

Our Correspondent

FBR asks retailers to connect with invoicing system till Dec 1

KARACHI: The Federal Board of Revenue (FBR) on Thursday asked the big retailers to ensure installation of its point-of-sale invoicing app into their systems by December 1 to report turnover with the tax authority on real-time basis.

The FBR, in a statutory regulatory order (SRO), made it mandatory for tier-1 retailers to provide real-time reporting of their sales to the tax authority from December 1, 2019. The revenue body issued the SRO (1203(I)/2019) to amend Sales Tax Rules 2006 in order to make integration of sales app mandatory for the retailers to facilitate tax payment.

“Commencing from December 1, 2019, all tier-1 retailers shall integrate their retail outlets with the FBR’s computerised system for real-time reporting of sale,” the FBR said in the statement.

The FBR defines tier-1 retailers as those who operate as a unit of a national or international chain of stores, in an air-conditioned shopping mall, plaza or centre, excluding kiosks, whose cumulative electricity bill during the immediately preceding year exceeds Rs600,000, and a wholesaler-cum-retailer engaged in bulk import and supply of consumer goods on wholesale basis to the retailers as well as on retail basis to the general body of the consumers. A shop measuring 1,000 square feet in area or more also falls into the tier-1 category.

FBR previously said retailers don’t need to purchase any new machine to get linked with this system. “They can get linked by simply downloading an application in their existing machines,” the revenue body said in an advertisement on POS invoicing system.

FBR said a barcode or quick response code automatically gets printed on the invoice generated through a sale by the retailer.

“The system helps retailers in automatic preparation of sales tax returns and thereby reducing their expenditure,” it added. “Adopting the POS invoicing system will end periodic inspections by FBR officials.”

The FBR further said the system has already been running for over a year in around 4,000 outlets of 70 famous top textile and leather brands.

The revenue body said sales of finished fabric and locally manufactured finished articles of textile and textile made-ups and leather and artificial leathers would be entitled to concessionary sales tax of 14 percent if sales are made through outlets with POS app.

The FBR, however, warned that the suppliers would not be entitled to claim input adjustment and eligible for reduced sales tax rate if they are found to have tampered with the system.

The FBR said it would initiate legal proceedings against such actions in addition to impose penalty. It also said reporting from social media portals would also be treated equal to POS reporting and be eligible for concessionary tax.