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Sindh offers defaulters incentive to meet tax revenue target

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KARACHI: In a bid to meet the Rs135 billion revenue target set in the provincial budget for FY21, the Sindh Revenue Board (SRB) on Monday launched a “one-time” incentive scheme for defaulters of provincial sales tax on services.

While the ongoing third wave of the Covid-19 pandemic and the subsequent stricter lockdown measures in the province have badly affected business activities, especially in the services sector, the SRB, or the Sindh government, instead of providing any relief to those regularly paying Sindh Sales Tax on Services offered incentives to defaulters.

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Tax during the month of June, 2021,” a press release issued by the SRB said. It added that the decision was taken on the request of the chamber of commerce & industry and taxpayers associations.

Explaining the scheme, the SRB said that in the first 12 days of June, there would be a total exemption of penalty and default surcharge if the principal amounts of arrears were deposited until June 12.

“However, only five per cent and 10pc of the amounts of default surcharge will be payable if the tax amounts are deposited up to June 21 and June 30, while penalty will remain be totally exempted,” it added.

The statement said that the Sindh government hoped that the taxpayers would avail this ‘one-time’ facility expiring on June 30.

Traders in Karachi and Hyderabad have been demanding the federal and provincial governments to provide tax relief to them in the current fiscal year since their businesses had been badly hit by the tough restrictions imposed since Ramazan. However, instead of reducing the standard statutory rate of the sales tax on services, the SRB introduced this scheme.

Officials said the scheme was introduced for enhancing revenue collection because Sindh Chief Minister Syed Murad Ali Shah wanted the SRB to take all-out measures to meet the collection target of Rs135bn this year.

In the previous fiscal year, the SRB’s annual budgetary target was set at Rs145bn, but it was revised and set at Rs135bn because of the coronavirus pandemic that had hit the services sector hard in the last four months of FY20.

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