

FBR is pleased to release the draft for Small Shopkeepers Scheme under section 99B of the Income Tax Ordinance, 2001 for views and comments. Proposals from stakeholders as well as general public are invited for any modification in the aforesaid scheme. After public review the scheme will be put before the Federal Cabinet for final approval. It is expected that this reformed simplified procedure will be a new beginning on this subject.

DRAFT NOTIFICATION (Income Tax)

S.R.O. (I)/2019.- In exercise of the powers conferred by section 99B of the Income Tax Ordinance, 2001 (XLIX of 2001), the Federal Government is pleased to make the following rules, namely:—

INCOME TAX SPECIAL PROCEDURE FOR SMALL SHOPKEEPERS

1. Short title, application and commencement.—(1) These rules may be called the Small Shopkeepers Special Procedures Rules, 2019.
 - (2) They shall apply to small Shopkeepers defined in Rule 2 who may opt to furnish return under these rules.
 - (3) They shall extend to whole of Pakistan.
 - (4) They shall come into force at once.
2. **Definitions.**—In these Rules, unless there is anything repugnant in the subject or context,—
 - (1) “Small Shopkeeper” means an individual where the business is carried out at a premises having covered area less than 300 square feet but does not include a shopkeeper if he is engaged in the activity of a jeweler, wholesale, warehouse, real estate agent, builder and developer, doctor, lawyer, chartered accountant or any other category specified by the Board, a retailer operating as a unit of a national or international chain of stores, a retailer operating in an air-conditioned shopping mall, plaza or center, a retailer who has a credit or debit card machine, any person whose cumulative electricity bill exceeds Rs.300,000 in the immediately preceding twelve months; and any person covered under section 99C of the Income Tax Ordinance, 2001.
 - (2) All other expressions used but not defined in these rules shall have the same meaning as assigned to them under the Income Tax Ordinance, 2001.
3. **Tax Rate.**—The tax payable on profits and gains of a shopkeeper on his income chargeable under shall, higher of,-
 - (a) two percent of 'turnover' as defined in section 113 of the Ordinance;
or
 - (b) the amount of tax as set out in the following Table:—

Table

S. No	Area and premises	Rate of tax	
		Tax Year 2019	Tax Year 2020
(1)	(2)	(3)	(4)
1.	If the shop is located in area specified as category A and the shop premises in which the business activity carried out does not exceed 150 square feet	Rs. 35,000	Rs. 40,000
2.	If the shop is located in area specified as category A and the shop premises in which the business activity is carried out exceeds 150 square feet but does not exceed 300 square feet	Rs. 40,000	Rs. 50,000
3.	If the shop is located at any place other than category A and the shop premises in which the business activity is carried out does not exceed 150 square feet	Rs. 20,000	Rs. 25,000
4.	If the shop is located at any place other than category A and the shop premises in which the business activity is carried out exceeds 150 square feet but does not exceed 300 square feet	Rs. 25,000	Rs. 30,000

For the purpose of above mentioned table, category A means an area where value of shop exceeds Rs.10, 000 per square foot as per FBR valuation table or DC rate whichever is higher as applicable.

4. Manner of Payment of Tax.—

(1) In case if a person opts a fixed tax regime the amount referred to in Rules 3 shall be paid in the manner laid down under Rule 9.

(2) In other case the tax under rule 3 shall be payable in two equal installments to the Commissioner—

- (a) in respect of first installment on or before the 30th day of September; and
- (b) in respect of second installment on or before the 31st day of December;

Provided that for tax year 2019 the shopkeeper shall have the option of paying the tax under rule 3 along with return.

5. Where the person opts to pay tax and furnish return under these rules, no deduction for expense, withholding credit or refund —

GENERAL PROVISIONS

6. There shall be no audit or examination of such shopkeeper, unless so specified by the Board.

7. The shopkeeper shall furnish return in Form ‘A’ specified in Schedule to these rules.

8. The tax under rule 3 shall be paid in the State Bank of Pakistan, or authorized branches of banks and evidence in the form of a copy of computerized tax payment receipt (CPR) shall be furnished to the Commissioner by the due date as mentioned in rule 4.

9. On receipt of evidence of payment of tax installment, the shopkeeper shall be issued a sticker which shall be displayed by the shopkeeper at a prominent place in the business premises.

