

Mehtab Haider

Another ordinance on cards to make govt-traders accord effective

ISLAMABAD: Yet another presidential ordinance is on the cards in order to make government and traders' agreement effective with regard to the sales tax registration and fixing the limit of turnover tax for sectors making low profits.

There has been increasing criticism on the PTI led government that it was running the government through rampant promulgation of ordinances in a bid to bypass parliament. Now yet another presidential ordinance has been drafted that would be promulgated when the ongoing session of National Assembly would be prorogued.

The proposed ordinance would give legal cover to sales tax registration provisions for traders. The annual limit of electricity bill has been increased from Rs600,000 to Rs1,200,000 for sales tax registration. Thus, the limit of electricity bills from Rs50,000 monthly bill will be increased to Rs100,000 for registration of sales tax. The government will fix limits for turnover tax for the sectors which are making low profits. It is not yet known whether the FBR and traders had evolved a consensus over the fixing limit of turnover tax or not.

The government and traders had struck an agreement last month when the JUI-F's sit-in was underway in the federal capital as the traders had threatened to join the Azadi March on that occasion.

According to the 11-point agreement struck among the government and trader representatives here in Islamabad, both sides had agreed (1) the punitive action on sale/purchase on identity card condition has been deferred till January 31, 2020, which means deferment of CNIC condition on purchase of Rs50,000 for three months. (2) The traders with turnover of up to Rs100 million would pay 0.5 per cent turnover tax instead of 1.5 per cent. (3) A trader with up to Rs100 million turnover would not become a withholding agent. (4) The annual limit of electricity bill has been increased from Rs600,000 to Rs1,200,000 for sales tax registration.

Thus, the limit of electricity bills from Rs50,000 monthly bill has been increased to Rs100,000 for registration of sales tax. (5) The government will fix limits for turnover tax for the sectors which are making low profits. The turnover tax of the sectors yielding less profit would be reviewed afresh with the consultation of the traders' committee. (6) The problems of jewelers would be resolved on a priority basis in consultation with jewellers associations. (7) The government will review again imposed withholding tax on renewal of license of middleman (Aarthi). (8) A special desk would be set up at the Federal Board of Revenue for the speedy resolution of traders' problems. An officer of BPS 20-21 would be appointed to hold meetings with traders' representatives on monthly basis. (9) An easy and simplified form would be issued in Urdu for registration of new traders/filing of income tax returns and traders committee would extend full support for registration of new traders. (10) Any shop measuring up to 1,000 square feet would be exempted from sales tax registration, which would be decided in consultation with the committee of the traders. (11) The decision of registration in sales tax of retailers who are also engaged in wholesale business would be taken in consultation with the traders' committee.

Meanwhile, FBR chairman Shabbar Zaidi hinted that industrial and commercial consumers may lose their electricity and gas connections if they did not file tax returns.

In a message he said: "FBR formations are directed to ensure that all industrial and commercial consumers of Electricity and Gas distribution companies are registered under and file return of income, if required. Such consumers, who have not yet filed return of income to avail extension in time."