

Centre agrees with provinces to ink MoU on single GST return: FBR

ISLAMABAD: The Federal Board of Revenue (FBR) on Monday claimed that they agreed with the provinces to sign a memorandum of understanding (MoU) on single General Sales Tax (GST) returns next week.

“The FBR and provinces are going to sign the MoU on single returns of GST for goods and services next week as the top officials of provincial revenue authorities could not participate in Monday’s meeting,” FBR’s Member and Spokesman Dr Hamid Ateeq Sarwar said while talking to reporters here at the FBR on Monday.

When asked, the Minister of State for Revenues, Hammad Azhar, told The News on Monday night in reply that he could not chair meeting with provincial revenue authorities scheduled to be held on Monday because of some other engagement.

However, sources from provinces told The News that the clearance of provinces on the draft of the agreement was not yet done. The MoU has been drafted by the FBR and the provincial response is awaiting. The provinces are also in touch with each other on single GST returns, they added.

The provinces have no objection to a single return form with the purpose to facilitate the taxpayers, but the question arises that how it will be done practically. Provinces have agreed in principal about the single return to facilitate the taxpayers and draft of the agreement will be examined by the relevant provincial authorities and boards before signing the document, they added.

Under the single Sales Tax returns, the FBR and four provincial revenue authorities would strive for harmonisation of classification, laws and tax rates as currently different rates of GST on services are applied by the provinces.

It was agreed that all tax authorities would strive to harmonise their laws, classifications and rates preferably through their upcoming respective Finance Bills 2019. Both the Centre and provinces have assigned the FBR’s Pakistan Revenue Authority Limited (PRAL) to consider unification of processes for income tax, sales tax and Custom’s WeBOC registration.

The participants of the federal and provincial governments agreed to give unified sales tax registration and filing of returns as top priority and make sure that this single return is launched on July 1, 2019.

Earlier, it was agreed by all participants in the last meeting that the primary point of contention was successful capturing of sale invoice data in a unified single form i.e. Annexure C, as all other Annexure and information in the return were a factor of either Annexure C or the taxpayer profile. It was agreed that any single return mechanism would require the implementation of STRIVE across authorities to ensure auto reconciliation and synchronisation of all transactions.

It was discussed that the regimes of withholding tax, further tax and extra tax created hassle and their utility had been minimised after implementation of STRIVEs system and all authorities needed to review their provisions.

It was agreed that all tax authorities would consider eliminating the provision for revision of returns and would study the implications of the measures and possible remedies through debit /credit notes, and they also agreed to reconsider utility facility to claim invoices pertaining to previous periods.