

SOHAIL SARFRAZ

FBR issues Rs17.03bn sales tax refund bonds so far

ISLAMABAD: Federal Board of Revenue (FBR) has so far issued sales tax refund bonds (promissory notes) of Rs 17.03 billion to 689 refund claimants in three instalments up to August 2019.

Senior FBR officials told Business Recorder here on Wednesday that the FBR has paid bonds in lieu of 4,321 refund payment orders (RPOs) of the refund claimants. All applications of the refund claimants, who intended to obtain bonds, have been duly cleared. The bonds have been issued to claimants who had opened their account with the Central Depository Company (CDC). The claimants, who do not have the CDC accounts in their own names, have not been issued bonds. The claimants can exercise their option for issuance of bonds and provide their CDC accounts to FBR so that they can be accommodated.

The bonds have been issued by FBR Refund Settlement Company Limited (the Company) in Central Depository System (book entry form) against Refund Payment Orders as issued in favour of the claimants under section 67A of the Sales Tax Act 1990.

The FBR had made necessary arrangements for issuance of bonds through CDC.

According to the FBR, the refund claimants who have opted for sales tax refund payments through bonds should open investor account with CDC if they do not already have such accounts. The FBR has issued procedure for opening CDC account for sales tax refund payment through bonds.

Now, the FBR has started receiving applications for the income tax refund bonds from the claimants.

In order to facilitate businesses, particularly exporters, and resolve the problem of long outstanding refunds, it was decided by the government to issue sales tax refund bonds to the claimants.

Sources said that the FBR has recently introduced Fully Automated Sales Tax e-Refund System (FASTER) for exporters for speedy payment of sales tax refunds. The next batch refunds would be issued to the exporters under the FASTER-refund processing channels.

When asked about exporters' claim of pending sales refunds of over Rs 250 billion, sources said that the pending sales tax claims stood at around Rs 90-120 billion as per FBR data. The exporters' refund claims included inadmissible and deferred claims where FBR cannot verify the claims. In most of the cases of disputed claims, exporters went into litigation against the FBR, the official added.