

Potential filers: block their CNICs, PM tells FBR

Prime Minister Shahid Khaqan Abbasi Wednesday directed Federal Board of Revenue (FBR) to trace 8-10 million potential filers out of 80 million computerized national identity card (CNIC) holders and convert CNICs of these 8-10 million persons into national tax numbers (NTNs) to document their economic/ taxable activities. Addressing the Chief Commissioners' Conference held here at FBR headquarters on Wednesday, the Prime Minister said that CNICs of the non-compliant taxpayers or non-filers identified from scrutiny of 80 million CNIC holders could be temporarily blocked till they file return or become compliant taxpayers.

The FBR should broaden the narrowed tax base thorough conversion of CNIC numbers into NTNs and trace out transactions of potential 8 to 10 million non-filers with use of technology in order to bring them into tax net. If CNICs are equivalent to the NTNs and CNICs could be treated as NTNs then around 8-10 million potential persons could be identified. The blockade of CNICs/NTNs would ensure filing of returns or tax compliance by potential persons engaged in economic activities but not filing their returns or discharging their tax liabilities.

On invitation of Special Assistant to PM on Revenues Haroon Akhrot Khan, PM Shahid Khaqan Abbasi participated in the Chief Commissioners' Conference held at FBR headquarters for appreciating the efforts of tax machinery for achieving 20 percent growth in revenue collection during the first five months (July-Nov) of 2017-18.

Shahid Khaqan Abbasi said that there are 80 million CNIC holders in the country and after applying criteria of exclusion of having age below 25 and above age of 80 years, residing in rural areas, using BISP scheme, having income below taxable limit and earning income from agriculture or even other mechanism, there should be 8 to 10 million people who should have been brought into the tax net. The FBR can also use other filters while securitizing the CNICs including CNIC holders having no mobile phones or bank accounts, etc, to exclude poor persons from documentation exercise. All these filters will help the FBR pick citizens not liable to file returns and operating below taxable limit. But at first, he said, the FBR will have to place fair taxation system that does not militate against the growth of businesses' legitimate profits.

The PM said that CNICs of those persons engaged in economic activities should be converted into the NTNs. The CNICs of these 8-10 million potential non-filers could be used as NTNs and CNICs of those persons, doing economic activities but not filing returns, could be blocked till they become compliant or file returns.

Shahid Khaqan Abbasi further directed the FBR to document all CNIC numbers-based economic activities and register new taxpayers on the basis of the CNIC, which is used to carry out all kinds of transactions including banking transactions, utility services and buying/selling activities.

The PM said that taxation and growth should go hand in hand and it can only be done through a fair taxation system. "If growth of business and economy will be choked, there will be no increase in tax collection."

The PM appreciated the efforts of the FBR towards achieving 25 percent growth in revenue collection in November 2017 and said the FBR should collect taxes without harassing taxpayers. "There is no need to kill businesses and investment climate," he said and added that the tax burden should be devised keeping in view the mechanism of equity and fair play.

Abbasi also focused on reduction in tax rates along with broadening the tax base which would expand the tax base instead of squeezing existing taxpayers. The re-investments by the existing taxpayers is not possible till tax rates have been reduced and new taxpayers have been brought into the net. This year, the FBR expects that the number of return filers might soar to 1.5 million against 1.3 million received last year.

The PM was briefed that the FBR has taken major steps to broaden tax base, as three zonal office dedicated for the purpose of broadening of tax base had already been operationalized where officers would only be responsible for bringing new taxpayers into the net.

Sources said the FBR has envisaged bringing potential non-filers in the range of 0.2 million this year in order to display its seriousness. The broadening of tax base could not be termed a one-year or two-year process but it must continue in many years to come for achieving the desired objective. But every long journey starts from first one step and the FBR has taken this step in the right direction by establishing special zones, sources added.

According to sources, the FBR officials admitted that the documentation proposals are doable which need linkages between the FBR's database and all other databases having CNIC-based activities. The FBR needs real time basis linkages with the relevant organizations including NADRA, banks, motor vehicles registration authorities, provincial authorities and other utility service providers. In the presence of such real time basis linkages, the FBR would be in a position to document all CNIC-based business activities and transactions.

The PM further directed the FBR top officials to use CNICs for tracing all those people who are engaged in different transactions including banking, utility services, buying and selling activities. He said that notices could be issued through use of technology and cooperation of Nadra. It is now an easy task to trace such people who buy new cars, houses but do not exist on the tax rolls. The PM also directed FBR to undertake systemic and broad-based reforms in consultation with all stakeholders. He said the focus should be on facilitating businessmen and taxpayers.