

GOVERNMENT OF PAKISTAN
(REVENUE DIVISION)
FEDERAL BOARD OF REVENUE

C.No 1/2-STB/2019

Islamabad, the July 22nd 2019

SALES TAX CIRCULAR

Subject: **NATIONAL IDENTITY CARD – CLARIFICATION REGARDING.**

I am directed to state that there has been country wide demand for decades to bring all people in the tax system and gradually convert National Identity Card (CNIC) as a National Tax Number (NTN). This has been the national public demand and is a correct approach. In the Finance Act, 2019, the first step towards this ultimate goal has been adopted by requiring provision of CNIC number in very few transactions. The law as amended is simply described as under:

- a) The amendment has been made in the Sales Tax Act, 1990 (Section 23) and not in any other taxation statute.
- b) This clearly means that this provision is only applicable if purchases are made from a 'Sales Tax Registered person'.
- c) At present there are only 41,484 sales tax registered persons who are actually paying some tax with their returns;
- d) This provision requires that if a purchase is made from a sales tax registered person, then 'CNIC' number of the 'Buyer' is to be provided in limited situations, as explained in the following paragraphs. Provision of CNIC number does not in any manner mean that buyer has to be a 'Registered Person' under the Sales Tax law. Sales to unregistered person can be made;
- e) The law further provides this condition will not apply if the value of purchases is below Rs.50, 000/- in case sale is being made to an 'Ordinary Consumer'. The term 'Ordinary Consumer' is well defined. It means purchases for own non-business use by the end consumer.

2. In order to further safeguard businesses operating in a reasonable manner the law specifically provides that "if it is subsequently proved that CNIC provided by the purchaser was not correct, liability of loss or penalty shall not arise against the seller in case of sale made in good faith."

3. In Pakistan, under the present regime and also under proposed regime for retailers, ordinary small and medium sized retailers fall outside the 'Sales Tax Regime', therefore sale by such persons is not affected by this provision in any manner.

4. This provision has inter alia been placed for 'business to business' transactions and few transaction in a value higher than Rs.50,000 by limited number of end

