



## External Relations Department

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### **SBP Abolished the Fee on Payment of Government Taxes through ADCs and OTC**

The State Bank of Pakistan (SBP) has announced to abolish the fee on payment of government taxes and duties through Alternate Delivery Channels (ADCs) and Over-the-Counter (OTC) from January 1, 2020. Presently, the taxpayers pay Rs.10 to Rs.50 per transaction for payment of taxes through ADCs depending on the amount of tax paid, and Rs.50 per transaction for the payments through OTC. This fee will be borne by SBP instead of taxpayers from January 1, 2020. The change has been notified through SBP FD Circular No.4 of 2019 dated December 27, 2019.

The decision is part of SBP efforts to promote digital payments and is likely to attract larger number of taxpayers towards digital payment of government taxes and duties. The mechanism for online collection of taxes and duties was introduced in March 2018 in collaboration with Federal Board of revenue (FBR) with the primary objective of taxpayers' facilitation. The tax payers can pay their taxes from the convenience of their homes or offices using internet/mobile banking facilities, through 14000 plus ATMs or any of the 15000 plus branches of commercial banks across the country. So far Rs.346 billion has been collected through this mechanism. The collections through the ADCs/OTC modes are likely to grow exponentially as the awareness about the mechanism improves.

SBP is also running an awareness campaign to familiarize the taxpayers, tax bar associations, chambers of commerce, clearing and forwarding agents and business community at large about the ADC and OTC payment mechanisms. Seminars and awareness sessions are being arranged across the country through the field offices of SBP Banking Services Corporation. The first such seminar was held in Karachi on December 26, 2019, which was attended by corporate taxpayers, representatives from chamber of commerce, trade associations, commercial banks, tax bars and audit firms. The participants appreciated SBP efforts for promotion of digital payments and said that such sessions are critically important for enhancing public awareness and allaying their fears and apprehensions about digital payments.

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