

## **BRIEF NOTE ON DRAFT SPECIAL PROCEDURE FOR SMALL TRADERS AND SHOPKEEPERS (TAJIR DOST SCHEME)**

The FBR, vide SRO 420(I)/2024, dated 21<sup>st</sup> March 2024, has published draft special procedures for small traders and shopkeepers for objections or suggestions within 7 days of the publication the said draft.

### **The scheme is titled as “Tajir Dost Scheme, 2024” (“Scheme”) and is as follows:**

The scheme shall apply to traders and shopkeepers operating in fixed place of business such as shop, store, warehouse, office or similar physical place located within the territorial civil limits including cantonments in Karachi, Lahore, Islamabad, Rawalpindi, Quetta and Peshawar.

Further, the registration shall be effective from 1<sup>st</sup> April 2024 while payment of advance tax shall be effective from 1<sup>st</sup> July 2024. This scheme is not applicable to a company, national or international chain stores operating in more than one city or to any persons specifically specified by the FBR.

### **DEFINITIONS:**

- 1. Annual rental value:**
  - a. 10% FMV of business premises.
- 2. Business premises:**
  - a. Includes all business places such as store, warehouse or any other place connected to business or an office or a home operating as a business place.
- 3. Indicative income:**
  - a. Amount calculated on the basis of the annual rental value in accordance with the formula as may be prescribed.
- 4. Fair Market Value (“FMV”) of business premises:**
  - a. The amount calculated as per the valuation of immovable properties notified by the FBR.
  - b. Where such valuation is not notified, then the values fixed by the District Officer (Revenue) or Provincial or any other authority authorized to fix such values for the purpose of stamp duty.
- 5. National Business Registry:**
  - a. A central repository database of traders and shopkeepers which is accessed through the Tajir Dost module of the Tax Asaan App or FBR’s portal for the purpose of registration and payment of advance tax.
- 6. Person:**
  - a. Traders and shopkeepers falling under the scope of this scheme.
- 7. Shopkeeper:**
  - a. Wholesaler, dealer, retailer, manufacturer cum retailer, importer cum retailer or such person who combines the activity of retail and wholesale with any other business activity or other person in the supply chain of goods.

### **PROVISIONS OF THE INCOME TAX ORDINANCE, 2001 (“ITO”) APPLICABLE TO THIS SCHEME:**

1. Computation of income for a tax year and tax payable thereon;
2. Collection and deduction of tax;
3. Computation and payment of advance tax liability;
4. Sections 4C and 7E if liable; and
5. Minimum tax, procedure of returns, assessments, appeals, collection of taxes, advance tax, audit, administration and all schedules of the ITO.

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### **REGISTRATION – W.E.F. 1ST APRIL 2024:**

Every trader and shopkeeper shall register through either of the modes before 30<sup>th</sup> April 2024 with the National Business Registry (Tajir Dost):

1. Under section 181 of the ITO; or
2. Through the Tax Asaan app; or
3. On FBR's portal; or
4. Through FBR's Tax Facilitation Centers.

If a person who is required to be registered and does not get registered, the provisions of section 182 of the ITO shall be applicable and the Commissioner Inland Revenue ("CIR") is empowered to register the trader or shopkeeper on his own.

### **PAYMENT OF ADVANCE TAX- W.E.F. 1ST JULY 2024:**

Every person shall be liable to pay a monthly advance tax and this amount shall be the minimum tax in respect of income from business covered under this scheme. The amount of monthly advance tax shall be computed according to the manner as may be prescribed. However, if the advance tax liability is zero, then a minimum of Rs 1,200 per annum shall be payable as advance tax. However, payment of advance tax will not apply on the income of the person who is exempt from income tax

Furthermore, the advance tax payable shall be reduced by 25% of the whole or the balance if:

1. The person pays in lump sum the whole or the balance on or before the due dates for payment; or
2. The person who has not filed income tax return, files income tax return for the Tax Year 2023 before the due date for payment of the first monthly installment.

The Advance tax shall be payable monthly from 1<sup>st</sup> July 2024 and the first payment will be due on 15<sup>th</sup> July 2024 and thereafter on the 15<sup>th</sup> of every month.

For example, if a shopkeeper registers himself on 1<sup>st</sup> April 2024, and his advance tax liability is computed at zero, then he shall be eligible to pay a minimum of Rs 1,200/- per annum, and this liability would be divided into 12, resultantly, he shall be liable to pay Rs 100/- for the month of July and it shall be due on 15<sup>th</sup> July 2024, this shall continue on for the upcoming months such as, 15<sup>th</sup> August 2024, 15<sup>th</sup> September 2024 and so forth.

A separate Computerized Payment Receipt ("CPR") against the Payment Slip ID ("PSID") will be generated by the Tajir Dost module/FBR's portal/FBR's tax facilitation centers. Further, the FBR (with the approval from the Minister in Charge) may amend the scheme from time to time to add, alter, omit or modify any provisions therein.

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