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Legal cover to some tax relief measures, Presidential Ordinance may be promulgated soon

ISLAMABAD: A Presidential Ordinance is expected to be promulgated in next 7-10 days to give legal cover to some tax relief measures including simplified sales tax registration of traders under the agreement signed between the federal government and traders.

Talking to Business Recorder here on Wednesday, traders' representative Ajmal Baloch said that Federal Board of Revenue (FBR) has drafted a Presidential Ordinance which would be issued after fulfillment of legal formalities including vetting from Law and Justice Division.

The FBR has also assured the business community that some of the relief measures agreed under the agreement would be notified through the said ordinance.

If the ordinance is issued in December 2019, its applicability may be enforced from January 2020.

However, it is not yet clear whether or not an agreement has been reached on the percentage of turnover tax between the federal government and traders.

He said that the ordinance would give legal cover to sales tax registration provisions for traders. The annual limit of electricity bill has been increased from Rs 600,000 to Rs 1,200,000 for sales tax registration. Thus, the limit of electricity bills from Rs 50,000 monthly bill has been increased to Rs 100,000 for registration of sales tax. The government will fix limits for turnover tax for the sectors which are making low profits.

Ajmal Baloch added that the concerned committee of traders is interacting with the FBR to resolve these issues on top priority basis.

According to the 11-point agreement, (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 Rs 50,000 for three months. (2) The traders with turnover of up to Rs 100 million would pay 0.5 per cent turnover tax instead of 1.5 per cent. (3) A trader with up to Rs 100 million turnover would not become a withholding agent. (4) The annual limit of electricity bill has been increased from Rs 600,000 to Rs 1,200,000 for sales tax registration. Thus, the limit of electricity bills from Rs 50,000 monthly bill has been increased to Rs 100,000 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 jewellers 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 (Aarthis). (8) A special desk would be set up at 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.