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CNIC or NTN requirement: Foreigners to face difficulties if purchases exceed Rs50,000

KARACHI: Foreigners are going to face difficulties if their purchases exceed Rs 50,000 after the implementation of CNIC or NTN requirement from August 1, 2019 as Federal Board of Revenue (FBR) has so far not defined any procedure related to aliens, it was learnt.

The board has made CNIC or NTN requirement of the unregistered persons mandatory from August 1, 2019, if the purchases exceed Rs 50,000.

This condition will not apply if the value of purchases is below Rs 50,000 in case sale is being made to an ordinary consumer. An ordinary consumer means someone who buys goods for personal consumption.

If it is subsequently proved that CNIC provided by the purchaser is not correct, liability of loss or penalty shall not arise against the seller in case of sale made in good faith.

This provision has inter alia been placed for ‘business to business’ transactions and a few transaction in a value higher than Rs.50,000 by limited number of end consumers and that too from sales tax registered person only and also to avoid unverifiable, non-genuine, fake and fictitious business buyers which results in huge sales tax loss in the value chain.

Talking to Business Recorder, Adnan Mufti partner, Shekha & Mufti Chartered Accountants confirmed that FBR had not issued any procedure if the ordinary consumer was foreigner and made purchases beyond Rs. 50000. On the other hand, traders under the law cannot sell goods above Rs. 50,000 without fulfilling the CNIC requirement. He said that no foreigner under the said amendment would be allowed making purchases beyond Rs 50,000 from August 1 2019. Mufti said that several amendments made in this budget caused confusion for the taxpayers, which may also lead to a revenue shortfall for FBR.

Highlighting another issue, he said the board had imposed a 3 percent valuation addition tax under 12th schedule on imported edible oils, which he termed illegal as cooking oil was subjected to federal excise duty while valuation addition was only applicable on the goods attracting sales tax. However, the FBR has imposed value addition tax on excisable goods, which is ‘illegal’ under the Federal Excise Act 2005, he maintained.

MUHAMMAD ALI