

## **(MESSAGE FOR WEB PORTAL OF FBR)**

### **MODIFICATION OF E-FILING AND PROCESSING PROCEDURE FOR ST&FE RETURNS**

In order to facilitate the taxpayers and resolve issues arising out of post-return cross-matching of declarations, the Federal Board of Revenue intends to launch a modified automated system for filing of ST&FE returns. The system requires early submission of sales invoice data (Annex-C) enabling the buyers to claim input against the same. The system shall eliminate the post-return input discrepancies, which presently cause a great hassle for the department and taxpayers. It will also reduce substantially department's contact with the registered persons.

The proposed system shall also lead to the returns being considered a complete refund claim and thus also expedite refund payment process.

All registered persons, representatives of Chamber of Commerce and Industry, Traders/Business Associations, Tax Bar Associations etc. are requested to give their feedback on the proposed system at [crestfbrhq@gmail.com](mailto:crestfbrhq@gmail.com).

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# Self Processing of Sales Tax Return

By  
Automation & Sales Tax Section  
IR-Operations Wing, FBR  
Sales Tax Return

# Current issues

1. Currently automated system verifies credit subsequent to filing
2. Mismatching anomalies due to data feeding errors
3. Delayed detection of discrepancies lead to disappearance and change in status of suppliers (suspended/blacklisted/non-active).
4. show-cause notices, adjudication and litigations complications
5. Time and energy wastage of FBR and Taxpayers.
6. Lack of transparency regarding communication of discrepancies to the registered person.
7. Buyers unaware of supplier's behavior.

# Solution

## Seamless Pre-verification of invoices

- A system for self processing of sales tax declarations
- Which shall ensure
  - Declaration of all transactions.
  - Filing of returns.
  - Payment of due tax at the time of filing of returns.
- Processing by the Taxpayers

# Process Flow

- All RPs will file Sales Annexure (Annex-C) by 10th of the return filing month.
- The data of supplies (Annex-C) shall be immediately available to all respective buyers.
- All RPs (buyers) will prepare purchase Annexure (Annex –A) from the available data of supplies.
- All RPs will file provisional return along with due payment of tax for **self processing** by 15th of return filing month.
- Matched invoices will be frozen-- unmatched will remain open for use.

## -- Process Flow

- The following results of **self processing** will be automatically intimated to the RP (buyer) after submission of provisional return.
  1. Return has been successfully submitted
  - or
  2. Short payment in terms of unverified input tax may be resolved by the RP (buyer)

## -- Process Flow

- Those RPs (buyers) whose input tax remains unmatched, will be provided 03 more days upto 18<sup>th</sup> of return filing month for resolution of such input tax discrepancy by the way of following;
  1. Contact the supplier to file the return  
or
  2. Buyer Make payment of un-matched input tax.



# Built-in checks for self-processing of return

- System will not allow input credits on the invoices of:
  - Null filers
  - Non filers
  - Supplies not shown to the specific buyer
  - Blacklisted, Suspended, Non-Active suppliers
- System will handle payment of withholding of sales tax by the suppliers and the buyers

# Exception Management

- Sales invoices of Provincial Services of submitted returns can be integrated for credit.
- Utility data of Discos having reference No. and sales tax registration No. shall be considered for integration
- Data of AJK Returns shall be obtained for integration
- Manual entry of invoices from un-registered persons in Annex-A of the return shall be allowed as it does not involves input tax credit.

# System Model

# Entry In Sales Annexure (Annex –C of the Return)

Government of Pakistan



**Submit**

Annex-C (Domestic Sales Invoices)

NTN : 1000763-6										Name : ROYAL PACKAGES (PRIVATE) LIMITED										Tax Period: Oct, 2015			
Sr.	Particulars of Buyer			Buyer Type	Sale Originatio n Province of Supplier	Document				Sale Type	Rate	Description	Quantity	UOM	Value of Sales excludin g Sales Tax	Sales Tax/ FED in ST Mode	ST Extra Tax	ST Withheld at source	Further Tax	Total_V alueofS ales	Exemption, Zero & Reduce Rated Reference		Select All ✓
	NTN	CNIC	Name			Typ*	Number	Date	*HS Code (optional)												SRO No. / Schedule No.	Item S. N.	
1	0157332-2	35202-3103925-1	NORSON CHEMICAL INDUSTRIES	Reg	SINDH	SI	220	01/10/2015		Goods at standard rate (default)	17%	39-b-Plastics Packaging Materials Incl Boxes, Bags, Bottles	0	--	160,000	27,200	0	0	0	0			
2	3698205-9		KARSS PAINT INDUSTRIES (PVT) LTD	Reg	SINDH	SI	221	01/10/2015		Goods at standard rate (default)	17%	39-b-Plastics Packaging Materials Incl Boxes, Bags, Bottles	0	--	305,130	51,872	0	0	0	0			✓
3	3698205-9		KARSS PAINT INDUSTRIES (PVT) LTD	Reg	SINDH	SI	226	03/10/2015		Goods at standard rate (default)	17%	39-b-Plastics Packaging Materials Incl Boxes, Bags, Bottles	0	--	435,471	74,030	0	0	0	0			✓

