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Taxation court to be established for recovery of property tax

Sindh Minister for Excise and Taxation & Narcotics Control and Parliamentary Affairs Mukesh Kumar Chawla has said that no manual challan for property tax will be issued and issue of shortage of the staff will be resolved by rationalizing the posting of the officials and officers. He said that in this regard all officers have been directed to furnish sanctioned strength, working strength and shortage of staff to the Director General Excise and Taxation.

He stated this while presiding over a meeting held in his office here on Monday. Secretary Excise & Taxation and Narcotics Control Abdul Rahim Shaikh, Director General Shabbir Ahmed Shaikh, Director Taxes –I and other directors also attended the meeting.

Mukesh Kumar Chawla also directed to start assessment of property units as per guidelines and guest houses should also be brought into the tax recovery and the same would be done for commercial units and private schools as well.

The Minister ET&NC said that all the officers and the officials should boost up their efforts towards recovery of arrears and show results in the next meeting. He expressed his resentment over the complains regarding non availability of the officers in their offices and asked DG Excise and Taxation to ensure their presence in their respective offices, adding that and take action against those who did not comply with the orders.

He emphasized upon the officers that they should personally visit the areas in their jurisdiction to detect and bring the un-assessed property units in tax net. He said, 'No one is above the law and we are supposed to achieve the target in the interest of government revenue generation and should work hard to fulfill our duties.' On this occasion it was also decided to establish taxation court for improvement in recovery of property tax. Director General Excise and Taxation Shabbir Ahmed Shaikh briefed the meeting regarding steps taken for the recovery of property taxes and ensuring the proper attendance of the officers.

Tapping tax potential: Finance Minister asks FBR to complete property valuation exercise

Finance Minister Asad Umar has directed Federal Board of Revenue (FBR) to complete the exercise of valuation of property to address the anomaly of difference between fair market value and the rate on which these properties are declared in order to tap real tax potential of this sector.

The decision was taken during Finance Minister Asad Umar's visit of Federal Board of Revenue (FBR) last month. The meeting discussed new tax measures for raising revenue.

The FBR has directed Member Inland Revenue (Policy) and Directorate of Immoveable Property to complete the exercise of valuation of property.

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Former finance minister Ishaq Dar had unveiled a three-year programme in August 2016 in consultation with realty-sector stakeholders for an upward revision in property valuations to bring them in line with the market.

However, in January 2018, just months before the general elections, the federal government slashed property valuation rates by up to 57 percent for six major cities, partially reversing a policy designed to plug lacunas that caused accumulation of black money.

Owing to gaps in tax laws and different property tax rates, real-estate players declare two types of property prices – one for paying provincial taxes and the other for federal taxes. However, both of these prices are far lower than the prevailing market rates.

Such a difference has led to the parking of over Rs7 trillion in the real estate market over the years. In June 2016, the government attempted to bridge the gap, but ended up offering a tax amnesty scheme.

People legalized over Rs290 billion worth of black money in just three months of the last fiscal year in return for paying a paltry Rs877 million in taxes under the amnesty scheme.

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