REAL ESTATE OWNED BY OVERSEAS PAKISTANIS: UAE AUTHORITIES DO NOT SHARE INFO

ISLAMABAD: The tax authorities of the United Arab Emirates (UAE) have shared only twice financial information including bank accounts of overseas Pakistanis with the Federal Board of Revenue (FBR). Sources told *Business Recorder* that the UAE tax authorities had not shared information about the real estate owned by overseas Pakistani resident in the UAE with the FBR. The immovable property details are not shared with the Pakistani tax authorities. However, financial information such as bank accounts details, stocks/shares/trusts of overseas Pakistanis are shared by the UAE authorities. So far, the authorities of the UAE have shared only twice the information about the financial transactions of overseas Pakistanis.

The Directorate General of International Taxes FBR is coordinating with the UAE authorities regarding all incoming and outgoing Exchange of Information on Request (EOIR) and spontaneous Exchange of Information (SEOI). Under the exchange of information laws, the information requested by a foreign jurisdiction through an inward EOIR may be directly available within the FBR (information on the tax return, amount of taxes paid, etc) or with a third party such as banks, an employer or any other organisation.

The common types of information included identity details of owners/beneficial owners of accounts, companies, firms, trusts etc, income tax returns submitted to foreign jurisdictions and details of tax paid abroad or residence status; property owned or used; income and expenses; accounting information such as financial accounts, balance sheets, profit and loss accounts; banking information such as bank account balances and transaction; directors and shareholders of companies; company registration and incorporations details. It is worth mentioning that the concerned Automatic Exchange of Information (AEOI) Zones have taken necessary action against the income tax return filers, who declared rental income from foreign properties held abroad.

There are hundreds of such cases of “foreign source immovable property income” in foreign jurisdictions such as the UK, the USA, Turkey, Spain, Canada, and the UAE which are under process, the sources said. However, the FBR has exercised its right of taxation of such foreign rental income in Pakistan and the owners of such properties are entitled to take tax credit of tax paid in the foreign jurisdiction in their income tax returns.

FTO TERMS DELAY IN CHANGING TAXPAYERS’ JURISDICTION ‘MALADMINISTRATION’

LAHORE: Inordinate delay in changing the jurisdiction of taxpayers is tantamount to maladministration, said Federal Tax Ombudsman (FTO) Dr Asif Mahmood Jah. He said taxpayers pay heavy price for reckless and irresponsible attitude of tax authorities and wait for years for redressal of their grievances which falls under the definition of maladministration as per the FTO Ordinance 2000.

According to him, the field formations of the Federal Board of Revenue (FBR) initiate probe and investigation of tax evasion and undisclosed assets without assessing their jurisdiction. He said he had decided a tax matter in the recent past where a complainant filed a complaint against undue harassment by tax officials from the field formation of Sialkot. When a notice was served to the Regional Tax Office (RTO) Sialkot to submit reply, he contended that the NTN of the complainant shows that he is registered with RTO Lahore. Also, he informed the FTO that a letter was dispatched to the Secretary IR (Jurisdiction) FBR for transfer of the jurisdiction from RTO Lahore to RTO Sialkot. According to him, a number of reminders were also thrown to the competent authority but to no avail. The FTO said even his office had sent a letter to the concerned authority, which also remained unattended.

Accordingly, he said, he has passed an order that inordinate delay on the part of Secretary-IR (Jurisdiction) FBR in changing of jurisdiction from RTO Lahore to RTO Sialkot despite repeated letters, followed by reminders, is tantamount to maladministration. He has directed the FBR to call for explanation from Secretary-IR (Jurisdiction) FBR for his careless attitude and defiance to the FTO’s correspondence. Meanwhile, he has also directed the concerned secretary to comply with his direction and transfer the jurisdiction of the taxpayer.

The FTO said such inordinate and unnecessary delays were earning bad name for the FBR. Also, he said, this careless attitude results into undue hassle for taxpayers, as the field staff keeps twisting their arms to fleece them. It may be noted that the reckless attitude can easily be observed during a visit to any field formation of the Board, as there is no proper arrangement to protect taxpayers’ record. A recent shifting of Large Tax Office (LTO) Lahore is a glaring example of the same where tax record has been dumped next to staircase at some six storey building.

Also, the Board has no data bank of tax matters adjudicated upon in the courts of law because it was not maintaining any such record interpreting different despite carrying an IT giant like PRAL with it.

MINISTRY PROPOSES INCREASE IN TAXES ON SUGARY DRINKS

ISLAMABAD: The Ministry of National Health Services and Regulations has proposed to the Ministry of Finance to increase taxes on sugary drinks to reduce usage as the drinks are posing a serious threat to public health, Dr Baseer Khan Achackzai, director general of Ministry of National Health Services has said. While talking to Business Recorder here on Wednesday on the sidelines of an event, he said if the government imposed only 10 percent tax on four leading sugary drinks being sold in the country it would generate Rs120 billion annually which could be utilised on improving the public health-related infrastructure. He further said that “the rising consumption of sugary drinks is posing a serious threat to public health and the economy of the country. As per International Diabetes Federation (IDF), more than 1,100 people are dying daily due to diabetes and its complication in Pakistan”.

The increased cost of sugary drinks will encourage consumers to choose healthier alternatives, such as water or unsweetened beverages. This shift towards healthier choices will help to reduce the consumption of liquid sugar and improve the overall health of the population, he added.

