

FBR mulls action against noncompliant traders from next week

KARACHI: The Federal Board of Revenue (FBR) is all set to crack down from next week on traders who would not comply with a legal obligation to furnish identity of buyers having an invoice above Rs50,000 with the apex tax authority, sources said on Wednesday.

The sources said the FBR would launch actions from next week against registered sales tax entities for non-compliance related to computerised national identity card (CNIC) details of buyers.

The condition of CNIC was to implement from August last year. However, the implementation was deferred till January 31, 2020 on the protest of retailers and small traders. "Therefore, sales tax registered individuals are now required to provide information of CNIC of buyers in their sales tax returns for February to be filed by March 15, 2020," a senior tax official said. The FBR would receive the information of buyers on the basis of CNIC for the first time.

The FBR cautioned against provision of CNIC/NTN of employees or associates of the seller.

The official said the FBR finalised strategy to take action against retailers, manufacturers and importers, who failed to obtain CNIC of buyers making purchases above Rs50,000 for each invoice.

The Finance Act 2019 holds an amendment inserted into a section (23 of Sales Tax Act, 1990) under which a registered individual making taxable supplies to unregistered individuals needs to obtain CNIC "where amount of sale is above Rs50,00". The condition is not applicable on end-consumers.

The FBR said an 'ordinary' consumer is an individual, who buys goods for own consumption and not for the purpose of resale or processing. The sources said the tax authorities would examine returns and sort out the invoices where required details are not provided.

They said the tax authorities would impose penalty on registered individuals on failure to comply with the requirement of obtaining CNIC. Under the Sales Tax Act 1990, an individual defaulting on the requirement would pay a penalty of Rs5,000 or three percent of the tax involved, whichever is higher.

The FBR said the CNIC/NTN (national tax number) of the buyer with respect to taxable supplies to an unregistered individual would be deemed to have been reported in good faith by the suppliers with conditions that the invoice should comply with statutory requirements.

The FBR, in an order in October last year, also made it mandatory that payment made by or on behalf of the unregistered purchaser of the amount of the tax invoice, inclusive of sales tax and applicable further tax, is deposited into the supplier's declared business bank account. The National Data and Registration Authority would authenticate the CNIC provided by the purchaser.