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Strike threatened: APTU rejects proposed fixed tax scheme

ISLAMABAD: All Pakistan Traders Union (APTU) has outrightly rejected the Federal Board of Revenue's fixed tax scheme and announced that their strike call will not be called off until FBR revises the scheme in line with their recommendations formulated in consultation with the former finance minister Asad Umar.

Talking to Business Recorder Saturday, Ajmal Baloch, the President of All Pakistan Traders Union said that FBR's scheme for small shopkeepers would lead to double taxation on small shopkeepers.

"The FBR must sit together with the association to finalize the draft scheme, otherwise we reject the scheme," he added.

On August 1, 2019, the FBR issued two schemes for the business community – (i) draft automated non-jurisdictional simplified tax regime for retailers, wholesalers or association of persons carrying on business of buying and supplying goods to the general public or other businesses for the purpose of consumption, and has turnover less than Rs 50 million; and (ii) simplified small shopkeepers scheme, rejected by APTU.

The traders' associations have announced a four-day shutter down strike after Eid-ul-Azha against the mandatory requirement of providing CNIC for sale and purchase of goods.

All Pakistan Markazi Anjuman-e-Tajran (APAT) Central General Secretary and representative of Karachi traders, Naeem Mir said that the association would observe countrywide shutter down strike in two phases in August - the shop keepers will keep their businesses closed on August 15-16, and again on August 26-27.

Traders would close their business for an indefinite period in September after Muharram holidays if their demands are still not met by then, he said.

Mir accused the FBR of bringing the traders at a point of no return due to its rigid stance on production of CNICs in any cash transaction of Rs50,000 or above. Ajmal Baloch further said that the FBR has issued a return form under the draft Small Shopkeepers Scheme in English which is not acceptable but added that FBR has assured that the form would soon be issued in Urdu.

He maintained that the FBR Member Inland Revenue Policy has promised to discuss the draft of the new scheme with the association. The FBR has also assured that there would be no audit or examination of records under the new scheme.

According to small traders, every shopkeeper is registered as a commercial unit with the utility department.

Every trader is already paying taxes between Rs 30,000 per month to Rs 50,000 per month in the form of taxes on electricity and gas bills. The tax paid is adjustable against the final tax liability of traders on filing of annual income tax return.

If the shopkeepers pay a fixed tax of Rs 40,000 along with existing Rs 40,000, it would result in double taxation, traders argue. The FBR in its proposals has requested input from stakeholders as well as the general public for any modification in the scheme. Subsequently the scheme will be put before the federal cabinet for final approval.