

Federation, provinces making progress towards single GST

The federation and provinces are making progress towards a landmark measure to facilitate taxpayers for introducing a single and unified sales tax return for both goods and services. On the conclusion of a meeting of National Assembly Standing Committee on Finance at the Federal Board of Revenue, a senior FBR Member informed media persons that meeting was held between FBR and provinces on the single return at the FBR Headquarters and next week an MoU may be signed, as a meeting with heads of revenue boards is expected.

The commissioner-level officials attended the meeting on behalf of the provinces on Monday. The draft MoU for filing of single sales tax returns has been shared with the provinces, FBR member added. It is learnt if all provinces are fully ready to enforce the single sales tax return, it may be launched in upcoming budget with effect from July 1, 2019.

Under the proposed single sales tax returns, the FBR and four provincial revenue authorities would strive for harmonisation of tax laws and tax rates, as currently different rates of sales tax on services are applied by the provinces. It was principally agreed that all tax authorities would strive to harmonise their laws, classifications and rates preferably through their upcoming respective finance bills 2019-20.

The FBR's IT arm Pakistan Revenue Authority Limited (PRAL) is examining the issue of unification of processes for income tax, sales tax and Customs' WeBOC registration. The federation and provinces have not yet formally signed any memorandum of understanding (MoU); though a meeting of Steering Committee for Single Portal under the chairmanship of Minister of State for Revenue Hammad Azhar was held here at the FBR's headquarters on Monday.

When contacted, sources said that clearance of provinces on the draft of the agreement is awaited. The agreement has been drafted by the FBR and the provincial response would be coming soon. Provinces are yet not clear whether the FBR is talking about a single portal or a single return for FBR and provinces. The provinces are also in touch with one another on the said issue.

Sources said that provinces have no objection to a single return form to facilitate the taxpayers, but the question arises how it would be done practically. Provinces have agreed in principal about the single return to facilitate the taxpayers and draft of the agreement would be examined by the relevant provincial authorities and boards, sources in provincial authorities added.

RECORDER REPORT