

Documented retailers, FBR plans to cut ST to around 10pc

ISLAMABAD: The Federal Board of Revenue (FBR) is planning to further reduce sales tax from 12 percent to around 10 percent for documented retailers operating under the Point of Sale (POS) system in next fiscal year.

Sources told Business Recorder that the decision has been taken during the last meeting of Banking Committee's Recommendations agreed by the State Bank of Pakistan (SBP) and further coordination with the relevant ministries through the SBP and the Finance Division. The FBR has endorsed the recommendation of the SBP regarding lowering of sales tax rate for POS system.

During this meeting, the SBP had recommended that lower rate of sales tax be charged from customers, who choose to pay digitally whether at Point of Sale or online (ecommerce). This will provide an incentive to customers for using digital channels instead of cash.

The SBP had also recommended that the digital payments accepted by retailers should be exempted from turnover tax for next three years, which would encourage retailers to increase the use of digital channels.

Responding to this, FBR stated that the FBR has already lowered the rate from 14 to 12 percent for the POS, which would be further lowered in the next financial year. The FBR will further deliberate on the issue of turnover tax with Finance Division, FBR added.

In last budget, the FBR had reduced GST rate from 14 to 12 percent for tier-1 retailers who will connect with Point of Sale (POS) software.