

November 22, 2016 – Business Recorder

NTN requirement: banks asked not to refuse services to sole proprietors —

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The State Bank of Pakistan (SBP) amending Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Regulations has directed banks not to refuse for banking services due to NTN requirement. The SBP has received certain complaints that several banks are not opening bank account due to unavailability of National Tax Number (NTN), which is mainly issued by the Federal Board of Revenue (FBR).

Sales tax registration or NTN are included in the list of minimum documents to be obtained from various types of customers under AML/CFT Regulations for sole proprietors along with other documents. According to BPRD Circular Letter No 35 of 2016, issued on November 22, 2016, the AML/CFT Regulations require banks/DFIs to obtain NTN, wherever applicable, in case of establishing banking relationship with sole proprietors.

However, the SBP clarified that the requirement of obtaining NTN depends upon availability/issuance of NTN by tax authority, ie, the Federal Board of Revenue. "Therefore, the requirement of NTN should not be the reason for refusal of banking services to the customers, especially, where bank account is a prerequisite for obtaining NTN as per the FBR's criteria," the SBP said. Banks/DFIs should facilitate their customers in opening bank accounts and subsequently obtain NTN when issued by the FBR, the circular added.

The State Bank has also amended these directives in the AML/CFT Regulations aimed at facilitating the sole proprietors. The State Bank compiles a booklet of Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Regulations from time to time for the convenience of users. The amendments are being made in these regulations through the issuance of circulars/circular letters and current amendment regarding NTN requirement has also been made through a circular to eliminate the hurdles in opening sole proprietors' accounts.

SBP issued following clarification to Business Recorder on November 22, 2016:

Apropos your news story titled "NTN requirement: banks asked not to refuse services to sole proprietors" appearing on November 22, 2016 we would like to clarify that the Circular (BPRD Circular Letter No 35 of 2016) mentioned in your news story was issued on November 21, 2016 and not on November 22, 2016 as claimed in your news story.

In view of role and position of SBP as premier national institution we expect that you will issue necessary corrigendum in tomorrow's issue of your esteemed newspaper to put the record straight.