

Advance tax on property deals: FBR to compile list of top 10,000 persons for categorization

The Federal Board of Revenue (FBR) and Tax Reform Implementation Committee (TRIC) have decided that the FBR will compile a list of top 10,000 persons from whom advance tax under section 236K of the Income Tax Ordinance 2001 was collected on purchase or transfer of immovable property to divide these 10,000 persons into non-filers and filers.

Sources told *Business Recorder* here on Thursday that the FBR is in the process of implementing the past decision of the TRIC. The decision was taken in the last meeting of the TRIC and now the FBR is implementing the same decision. The data of top 10,000 persons from whom advance tax under section 236K of the Income Tax Ordinance 2001 was collected on purchase or transfer of immovable property would be used to expand the tax base.

According to sources, after thorough discussion it was decided that Member IT would prepare a list of top 10,000 persons from whom tax under section 236K was collected and their corresponding data from banks, telecommunication and Civil Aviation would be correlated and consolidated to divide those 10,000 into non-filers and filers. The said data shall be used for broadening of tax base in respect of non-filers among top 10,000. For the filers, the data shall be used to examine if their expenses are commensurate with their sources of income.

The FBR member IT apprised the committee that after a preliminary meeting with the chairman NADRA, profiling of 50 cases was made by cross-matching the data of withholding tax under sections 236C and 236K with NADRA's data bank. The cross-matching of those data revealed that FBR's data is far more reliable than NADRA's data. The NADRA's data is incomplete in many respects, particularly with regard to immigration and excise and taxation data. The member IT apprised that NADRA doesn't have the data of immigration and excise and taxation and during a meeting of his team with chairman NADRA about linkage of FBR data with NADRA's data, the chairman NADRA had requested the FBR to provide NADRA with the data of immigration and excise and taxation, before establishing the data linkage. The member IT maintained that in the presence of such insufficient and incomplete data with NADRA, any development of work processes on the basis of such linkage, would lead FBR to nowhere and that FBR may depend on its own data for all uses including broadening of tax base.

The FBR member audit pointed out that telecommunication data obtained by FBR may be sifted to identify non-filers and that telecommunication companies may also provide roaming data of non-filers which may be of use for broadening of tax base. The SA to PM observed that FBR has useful data of real estate in respect of advance taxes collected under sections 236C and 236K which may be correlated to data of telecommunication, banks and Civil Aviation for broadening of tax base.

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expenses are commensurate with their sources of income, they added.

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