10. Where these rules apply—

- (a) the shopkeeper shall not be required to withhold tax from any person as required under

- the Ordinance;
 - (b) the shopkeeper shall furnish return for the tax year by the due date or extended due date as specified under the Ordinance;
 - (c) the shopkeeper shall not be required to file wealth statement under the provision of sub-section (2) of section 116 of the Ordinance for the tax year for which return qualifies under these rules.
- 11. Where the shopkeeper has furnished return to the Commissioner under these rules—
 - (1) The Commissioner shall be treated to have made an assessment of the taxable income and tax payable on the tax due thereon for the tax year under the provisions of section 120 of the Ordinance;
 - (2) The return furnished shall be treated to be an assessment order issued by the Commissioner on the day the return was furnished under these rules and provision of section 120 of the Ordinance;
- 12. The provisions of these rules shall not apply to the shopkeeper—
 - (1) who fails to pay tax installments under rule 4;
 - (2) who fails to furnish a return for a tax year within the due date as extended period as specified under the Ordinance after having furnished a return once for any tax year under these rules provided that the shopkeeper may opt to furnish return under these rules after two tax years immediately following the tax year he failed to furnish return.
- 13. No action against any shopkeeper shall be undertaken unless the matter is taken up with the association of traders concerned after seeking approval from FBR.
- 14. The Federal Government may, from time to time, by notification in the official Gazette, make amendment in these Rules
- 15. Persons convicted under Control of Narcotics Substances Act, 1997 (XXV of 1997), Anti-Terrorism Act, 1997 (XXVII of 1997) and Anti-Money Laundering Act, 2010 (VII of 2010) shall not be eligible to qualify under this Schedule.

SCHEDULE

Form 'A'

SMALL SHOPKEEPERS' SCHEME		Tax Year	2019	
RETURN OF INCOME UNDER THE INCOME TAX ORDINANCE, 2001				
FOR INDIVIDUAL DERIVING INCOME UNDER THE HEAD BUSINESS				Form 'A'
Name*				
CNIC*				
Address*				
Covered area in sq.ft				
	Sr.	Description	Code	Total Amount
		Total Turnover		
	1	Tax Chargeable		
	2	2% of Turnover		
	3	Or Rs.35,000 If the shop is located in area specified as category A and the shop premises in which the business activity carried out does not exceed 150 square feet		
	4	Or Rs.40,000 If the shop is located in area specified as category A and the shop premises in which the business activity is carried out exceeds 150 square feet but does not exceed 300 square feet		
	5	Or Rs. 20,000 If the shop is located at any place other than category A and the shop premises in which the business activity is carried out does not exceed 150 square feet		
	6	Or Rs. 25,000 If the shop is located at any place other than category A and the shop premises in which the business activity is carried out exceeds 150 square feet but does not exceed 300 square feet		
Verification	I Mr. _____ holding CNIC _____ do solemnly declare that to the best of my knowledge and belief the information given in this Return are correct and complete in accordance with the provisions of the Income Tax Ordinance, 2001 & SRO			

Signature:

Date

SCHEDULE
Form 'B'

SMALL SHOPKEEPERS' SCHEME		Tax Year	2020
RETURN OF INCOME UNDER THE INCOME TAX ORDINANCE, 2001			
FOR INDIVIDUAL DERIVING INCOME UNDER THE HEAD BUSINESS			Form 'B'
Name*			
CNIC*			
Address*			
Covered area in sq.ft			
	Sr.	Description	Code
		Total Turnover	
	1	Tax Chargeable	
	2	2% of Turnover	
	3	Or Rs.40,000 If the shop is located in area specified as category A and the shop premises in which the business activity carried out does not exceed 150 square feet	
	4	Or Rs.50,000 If the shop is located in area specified as category A and the shop premises in which the business activity is carried out exceeds 150 square feet but does not exceed 300 square feet	
	5	Or Rs. 25,000 If the shop is located at any place other than category A and the shop premises in which the business activity is carried out does not exceed 150 square feet	
	6	Or Rs. 30,000 If the shop is located at any place other than category A and the shop premises in which the business activity is carried out exceeds 150 square feet but does not exceed 300 square feet	
Verification	I Mr. _____ holding CNIC _____ do solemnly declare that to the best of my knowledge and belief the information given in this Return are correct and complete in accordance with the provisions of the Income Tax Ordinance, 2001 &SRO		

Signature:

Date