this month," the convention's participants warned. They said that Section 40 & 38-B are being misused by the FBR officials who visit business premises to harass the businessmen. The officials ask for tax without providing any supporting document and carry all the available records with them. They were of the view that teams from tax department should visit the markets, if indispensable, but they should immediately stop harassing business community. If there is an urgent need for stock taking and ascertaining the sales tax liability of any particular business unit, the FBR officials should take association concerned or the Lahore Chamber on board.

They said that indirect taxes are being removed gradually throughout the world but in Pakistan these are contributing around 60 percent to the revenue despite the fact that expenses on this practice are higher than the collections. The FBR should stop harassing filers as non-filers and ones outside the tax net are not accounted for at all which discourages businesses to come into the tax net. Registered businesses are required to comply with various departments involving a lot of financial and time resources whereas unregistered businesses are free from all such hassles, they added. They said there are 3.5 million registered taxpayers out of which only around one million file their tax returns. The government should take all the measures to ensure filing of returns by remaining 2.5 million individuals and businesses. The government claims that it always acts as a facilitator but in this scenario it is entirely otherwise, they said.

They said that attaching bank accounts for recovery of outstanding dues is hampering business growth and tarnishing the business-friendly image of the government. The bank accounts should not be attached without prior notice to the taxpayer and after seeking approval in writing of commissioner in the light of reply submitted by the taxpayer, they said. Meanwhile, the convention's participants also staged a protest against withholding tax and misuse of discretionary powers.

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