

**Rs50,000 unregistered sales: CNIC condition relaxed for end consumer**

ISLAMABAD: The government has relaxed the condition of seeking Computerised National Identity Card (CNIC) number on transaction up to Rs50,000 made by retailers to end consumer through a major amendment to the Finance Bill 2019.

According to a tax expert, the legislature has offered some relaxation to furnishing condition of CNIC to unregistered sales under an amendment made to the Finance Bill 2019.

There was strong reservation of registered persons on providing CNIC of their supplies to unregistered persons. The government at the other end intended to document the transaction and proposed mandatory requirement of providing CNIC number against all supplies to unregistered persons. Now, exclusion to transaction up to Rs50,000 on supplies to unregistered persons by retailer is provided to such persons who are end consumers. The legislature has also extended a protection to the supplier from any legal implication in case the CNIC number is found incorrect by inserting an explanation in relevant law.

When contacted a tax expert, he claimed the relaxation is not enough and issue will persist.

It is not as simple as it is conceived by the government; practically there is a serious resentment of undocumented sector who doesn't want to come under the tax net at any cost. The government has failed to directly enforce the taxation on this sector and is using indirect means by placing restriction on documented sector to furnish their details. The registered documented sector is thus stuck between the government and undocumented sector.

Another key amendment in the Finance Bill 2019 has been made in the condition for sellers to obtain CNIC numbers of the buyers. According to the amendment, the condition of the CNIC shall be effective from August 1, 2018.

The condition of CNIC would exclude supplies made by a retailer where the transaction value inclusive of sales tax amount does not exceed Rs50,000, if sale is being made to an ordinary consumer. The ordinary consumer means a person who is buying the goods for his own consumption and not for the purpose of re-sale or processing.

If it is subsequently proved that CNIC number provided by the purchaser is not correct, liability of tax or penalty shall not arise against the seller, in case of sale made in good faith, said the amendment in the Finance Bill 2019.

**RECORDER REPORT**