



BAGHDAD: US soldiers frisk Iraqi students and employees of Baghdad University following the shooting of an American soldier here Sunday. —AP photo

Govt launching campaign to net 20,000 businessmen

From Ikram Hoti

ISLAMABAD: The government has decided to launch a countrywide warning campaign for more than 20,000 rich traders to get registered on the GST index by August 31 or face tough hand of the law.

Senior Tax officials told The News here Saturday that they are on the process of preparing this campaign to be launch through media and a vibrant co-ordination with the representative bodies of different business sectors.

When approached for details, Member GST, CBR, Ramzan Bhatti said this campaign has been planned to secure maximum gains from the budgetary announcement of a general amnesty offered to these thousands of businessmen form previous non-payments and extension from GST index.

He explained that the CBR puts the number of these businessmen roughly at 20,000 whose income tax records have been obtained and scanned for determining whether their business activity were taxable

under GST.

He added that the CBR has also scanned records on their utility bills and invoices on other consumption, proving that they do deal in supplies at taxable level.

The Income Tax department has over the past few years compiled a record of such businessmen who are regular taxpayers but evading GST by remaining off the list. These businessmen mostly do retail business and fall in the category of middle income group. Mr Bhatti said about 13,000 of them are calculated to be doing retail business and are rich traders while others are manufacturers and suppliers like dealers, distributors and processors.

The budget 2003-04 offers them the facility to get registered without any baggage but the tax authorities have had bitter experience with most of them and are wary of the prospect of them attempting to remain off the index.

About half of these businessmen proved the hardest nuts to crack as they were enjoying the benefit of

fixed GST rate in mid 1990s but defied numerous CBR attempts at bringing them to the index of normal tax payers at 15 percent. These businessmen active in 24 sectors, including plastics, mild steel, ceramics, yarn, electric goods and related products, ignored thousands of notices from the sales tax department demanding explanations on why they were not getting listed despite doing taxable business.

Mr. Bhatti explained that the amnesty attempts at clearing the deck both at retail and fixed tax legacy, as previous attempts did not prove of much worth in forcing these thickly populated business areas to deposit tax and get documented.

He added that in the recent past there have been four major attempts to secure documentation and depositing of GST by the retail sector and their failure brought home lessons that a new sophisticated technique should be applied for extending the tax net to this sector.

The richest among retailers

have now been spotted in the process of income tax record scrutiny. They would now be the focus of a campaign to be launched in August 2003 to repeatedly remind them of the August 31 deadline for registration and September 30 cut out date for filling the first GST return.

Defiance of these deadlines would mean a countrywide process of sending them notices with the warning of penalties and other reprisals, said Mr Bhatti.

He added that these businessmen would be supplied with the income tax data proving that they have been doing taxable business but were not getting registered nor depositing tax. On the basis of this proof, they could even be facing legal cases if they continue to defy.

The number of such amnesty gainers to be the focus of this campaign could have been more than double of what the CBR now roughly estimates had the taxable GST limit on turnover had not been increased from Rs 5 million to 20 million in the budget 2003-04, he concluded.