

Timely payment of ST refunds

STARR objections: FBR to allow overruling

RECORDER REPORT

ISLAMABAD: Through Standard Operating Procedure (SOP), the Federal Board of Revenue has decided to allow overruling of the objections raised by Sales Tax Automated Refund Repository (STARR) e-system to ensure timely payment of sales tax refunds to the registered persons.

Sources told Business Recorder here on Wednesday that the FBR has drafted a SOP for overruling system objections regarding sales tax refund claims. The FBR will issue the SOP through a Sales Tax General Order after incorporating necessary amendments by Chief Commissioners of Large Taxpayer Units and Regional Tax Offices (RTOs).

The SOP has been intelligently drafted in such a manner that sales tax refund would only be issued against required/valid documents, sources added.

According to the SOP, in order

to liquidate the huge pendency of fresh/deferred sales tax refund claims, the standard operating procedure would be issued to avoid any discretion, delay and to ensure that refund is issued only against valid documents. For the objections specified, the necessary action shall be taken by the designated Additional Commissioner Inland Revenue, Enforcement & Collection Division and the same shall be recorded in writing on the note sheet side of the refund file. This standing order would be issued in supersession of all standing orders issued by the Board or any of the field formation.

In order to maintain expeditious processing of refund claims especially where refund claims are stuck up due to objections raised by the system pertaining to incomplete information in the STARR database, the Board vide this standing order allows overruling of the objections subject to the following

conditions:

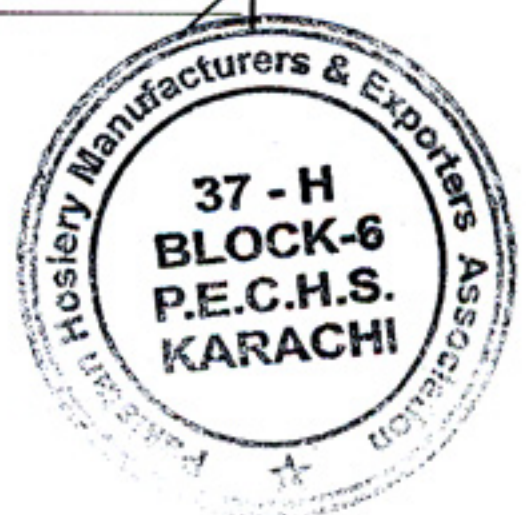
Firstly, the refund is due and admissible.

Secondly, the claimant has submitted all relevant documents on the basis of which refund is claimed.

Thirdly, the reasons for overruling are duly recorded/fed in the system as well as on the note-sheet of the refund file.

Fourthly, no overruling shall be done in the case of blacklisted/suspended suppliers, except if the company was 'Active' at the time of supply and was not suspended/ blacklisted at the time of supply and that payment was made in accordance with the provisions of section 73 of the Sales Tax Act, 1990.

In order to avoid manual verification, the documents under objection may be re-replicated in STARR, after uploading/correction of errors, so that if the data has already been updated, the objection may be resolved automatically, the SOP added.



FBR to issue STGO to streamline ST refund payments

RECORDER REPORT

ISLAMABAD: With a major change in sales tax refund payment system, the Federal Board of Revenue (FBR) has decided to sanction sales tax refund claims relating to invoices of non-suspected/non-blacklisted suppliers in cases where any claimant has used invoices of black listed/suspected suppliers having input tax, which is more than 20 percent of its total claim.

Sources told Business Recorder here on Wednesday that the FBR has decided to issue a Sales Tax General Order (STGO) to streamline the sales tax refund payment system. According to the draft procedure, in case any claimant has used invoices of black listed/suspected suppliers having input tax more than 20 percent of its total claim, the claim pertaining to invoices of non-

suspected/non-blacklisted suppliers shall be sanctioned after audit.

In case any claimant has used invoices of blacklisted/suspended units, overruling of objections would not be permitted. In such cases data correction by the concerned Regional Tax Office (RTO) through STARR system shall be pursued.

The FBR said that in case of any data feeding error by the claimant in soft copy of the refund claim, the same may be audited by the processing officer (where option available) in the system after scrutiny of the relevant record/document provided by the claimant.

The FBR further said that the scrutiny of payment proofs and compliance with section 73 of the Sales Tax Act, 1990 relating to claims falling under five specified zero-rated sectors shall be

done by the concerned Audit Division at post refund stage, except the claims of exceptional nature, where it is necessary to check the compliance of section 73 ibid before sanction of the claim.

The concerned additional commissioner shall overrule the objections raised by the STARR system after the completion of all legal/procedural formalities and scrutiny of record, FBR's procedure maintained.

In each case the processing officer shall send its categorical recommendations to the concerned officer In-charge of the E&C unit and the In-charge E&C shall send it to the Additional Commissioner Enforcement and Collection for approval for over-ruling.

On over-ruling concerned processing officer will clearly mention the remarks of over-ruling in the system, on the note

sheet of the refund file and also send a letter to the concerned RTO for uploading/updating of data, the FBR said.

In case of any exceptional circumstances and genuine hardship cases, the approval for overruling on the basis of other than the specified documents would be allowed by the Commissioner concerned, procedure said.

Any scrutiny/audit in light of the aforesaid Standing Operating Procedure shall be completed within 30 days by the RTO where the claimant is registered as well as by the RTO where the supplier is registered, draft procedure added.

In case of a STARR objection not covered in any of the situations mentioned in the proposed Standing Operating Procedure, the objections on purchase invoices may be over-ruled

on production of copies of purchase/supply registers, sales tax returns, invoice summary of the relevant tax periods (including the supplies/purchases) duly signed and stamped by the supplier as well the claimant along with payment proofs/bank statements (showing payments/receipts through banking channels) as required under section 73 of the Sales Tax Act, 1990, and any other scrutiny to the satisfaction of the Additional Commissioner Enforcement and Collection. Similarly, STARR objections on shipping bills (GD Export), bills of entry (GD Import) not covered under the situations mentioned in the SOP, may be overruled by confirmation/ verification from the concerned customs station, the FBR procedure said.

