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**FTO tells FBR to pay refund claims in 72 hours**

ISAMABAD: The Federal Tax Ombudsman (FTO) has directed the Federal Board of Revenue (FBR) that it must take all needful steps and measures to ensure that refund claims of exporters are processed and paid in 72 hours of submission of claim under the FASTER refund system.

The directions have been given by the FTO to the FBR after a recent meeting held at the FTO Regional Office in Karachi regarding various problems faced by the textile sector industries including the Pakistan Apparel Forum.

According to the FBR's response submitted to the FTO, the system is fully automated now.

The sales tax return for July-19 was due in August-19 and hardly few Annex-H (stock statement) were filed in Sept-19 relating to claims for July-19.

Due to understanding issues, a number of Annex-H were not correctly filed resulting in rejections.

Though there were some operational issues in FASTER initially, these were primarily dominated by wrong filing of returns and Annex-H.

During Dec-19, the FBR upgraded the module almost eight times to address the problems in filing of Annex-H.

The FBR is currently working on five other aspects to further reduce filing of Annex-H issues and sync the system with dynamic needs of the industry.

The issue of value addition has been addressed and proposal is sought from association relating few such claims where the claims are below the risk management system (RMS) benchmark.

The association may suggest improvements, if any, which do not affect the RMS benchmark.

These few cases of value addition are even otherwise detrimental to the related export sector being far below the industrial practice.

The FBR said that the tax authorities have enabled the previous CF (carry forward).

The issue however lingers with cases where the data was not correctly fed and partial amounts were sanctioned.

In a few cases realizing their feeding errors, the claimants have requested for roll back of returns and Annex-H or Annex-H, and have deposited back the wrongly claimed sales tax refund.

Deferred claims where partial amounts have been sanctioned are being examined.

In certain cases where the data was substantially misfed, claims as well as returns might need to roll back and the FBR is ready to accommodate such cases referred by the association.

The FBR is also examining the option to upgrade module to transfer balance amount in subsequent month refund claims. However, this is likely to take over a month and issues will persist where the returns have also been wrongly filed and data in Annex-H does not tally with the actual business transactions.

For such cases the way forward is only necessary correction in the declarations.

The FTO directed the FBR that the association will examine cases of deferred amounts where the claimants have either filed wrong declarations in ST&FE monthly returns and Annex-H, and recommend cases for roll back.

On the demand of the association, the FBR will take necessary action on the recommendation of the association without requiring the claimants to visit concerned RTO.

The FBR will also work on the upgraded module to accommodate claimants where deferred amounts can be processed without roll back.

The FBR further informed the FTO that the system indicates the submission date on the Annex-H as is done in the case of ST&FE Return.

The system is fully automated.

Issues arose when claimants did not file their correct declarations and tried to work back consumption.

Similarly, despite repeated communications claims were not filed in sequence. As an administrative measure, the FBR had to process claims in sequence by holding back subsequent processing.

The same strategy was duly communicated to the claimants through the FBR website.

Claims are now being processed as and when received, within 72 hours provided they are in sequence.

Module is to be upgraded to accommodate BCA data for commercial exporters and other minor issues, this may require holding back processing at times.

The FTO decided that the FBR would furnish report once, they update all the modules.

The FBR informed the FTO that presently refund was being processed on the basis of Annex-H, which is part of ST&FE return.

Once refund is submitted, the system auto locks the return and the Annex-H, and return cannot be auto revised.

Focal persons have been appointed in major RTOs/LTUs and for the time being the claimants may approach them.

The FTO advised that approaching focal persons causes delays and claimants may approach the association, and the FBR may take necessary action on the recommendation of the association.

The FBR agrees to allow revision in any number of cases referred by the association.

The FTO decided that the provision for auto revision should be updated in the system as provided under the law, and report be furnished well before the next meeting.

However, in the meantime, upon receipt of the list and recommendations from the association of exporters for revision in sales tax return and Annexure H, those who had not received refunds, the FBR will open the revision option and for those who had received refunds are required to submit deposit slip/CPR for opening of revision option.

The FTO further directed the FBR that the FBR will post at the website information banners on regular basis for information and guidelines in this regard.

The BCA DATA is being sorted and claims of erstwhile zero-rated regime commercial exporters shall be processed through FASTER as soon as possible.

The FBR has imposed a check on value addition with a certain percentage In RMS due to which some exporters claims are now stuck.

The Chairman PAF will consult the textile associations and shall suggest a suitable way forward to appropriately address the matter.

However, this will be done without any change in RMS benchmark.

Measure needs to be taken on electronic payment relating to services and hiccup in allowing input tax paid by the claimant on purchases of ginned cotton be removed.

The FTO further directed the FBR that the refund of partially deferred refund will start processing within next seven to 10 days and on the basis of recommendation of association where claims required roll back.