

## **FASTER operationalised for sales tax refund payment within 72 hours**

ISLAMABAD: In a bid to clear verified sales tax refunds for five export-oriented sectors within 72 hours, the FBR has made Fully Automated Sales Tax e-Refunds (FASTER) system operational for payment of billions of rupees amounts to exporters.

Despite launching other systems such as Expeditious Payment of Refunds or Sales Tax Automated Refund Repository (STARR), the problem of stuck-up refunds could not be resolved because the Refund Payment Orders (RPOs) were prepared and then lying with the tax officers because of element of discretion.

But, now the FBR official claims that there will be no human interaction and after verification of annexure-H in sales tax returns, the refund amount will be paid to account of exporters through State Bank of Pakistan within 72 hours. This new FASTER system will cater to the payment of refunds amount with effect from July 1, 2019. At a time when the stuck-up refunds amount ranges over Rs350 billion of all taxes including sales tax and income tax, it is important that the FBR has come up with FASTER to pay sales tax refunds to five export-oriented sectors including textile, leather, surgical goods, carpets and sports goods within 72 hours after clearance of annexure-H.

The refund amount will be paid out of total gross tax collection. The exporters were demanding separate escrow account and doing away with annexure-H but the FBR cannot fulfill these two demands. If annexure-H is abolished, the whole basis of FASTER system will shatter.

The FBR has inserted Chapter 5A into Refund Rules through which the monthly filed return of sales tax will be treated as claims but only in those cases where the Annexure-H will be filled to share details of total stocks of supply

for consumption of production. So far, the FBR received claims of Rs1.2 billion refunds and millions of rupees in first batch. Once the Annexure-H having description of supply and purchases will be matched, the refunds amount will be paid through State Bank of Pakistan.

The FBR's Chief Sales Tax Policy Hamid Memon on Thursday told journalists that after withdrawal of SRO 1125 there was concern among the exporters that their refunds would be stuck up and might create liquidity crunch. Now the FBR developed and operationalised FASTER system through certain amount after passing through checks of internal risk parameters paving the way for payment of refunds amount.

Addressing a press conference at the FBR, Mustafa Sajjad Hassan, Member Facilitation and Taxpayer Education (FATE) and Hamid Memon informed that the FBR will shortly start payment of sales tax refunds of around Rs15-20 billion a month to the five export-oriented sectors in the next 1-2 days through the FASTER system.

Exporters would themselves declare the taxable purchases and actual consumption of input goods used in exports under the stock statement to be filed under annexure-H of the sales tax monthly return.

As soon as refund claimant files annexure-H (stock statement) with the return, the FBR will consider that the claim has been submitted and start processing of refund claims through the FASTER system and the verified amount of claims would be credited directly into the exporters' accounts within 72 hours.

Tariq Shaikh, FBR Chief Automation informed that the FBR has online data of goods declarations filed by the exporters and actual exporters through the Model Customs Collectorate for verification purposes.

He said that 80 percent of the refund claims would fall under the FASTER system. The FBR will pay the refunds from the current revenue stream and practically FBR cannot create a dedicated head (escrow account) for refund claims. It is not possible to verify data under the separate escrow account.

Under the new system notified by the FBR, the FBR will issue next batch of sales tax refunds to exporters of five export-oriented sectors by electronically communicating Refund Payment Orders (RPOs) to the State Bank of Pakistan within 72 hours of submission of claim for onward advice to banks for credit into the claimants' bank accounts.