

### **Textile exporters perturbed by partial payment of refunds**

KARACHI: Textile exporters have expressed concern over deferment of some payment against sales tax refund claims under the Fully Automated Sales Tax e-Refund System (FASTER) without providing any substantive reason.

They urged the Federal Board of Revenue (FBR) that FASTER should be equipped with required 'gadgets' to define the reason of rejection.

Muhammad Jawed Bilwani, Chief Coordinator, Pakistan Hosiery Manufacturers & Exporters Association (PHMA) has sent a written complaint to Seema Shakil, Member (IR-Operations) FBR.

In his letter, Bilwani has mentioned that exporters of five leading sectors are required to submit annexure-H form (stock statement) with sales tax return for receiving sales tax refunds into their bank accounts under the FASTER. However, he said that, a number of issues are being faced by the exporters for refunds. According to the letter, the FBR has made partial payments against the sales tax refund claims and exporters are unaware as to why the FBR had withheld the remaining refund amount. This situation has created unrest among member exporters. Exporters want to know why the sales tax refund payment has not been made and some part payment has been deferred/withheld without assigning any reason, he added.

Upon review of the outcome of the refund claims and feedback of our members through their professional teams, it has been observed that rejection of the refund claim is largely attributed to the objection of "Risky" and "No amount is admissible for refund," Bilwani said and added that these objections by and large are issuing to refund claimants having a substantial amount of carried forward in their sales tax return and Risk Management System (RMS) particularly in Jun 2019 but not appearing in Refund Pay Orders (RPOs) of the Jun 2019.

In the past, electronically rejected claims were processed by local Regional Tax Offices and subsequently RPOs were generated with a lapse of considerable time by processing officer. The carry forward amount in those RPOs are though appearing in RMS but due to skip of sequence the same were not incorporated in subsequent months' electronic claims and therefore the carry forward amount in electronically issued RPO of June 2019 is not tallied with sales tax return or carried forward amount available in RMS, he maintained.

PHMA has requested for the necessary instructions for incorporating verified carried forward amount appearing in RMS into FASTER and reprocess such refund claims which were rejected due to this technical constraint.

In addition, objections namely "Risky" and "No amount is admissible for refund" are not understandable, since all the purchases are made from registered suppliers & exporters for export purposes. It also needs a review.

In some cases, one month claim is approved by the FASTER and the very next month claim is rejected by the FASTER without giving any reason. Therefore, FASTER should be equipped to define the reason of rejection. “Risky” and “No amount is admissible for refund.

It has also been observed that the FASTER system runs once a month due to which large numbers of claims are rejected. It is proposed that FASTER system should run preferably once a week to avoid rejection of large number of claims, Bilwani said.

He said that the time limit of 120 days for filing of Annex ‘H’ also needs to be extended. “It is proposed to extend time limit for at least another 60 days for submission of Annex ‘H’ for July, 2019 and August, 2019, so that genuine amount of refund claims due to this shift of regime and technical problems should not be lapsed,” he said.