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Under-fire govt clinches deal with traders

ISLAMABAD: The nationwide strike by traders protesting against certain tax measures ended on Wednesday as their representatives decided to call off the protest after reaching an agreement with the government's economic team, winning three more months for meeting the condition related to Computerised National Identity Card (CNIC).

The 11-point agreement was finalised after yet another round of talks between the representatives of traders community and Adviser to the Prime Minister on Finance Hafeez Shaikh and Federal Board of Revenue chairman Shabbar Zaidi. Jehangir Tareen also participated in the negotiations.

The economic managers showed flexibility by relaxing certain tax measures to reach an agreement with the traders, who observed the second day of their two-day nationwide strike on Wednesday.

Both sides, addressing a joint press conference after the successful talks, expressed the confidence to help the state broaden the tax net.

Mentioning that out of more than four million traders only 393,000 paid taxes, the adviser said the tax registration system was being simplified for traders. "The government is willing to win the confidence of the business community to increase tax net," he said, adding that Prime Minister Imran Khan believed in policies that benefited the entire nation.

According to an 11-point agreement, enforcement of CNIC condition delayed for three months

The adviser expressed the hope that the agreed points would have a positive impact on the economy. He announced that a form would be prepared in Urdu for the registration and filing of income tax returns.

The FBR chairman claimed that the law regarding the condition of maintaining a CNIC copy for sales and purchase of goods worth up to Rs50,000 had not been changed. "We, as per the agreement, will not take action against those violating the CNIC condition by the end of January 2020. [But] action may be taken after three months," Mr Zaidi said in response to a question.

All-Pakistan Anjuman Tajiran president Ajmal Baloch and other representatives of the traders said the agreement offered a win-win situation to both sides.

Mr Baloch denied that there was any link between the shutdown strike and the anti-government Azadi march of Maulana Fazlur Rehman.

He contended that the key issues had been resolved, explaining that the impediment to the success of talks was lack of cooperation from some elements in the FBR.

“We have always stated that traders cannot and will not be part of the sales tax regime, as this matter is related to manufacturers and an FBR inspector is posted there,” he said.

“We told them that your people are either corrupt or incompetent. This has nothing to do with us.”

The 11-point agreement between the traders and the government shows that traders will help tax authorities in expanding the registration of unregistered income tax filers, while the government will simplify the procedure of income tax filing and registration for traders.

According to the agreement, the government will not launch any action against traders who are not buying and selling goods on the basis of their CNIC till Jan 31, 2020.

Another point stated that traders making a turnover of Rs100m would give 0.5 per cent turnover tax rather than the 1.5pc tax set by the government. Any trader making a profit of Rs100 million would not pay withholding tax. Sales tax registration would be done if a trader’s yearly electricity bill is more than Rs1.2m per annum, up from the current benchmark of Rs600,000.

Turnover tax for low profit-making sectors will be determined in consultation with a committee of traders, and FBR will address the problems faced by the traders after consulting the committees that will be formed at the regional and central levels, according to the agreement.

The deal segregated jewellers from other traders as the point number six stated: “Problems of the jewellers will be resolved on a priority basis with the help of the Jewellers Association.”

Besides, it added, the withholding tax imposed on brokers’ licence renewal fees would be reviewed.

The traders and the government agreed that a special desk, led by a grade 20 or 21 officer, would be set up in FBR’s headquarters in Islamabad to solve problems being faced by the traders, while monthly meetings would be held with representatives of the traders.

The two sides also agreed that shops smaller than 1,000 square feet would be exempted from sales tax and any decision regarding the issue would be taken in consultation with the committee of traders. Dr Shaikh, however, clarified that this point was mainly related to “traders in small cities and towns where size of shops are large but business volume is low”.

The 11th point of the agreement stated that any decision regarding the registration of sales tax for the retailers who were also involved in wholesale business would be done in consultation with the traders’ committee.