

No refunds likely to be paid in current fiscal year

LAHORE: Not a single penny of stuck up refund claims is likely to be paid during the current fiscal because of pressure on the Federal Board of Revenue to collect additional Rs 120-150 billion revenue during 2018-19, said sources.

The FBR has been asked to revise revenue target of Rs 4,455 billion to above Rs 4,550 billion which would require a wide-range of tax hikes and news taxes. Already, the FBR has registered a tax collection deficit of around Rs 150 billion till December. Media reports suggest that the government is mulling over restoration of withholding tax on mobile card and balance recharge, besides imposing one percent customs duty on 2,000 import tariff lines, imposition of fixed sales tax on petroleum products and a revision in the income tax slabs.

It may be noted that both the Large Taxpayer Unit and Regional Tax Office authorities had invited a group of industrialists to discuss modalities relating to discharge of stuck up refund claims. It is generally believed that the authorities had invited industrialists after having a nod from the federal finance minister.

But sources within the department have doubts about early release of refunds, saying how the FBR can afford to collect additional tax on the one hand and dole out the same on the other hand in shape of refunds.

When pointed out that both the RTO and LTU authorities have asked to submit their claims for clearance purposes, these sources pointed out that the claims are likely to stuck up at the Central Sales Tax Refund Office (CSTRO) in case the RTO and LTU clears refund claims.

As per the Sales Tax Rules 2006, refund claims are processed by risk management system of FBR IT system within two working days of electronic submission of refund claim in the RCPS format. The system will automatically clear the amount under no objection. Electronic advice will be issued to the CSTRO and the registered person about the refund amount cleared by the RMS for payment. The objections detected by the system will be communicated to the refund claimant and the concerned RTO/LTU for information.

The refund claimant will have up to eight weeks, from the date of aforesaid communication by the system, to get these objections cleared. The system validation checks will be rerun on all claims on every Tuesday and any portion will be cleared on which the objections have been removed (mainly due to receipt of updated information). Each claim will be re-processed seven times after its first process.

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