# Availability of data of purchase invoices

Government of Pakistan

(Domestic Purchase Invoices)



**Upload**

NTN : 3698205-9

Name : KARSS PAINT INDUSTRIES (PVT.) LIMITED

Tax Period: Oct, 2015

Sr.	Particulars of Supplier					Document				Purchase Type	Rate	Description	QTY/ Unit	UOM	Value	Sales Tax/ FED in ST Mode	Input Credit not allowed	Extra Tax	ST Withheld	FED Charged	Select All
	NTN	CNIC	Name	Province	Type	Type	No.	Date	*HS Code (optional)												✓
1	1000763-6		ROYAL PACKAGES (PRIVATE) LIMITED	PUNJAB	Reg	PI	221	01/10/2015		Goods at standard rate (default)	17%	39-b-Plastics Packaging Materials Incl Boxes, Bags, Bottles	0	--	305,129	51,872	0	0	0	0.0000	✓
2	1000763-6		ROYAL PACKAGES (PRIVATE) LIMITED	PUNJAB	Reg	PI	226	03/10/2015		Goods at standard rate (default)	17%	39-b-Plastics Packaging Materials Incl Boxes, Bags, Bottles	0	--	435,471	74,030	0	0	0	0.0000	

## Uploading In Purchase Annexure (Annex –A of the Return)

Government of Pakistan



N<sup>o</sup> - M-54843804

Annex-A (Domestic Purchase Invoices)

NTN : 3698205-9						Name : KARSS PAINT INDUSTRIES (PVT.) LIMITED						Tax Period: Oct, 2015								
Sr.	Particulars of Supplier					Document				Purchase Type	Rate	Description	QTY/ Unit	UOM	Value	Sales Tax/ FED in ST Mode	Input Credit not allowed	Extra Tax	ST Withheld	FED Charged
	NTN	CNIC	Name	Province	Type	Type	No.	Date	*HS Code (optional)											
1	1000763-6		ROYAL PACKAGES (PRIVATE) LIMITED	PUNJAB	Reg	PI	221	01/10/2015		Goods at standard rate (default)	17%	39-b-Plastics Packaging Materials Incl Boxes, Bags, Bottles	0	--	305,129	51,872	0	0	0	0.0000
Purchases made from registered persons													0		305,129	51,872	0	0	0	0
Purchases made from un-registered persons													0		0	0	0	0	0	0



STRSOM-102015-54843804

PAYABLE	32. Sales Tax Payable [if 17 > 25 then (17 - 25); otherwise zero] + [13c + 14b + 18 + 19 + 20 + 21 + 22 + 23+23a+23b]	<input type="text" value="0"/>
	33. Federal Excise Duty (FED) Payable (Incl. FED @ Rs.1KG on Locally Produced Oil, from Annex-A)	<a href="#">Annex-E &amp; A</a> <input type="text" value="0"/>
	34. Petroleum Levy (PL) Payable	<input type="text" value="0"/>
	35. Total amount to be paid = (32 + 33 + 34)	<input type="text" value="0"/>
	36. Tax paid on normal/previous return (applicable in case of amended return)	<input type="text" value="0"/>
	37. Balance Tax Payable/ (Refundable) (35 - 36)	<input type="text" value="0"/>
38. Select bank account for receipt of refund	<input type="text" value="Select"/>	

HEAD WISE PAYABLE	Head of Account	Amount
	B02341 - Sales Tax on Goods	<input type="text" value="0"/>
	B02366 - Sales Tax on Services	<input type="text"/>
	B02367 - FED in VAT Mode	<input type="text"/>
	B02485 - FED Excluding Natural Gas	<input type="text" value="0"/>
	B02501 - FED on Natural Gas	<input type="text" value="0"/>
	C03901 - Petroleum Levy	<input type="text" value="0"/>
	Total Amount Payable	<input type="text" value="0"/>

PAID AMOUNTS	Province Wise Breakup of Sales Tax/FED in ST Mode on Services (Annex-P)	
	Province/Area	Amount
	BXXXXX - Baluchistan	<input type="text" value="0"/>
	B02386 - Khyber Pakhtunkhwa	<input type="text" value="0"/>
	B02382 - Punjab	<input type="text" value="0"/>
	B02384 - Sindh	<input type="text" value="0"/>
	BXXXXX - Capital Territory & Others	<input type="text" value="0"/>
	Total	<input type="text" value="0"/>

Total Amount Paid (in figures) 0 in words No Rupees And No Paisas Only

CPR Nos.

