

BTB initiative: FBR issues 33,000 notices to high value individuals

The Federal Board of Revenue (FBR) has issued 33,000 notices to high value unregistered individuals to bring them in the tax net for broadening of tax base (BTB). This was stated by the director general broadening of tax base wing of FBR while briefing a meeting of the Senate Standing Committee on Finance chaired by Senator Saleem Mandviwalla Wednesday.

The meeting was also told that FBR has started mapping of plazas in the federal capital, which were constructed during the last ten years to ascertain whether the owners were registered or unregistered taxpayers. The FBR's focus is on high value unregistered individuals and so far mapping of 450 plazas in the federal capital has been completed. The mapping of plazas will follow the mapping of housing societies to identify high value unregistered individuals.

The FBR officials also maintained that three BTB zones have identified 1,000 unregistered individuals. Over 270 vehicles were registered at an identity card in Rawalpindi, which was not paying tax.

The broadening of tax base exercise also identified 20,000 unregistered individuals from FBR's tax withholding portal and this process for selection of high value taxpayers is underway, according to the DG BTB. He further stated that information in respect of 10,000 live and potential cases of unregistered persons has been obtained for BTB purposes. The meeting was also told that there is close liaison between office of BTB commissioner and NADRA for identification of potential but unregistered taxpayers. Additionally a memorandum of understanding (MOU) has been signed with M/s Trakkar Private Limited for taxpayers' mapping. Around 20,000 unregistered entities have been identified for issuance of notices and 2,000 notices have been issued.

The meeting was also told that while conducting review meetings on revenue in the months of August and November, 2017, Prime Minister Shahid Khaqan Abbasi noted that a meaningful exercise of broadening of tax base is the only way for a stable and strong revenue collection and sustainable economic growth. In the light of the Prime Minister's instructions, the FBR launched BTB initiative to address all the underlying issues and respond to all challenges ahead.

The meeting was told that steps taken so far included activation of BTB Commissioner Office for bulk registration and issuance of preliminary notices, based on in-house data, and in the 1st phase three dedicated BTB zones at Karachi, Lahore and Islamabad have started identification of high value unregistered tax payers. The second round for plazas' mapping in newly developed areas and listing of all housing schemes/societies in the said areas has been started.

While in the 2nd and 3rd phases, 6 BTB zones at Hyderabad, Multan, Faisalabad,

Gujranwala, Rawalpindi and Peshawar and 7 BTB formations at Sukkur, Quetta, Bahawalpur, Sahiwal, Sargodha, Sialkot and Abbottabad have been envisaged. The meeting was further told that BTB strategy is; (i) to capture high value and live cases of regular income with the help of technology strengthened with third party data; (ii) meaningful and sustainable BTB, ensuring filing of regular returns with matching additional revenue; (iii) integrated broadening of income tax, sales tax and FED and; (iv) strengthening BTB through IT and technology.

The meeting was told that tax return for 2016 will reach 1.4 million as people are still filing their tax returns for 2016 and total number for the year has crossed 1.25 million. There has been significant improvement in filing of tax return. The meeting was informed that a summary for Benami law rules has been forwarded to the Cabinet Committee on Disposal of Legislation Cases (CCLC).

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