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## **FBR under fire for making digital payments mandatory for firms**

KARACHI: Federal Board of Revenue (FBR) is under fire for making digital payments mandatory for companies that called the move a huge blow to ease of doing business at a time when the country's anaemic economy is gasping for air.

The decision takes effect from November 1, 2021. "It will further hurt the already struggling businesses in the country," said Nasir Hayat Magoon, President Federation of Pakistan Chambers of Commerce and Industry (FPCCI).

"Post-dated cheques are given as surety to sellers. This is how things are done in Pakistan." "They (policymakers) need to come out of their offices and see how economy works in the country," he added.

"It would affect the taxpayers, who are already in the tax net the most," Magoon said. The FBR has made changes in the Income Tax ordinance, 2001, in an apparent effort to document the economy.

The FBR has made it mandatory for businesses to make payments exceeding Rs 250,000 only through digital mode, restricting transactions through traditional banking channels with few

exceptions such as paying utility bills, freight charges, and taxes, which would continue to be paid in cash or through traditional banking instruments such as cheques.

"The first question is whether our digital banking could support a high level of payments," said Farrukh Ali Qandhari, Vice President Korangi Association of Trade and Industry (KATI). "Secondly, the industry is not ready for this. People would start dealing more in cash."

Karachi Tax Bar Association (KTBA) President Zeeshan Merchant said, "The move has been taken without understanding the economy and how businesses are run in the country". "We at KTBA feel the condition is remarkably in contradiction with other modes of payment through banking channels, which historically remained in practice and are widely accepted under the provisions of the Income Tax Ordinance, 2001," Merchant said.

"We feel this provision of law is anti-business, sans due diligence, and is incorporated without taking stakeholders into confidence. Additionally, it is not practical for many business houses." Merchant said companies making payments to the growers of various agricultural crops such as sugarcane, rice, cotton, wheat, etc would also find it difficult as the other party might not be able to receive payments digitally.

It should have come after a rigorous campaign of awareness among the stakeholders before making it mandatory, Merchant said. "We would suggest that the condition of digital mode of payments for companies be allowed to run simultaneously with other conventional modes of payments for at least a year so that their business is not affected and is smoothly run till they are aware of this change in the mode of payment," he said.