Print Acknowledgement	Feed CPR	e-Payment	Print Challan	Null Return	Delete	Save	Un Verify		Forward to Officer for Approval	Print
Request for Revision			Print with Annexes		Process & Submit					

# Cross Matching Report

Tax Period: 201407										Buyer's NTN: 0000215		Registered Person: M/S GADOON TEXTILE MILLS LTD.,		View Discrepancies		View All	
Annexure - A										Sort by Discrepancy		Order by DESC					
Sr No	Seller NTN	Seller CNIC	Seller Name				Invoice No	Invoice Date	Purchase Value	ST/FED In ST Mode	Result						
1	2982543	3520281293987	SAEED RACO				321	23-JUL-14	7,000	1,190	Nonfiler						
2	0710672		ICI PAKISTAN LIMITED				90149757	11-JUL-14	4,700,400	94,008	Non Active						



# Re-Processing with additional payment

PAYABLE	32. Sales Tax Payable [If 17 > 25 then (17 - 25); otherwise zero] + [13c + 14b + 18 + 19 + 20 + 21 + 22 + 23+23a+23b]	<input type="text" value="0"/>
	33. Federal Excise Duty (FED) Payable (Incl. FED @ Rs.1KG on Locally Produced Oil, from Annex-A)	<input type="text" value="0"/> <a href="#">Annex-E &amp; A</a>
	34. Petroleum Levy (PL) Payable	<input type="text" value="0"/>
	35. Total amount to be paid = (32 + 33 + 34)	<input type="text" value="0"/>
	36. Tax paid on normal/previous return (applicable in case of amended return)	<input type="text" value="0"/>
	37. Balance Tax Payable/ (Refundable) (35 - 36)	<input type="text" value="0"/>
	38. Select bank account for receipt of refund	<input type="text" value="Select"/>
	HEAD WISE PAYABLE	Head of Account
B02341 - Sales Tax on Goods		<input type="text" value="0"/>
B02366 - Sales Tax on Services		<input type="text"/>
B02367 - FED in VAT Mode		<input type="text"/>
B02485 - FED Excluding Natural Gas		<input type="text" value="0"/>
B02501 - FED on Natural Gas		<input type="text" value="0"/>
C03901 - Petroleum Levy		<input type="text" value="0"/>
Total Amount Payable		<input type="text" value="0"/>
PAID AMOUNTS	Province Wise Breakup of Sales Tax/FED in ST Mode on Services (Annex-P)	
	Province/Area	Amount
	BXXXXX - Baluchistan	<input type="text" value="0"/>
	B02386 - Khyber Pakhtunkhwa	<input type="text" value="0"/>
	B02382 - Punjab	<input type="text" value="0"/>
	B02384 - Sindh	<input type="text" value="0"/>
	BXXXXX - Capital Territory & Others	<input type="text" value="0"/>
	Total	<input type="text" value="0"/>
Total Amount Paid (In figures)		0
In words		No Rupees And No Paises Only
CPR Nos.		
<input type="button" value="Print Acknowledgement"/> <input type="button" value="Feed CPR"/> <input type="button" value="e-Payment"/> <input type="button" value="Print Challan"/> <input type="button" value="Null Return"/> <input type="button" value="Delete"/> <input type="button" value="Save"/> <input type="button" value="Un Verify"/> <input type="button" value="Forward to Officer"/> <input type="button" value="e-Payment/Self Processing"/>		
<input type="button" value="Request for Revision"/> <input type="button" value="Print with Annexes"/> <input type="button" value="Process &amp; Submit"/>		

# Advantages on RP side

- Authority to process return in the hands of RP itself.
- Minimized role of Department for compliance.
- Transparency in processing of return.
- Facility of re-use of data as the RPs will not be required to prepare data for Annex-A of the return.
- Annex-A, STARR, ERS data integration.
- RP can instantly see the relevant profile of his supplier

# Deployment Strategy

- System can be rolled out for load testing from July 2016
- If approved, system shall be functional from July, 2016 Paid August, 2016 ST Returns.

# THANKS