According to multiple studies, sugary drinks are the main reasons behind the spread of diabetic diseases. Moreover, it is also a major factor behind obesity and the prevalence of obesity is at epidemic proportions in Pakistan, calling for urgent lifestyle intervention strategies to prevent and manage this important cardio-metabolic risk factor. A study done based on the National Diabetes Survey 2016-17 by using World Health Organization (WHO) Asia Pacific cut-offs revealed shocking results. Overall, weighted prevalence of generalised obesity was 57.9 percent (42 per cent in males and 58 per cent in females) and central obesity 73.1 percent (37.3 per cent in males and 62.7 per cent in females). The highest prevalence of generalised obesity was found in Punjab 60 percent, followed by Khyber-Pakhtunkhwa 59.2 percent. Moreover, the highest prevalence of abdominal obesity was observed in Balochistan 82.1 percent, followed by Punjab 73.3 percent. Obesity (generalised and abdominal) was found significantly associated with diabetes, hypertension, and dyslipidemia. These are terrifying statistics throughout the country. To put an end to the spiraling obesity crisis that seems to be going out of control, the government must take all possible measure to reduce the further damage done.

Sana Ullah Ghumman, general secretary Pakistan National Heart Association (PANAH) said that in recent years, the issue of obesity has become a major health crisis in Pakistan, with a growing number of people suffering from obesity-related diseases such as heart disease, diabetes, and cancer. The considerable volume of research suggests that sugary drinks have become among the major contributor to the growing obesity and related health problems such as Type 2 diabetes in Pakistan. Average sugary drink of 500 ml contains 12 to 17 teaspoons of sugar. People who consume sugary drinks regularly have a 30 percent higher risk of developing Type 2 diabetes. He said that since the government of Pakistan is negotiating several measures with the International Monetary Fund (IMF) to overcome economic challenges, it is important to prioritise interventions which could help cut expenses and also generate revenue to meet the shortfall. He said that “taxing sugary drinks is an evidence-based intervention to reduce the health care expenditures and generating significant revenue for Pakistan. More than 80 countries around the world have already imposed taxes and the impact is promising”.

Munawar Hussain, consultant Food Policy Program at Global Health Advocacy Incubator said the research studies in the past had indicated a huge potential to reduce health expenditure and generate revenue by taxing sugary drinks in Pakistan. He said that for example, a study by the World Bank in 2022 revealed that if the government increases 50 percent federal excise duty on all sugary drinks, it will bring an annual health gain of 8,500 disability-adjusted life years (DALYs) along with adding an economic value of $8.9 million to public health and $810 million average annual tax increase in revenue for the next 10 years.

Keeping in view this potential and strategic nature of the intervention, the Pakistan government should increase significant tax (FED or levy) on all types of sugary drinks including sodas, energy drinks, juices, flavoured milk, iced teas etc. Any resistance from the beverage industry on such taxes should be rejected in the best public interest.

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‘FBR SHOULD FOCUS ON TAX-EVADING SECTORS’: ILLEGAL TRADE OF CIGARETTES CAUSES ANNUAL LOSSES OF RS100 BILLION TO NATIONAL EXCHEQUER

LAHORE: As Pakistan grapples with one of the worst economic crises of its history, the country’s policymakers and tax authorities are focusing their energy on collecting the maximum amount of tax from the existing taxpayers, instead of focusing evaders and on the collection of Gas Infrastructure Development Cess (GIDC).

According to data released by the Federal Board of Revenue (FBR), tax collections are likely to fall short of the target by Rs170 billion this fiscal year due to a decline in economic activities and the forex crisis. Experts believe the FBR’s tax collection is likely to be limited to Rs7,300 billion against the target of Rs7,470 billion.

“The economy is facing a budget deficit along with an external deficit. In order to cap these deficits, the government’s strategy is to collect additional taxes through a mini-budget along with increasing the petroleum levy,” added the experts.

Speaking to The Express Tribune, Foundation Securities Limited Head of Research, Muhammad Awais Ashraf said, “The policymakers and FBR are increasing the tax burden which will further agonise the low-income group, already bearing the burden of high inflation. In the short-run, however, the collection of GIDC could bridge the fiscal gap the government is targeting to raise through the mini-budget.”

“The government’s dependence on organised sectors, for tax collection, is increasing, which is also increasing the cost of industries and the manufacturing sector,” he said. “In order to meet the budget targets, there is a need to bring non-tax paying sectors into the tax net and increase collection from the tax paying sectors that paying are less than their potential,” said Ashraf.

The tobacco industry, for example, is one of the top sectors burdening the national exchequer due to illegal trade and tax evasion, and is also limiting the business of the tax-paying organised industry.

Analysts believe that two of every five cigarettes in Pakistan are sold via tax evasion, making Pakistan one of the top countries for illegal cigarette trade in Asia, he explained. The illegal trade of cigarettes is causing an annual loss of Rs100 billion to the national exchequer.

Ashraf said, “A track and trace system has been implemented to eliminate tax evasion from five major sectors including cigarettes, cement, sugar, fertiliser and petroleum. If this system is effectively implemented in the entire cigarette industry, tax collections will increase.”

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FM MEETS SENIOR OFFICERS AT FBR HEADQUARTERS

ISLAMABAD: Federal Minister for Finance and Revenue Senator Mohammad Ishaq Dar visited the headquarters of Federal Board of Revenue (FBR) on Wednesday and met senior officers of the board. During the meeting, the minister appreciated the services of Member (Administration) Dr Faiz Illahi Memon, who is going to superannuate on 15th of the ongoing month. He commended the contribution of the member in improving the infrastructure of FBR and for ably managing the human resource. During the occasion, the minister also gave an honorary shield to the Member and expressed optimism that he will continue to work for the betterment of the country in the light of his rich experience. The minister wished the Member good luck in his future endeavors.

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