
Non-filers to pay Rs90 out of every Rs100 mobile recharge

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In a bid to bolster tax revenues and broaden the nation's tax base, the Federal Board of Revenue (FBR) has taken a bold new decision targeting non-filers. Under the initiative, the FBR plans to implement a substantial increase in withholding tax, hiking it from 2.5 per cent to a staggering 90 per cent for non-compliant individuals. For instance, according to sources familiar with the matter, if a non-filer tops up their mobile phone with Rs100, Rs90 will be deducted and transferred to the tax authority. Furthermore, they added, persistent non-compliance will incur additional penalties, with a 90% tax levied on each new SIM card purchase by non-filers. This tax will also apply to subsequent recharges and usage of calling and mobile data plans. The FBR recently released lists identifying over 500,000 non-filers, directing the Pakistan Telecommunication

Authority (PTA) and telecom companies to block their SIM cards. As of now, approximately 11,500 SIM cards have been blocked, with further restrictions expected in the coming days. Telecom companies have been given until May 15 to block SIM cards belonging to all identified non-filers. The move follows the FBR's identification of millions of potential taxpayers who have not met their tax obligations. From this pool, over half a million individuals were singled out for SIM card blockade based on criteria such as previous taxable income declarations and non-filing for the tax year 2023. The Express Tribune earlier reported that if the SIMs of non-filers are not blocked by May 15, the FBR will consider taking legal action against the relevant telecom companies. The sources added that the FBR would hold discussion in this connection and move the court against the telecom companies defying the ITGO. Despite the FBR issuing the Income Tax General Order (ITGO), the telecom companies resisted the move by penning a letter to the IT ministry and PTA in which they wrote that they were mandated to provide uninterrupted services to their customers, except in circumstances specified in the Telecom Act and relevant regulations. They added that there were no instances where they could disconnect or block service to any customer. However, they appear to have changed their mind following the meetings with the FBR.