



3. That since the FBR is the government authority mandated with the responsibility of administrating, managing, imposing, collecting and levying taxes, it's actions are accountable to the tax payers and it must show transparency in all its actions.
4. That in view of the above, PILAP respectfully submits this Application requesting for information under the right granted to all citizens under the Right of Access to Information Act, 2017 and Article 19A of the Constitution as under:
  - i) Whether an amount in the vicinity of Rs. 16 billion was paid as tax refunds to a select few companies by the former Chairman, FBR during his tenure from May 2019 to April 2020?
  - ii) If the above mentioned amount was paid, please provide a) a list the names of the companies that were paid, b) accompanied by a detailed breakdown of the payments, and c) the reasons behind such payments under the law.
  - iii) Whether the former Chairman, FBR who is alleged to have made the above payments during the fiscal year 2019-2020 had any personal, business or professional connection with the payees of the tax refunds?
5. That in the circumstances, PILAP would be grateful for a reply at the earliest.

Thank you.



Just like the Rs2.1tr circular debt, the unpaid tax refunds have become a headache for govt, which requires an external audit. PHOTO: FILE

estimated at around Rs600 billion, as the issue of favouring a few in giving refunds landed in the National Assembly.

The FBR had a bad day in a meeting of the National Assembly Standing Committee on Finance, where it could not defend the unanswered longstanding question, "How much FBR owes taxpayers"?

"The stock of refunds is a dicey figure and it is difficult to exactly tell what the actual number is," said Dr Mohammad Ashfaq Ahmad, Member Inland Revenue Operations of the FBR. But his answer triggered more flurry questions from the committee members.

The remarks made by Pakistan Peoples Party (PPP) MNA Hina Rabbani Khar reflected the frustration and anger of both the parliamentarians and taxpayers.

"The job of parliamentarians has been restricted to raising points and no one is now bothered to give us right answers," said Khar.

For the past one year, the finance adviser had been refusing to show up in committee meetings and "we are running the business as usual", she added.

"It is humiliating that you do not know the quantum of refunds, which may be close to Rs600 billion," said Khar.

"The country will sink one day if you keep running the FBR in such a callous and unprofessional manner," remarked Khar, who had served as deputy economic minister and federal minister for foreign affairs.

Shaza Fatima Khawaja, who is a member of the National Assembly on reserved seat from the Pakistan Muslim League-Nawaz (PML-N), also submitted a question in the National Assembly on Wednesday, seeking details of Rs16 billion worth of refunds that former FBR chairman Shabbar Zaidi allegedly ordered to release by favouring a few companies.

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reflects its poor performance, said Dr Ayesha Rasna of the PML-N.

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"We have not been paying full refunds for the past 10 to 15 years, which has resulted in an increase in the stock of refunds," admitted Ahmad.

Just like the Rs2.1 trillion in circular debt in the energy sector, the unpaid tax refunds have become another headache for the government, which now require an external audit to determine the exact quantum.

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The outstanding income tax refund claims from 2014 to end-March 2020 stood at Rs348 billion, according to the FBR's data.

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The FBR record showed that Rs348 billion worth of income tax refund claims remained outstanding in nearly 110,000 cases since 2014 when people started filing claims electronically. The amount due before 2014 has not been included in the Rs348-billion figure.

Sales tax refunds amount to around Rs150 billion despite clearance of about Rs95 billion worth of refunds in the last fiscal year.

During the last fiscal year, the FBR had collected Rs3.99 trillion in taxes and an estimated Rs600 billion in refunds were equal to 15.4% of the total collection. This means the FBR's collection is overstated by 15.4%.

The government paid Rs174.8 billion in refunds in the previous fiscal year against Rs119.6 billion in fiscal year 2018-19, said Dr Ashfaq Ahmad. These included Rs67.7 billion in income tax refunds, which were 18% less than the previous year.

Sales tax refunds in the previous fiscal year amounted to Rs95.1 billion, including Rs74.5 billion through the FASTER system. In fiscal year 2018-19, Rs21 billion worth of sales tax refunds had been issued because at that time the government had not withdrawn the zero-rating facility for the exporters.

Customs duty refunds stood at Rs12 billion, down from Rs15.5 billion in the preceding year.

The government had also issued Rs100 billion in supplementary grant to pay the refunds, which was tantamount to inflating revenues as refunds could not be paid from the budget.

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