

**Talks resume between FBR and traders**

ISLAMABAD: Federal Board of Revenue (FBR) top tax officials on Thursday met with traders' representatives to review progress on the agreement towards implementing CNIC condition on sale and purchase of goods from Feb 1.

This was the first time both sides have met since the relief package for traders was announced through a Presidential Ordinance in December 2019. Acting Chairperson Nausheen Amjad, Member IR Policy Hamid Ateeq Sarwar and DG Retail Hameed Memon led the FBR team.

The traders' representatives included Kashif Chaudhry, Naeem Mir and Ajmal Baloch.

A senior FBR official told Dawn that during the meeting, traders were reminded about their commitments. "We have informed the traders that the FBR has completed its commitment under the agreement", the official said, adding now it is time for traders to reciprocate on their commitments.

*Wide-ranging agreements being hammered out; traders to help locate new tax filers*

Kashif Chaudhry, while speaking to Dawn said that new committees will be established all over the country.

The committees will work in three areas: to help FBR search for new income tax filers, address disputes regarding quantum of declared turnover and identify outlets that are larger than 1,000 square feet to determine whether they will be eligible for sales tax registration.

Names of all committee members have been handed over to the FBR, and soon the tax authority will notify them, he said. Under the concession, the standard rate of minimum tax has been reduced from 1.5 per cent to 0.5pc in case of traders having a turnover up to Rs100 million for the tax year 2020.

However, traders having a turnover up to Rs100m who have filed their returns for the tax year 2018 will be obliged to pay tax equal to or more than the tax paid for the tax years 2018, 2019 and 2020.

However, Kashif Chaudhry adds that a trader whose turnover is larger than Rs100m but his profit margin is smaller will have their cases dealt separately. Those meetings have been scheduled to be held separately. Since the turnover level is high, it will largely apply to wholesalers, says Chaudhry, and at that level most transactions are visible and profit margins difficult to conceal. Iron and steel, grocery items including sugar, lentils, ghee, and fast moving consumer goods fall in this category, as well as cement, tyres, mobile handsets, automobiles, yarn, paper as well as other items that are expected to come under discussion on this point.

Traders being individuals and having a turnover up to Rs100m will not be required to act as a withholding agent under Section 153 of the ordinance. The condition to qualify for a Tier-1 retailer has been amended so as to increase the threshold of electricity consumption from Rs600,000 to Rs1,200,000.

As part of traders' compliance, the FBR noted that only 300,000 traders are registered with the sales tax. However, traders claim the number is as high as 2m. The committees already constituted will have to ensure the remaining registration of traders. "We want to make a reasonably good registration" the official said.

It was agreed that in response to lower turnover rate, the committees will ensure original turnover of traders. At least an indicative turnover will have to be agreed by the traders' committees.

Similarly, the traders will also help resolve disputes through closures of audit cases. It is estimated that around Rs100 billion is stuck in arbitration. Moreover, the resolution of disputes is more a procedural matter and has little impact on revenue collection.

On Thursday, both sides also agreed on a road-map for the implementation of the agreement in letter and spirit. The tax rate concessions were offered in a deal reached between the FBR and representatives of traders on Oct 30.

It was agreed in the meeting that the process of setting up committees across the country would be completed in the next two days.

A combined meeting of traders' representatives and senior officers of the FBR would be held on Jan 22 at FBR House Islamabad. Adviser to PM on Finance and Revenue Dr Hafeez Shaikh will also attend the meeting, according to the official. It was expected that 100 traders across the country will attend the meeting.

It was decided that traders' representatives and FBR officers would meet on Jan 24 at Regional Office Islamabad/Rawalpindi, January 27, at Karachi, Jan 29, at Multan, Jan 30 at Faisalabad and Jan 31, at Lahore Regional Office.

On the point-of-sale (POS) system progress, the senior official said that so far 4,944 big retailers have been registered. On Jan 15, a meeting is scheduled with representatives of big retailers to sort out their apprehension about the POS.

The drive for installation of automated POS at big outlets has been initiated as part of government's drive to document sales of large retailers who are currently evading tax payment, which runs into billions.

It has projected to bring 20,000 such retailers under the system by end of June 2020.