

**PM to announce concessions on 20<sup>th</sup>. Traders to begin complying with CNIC condition from Feb 1?**

ISLAMABAD: As the government has accepted traders' demands and Prime Minister Imran Khan is scheduled to formally announce concessions at the traders' convention to be held on January 20, traders would comply with the condition of CNIC from February 1, 2020.

This was stated by President All Pakistan Traders Union, Ajmal Baloch while talking to BR. The Tax Amendment Ordinance has made corrections in the law to accommodate demands of traders, Baloch added.

Implementation of the CNIC condition was deferred twice this year - once till end-September and subsequently till January 31, 2020 after the FBR reached an agreement with traders on October 30, 2019.

The FBR has conceded concessions in what analysts declare may be in lieu of convincing the traders to accept the CNIC condition from 1 February 2020 – (i) increase in threshold of electricity consumption from Rs 600,000 to Rs 1,200,000 for sales tax registration, (ii) reduction of minimum tax from 1.5 percent to 0.5 percent; and (iii) traders with annual turnover up to Rs 100 million would not operate as withholding agents. Under the Tax Laws (Second Amendment) Ordinance 2019, the standard rate of minimum tax under section 113 of the Income Tax Ordinance, 2001 is being reduced from 1.5 percent to 0.5 percent in the case of traders with turnover up to Rs100 million for the Tax Year 2020; and traders with turnover up to Rs100 million who have filed their returns for Tax Year 2018 will be obliged to pay tax equal to or more than the tax paid for Tax Year 2018 for Tax Years 2019 and 2020.

A trader has been defined as an individual engaged in the buying and selling of goods in the same state including a retailer and a wholesaler; however, distributors are not included in the scope of this definition.

Prime Minister Imran Khan is scheduled to formally announce these concessions through an Ordinance at the traders' convention on January 20.