

Ref : KTBA/01.2022/282

Date : January 17, 2022

Dr. Muhammad Ashfaq Ahmed,
Hon'ble Chairman,
Federal Board of Revenue,
Islamabad.

Sub: **SINGLE SALES TAX RETURN, ITS LEGALITY AND ISSUES**

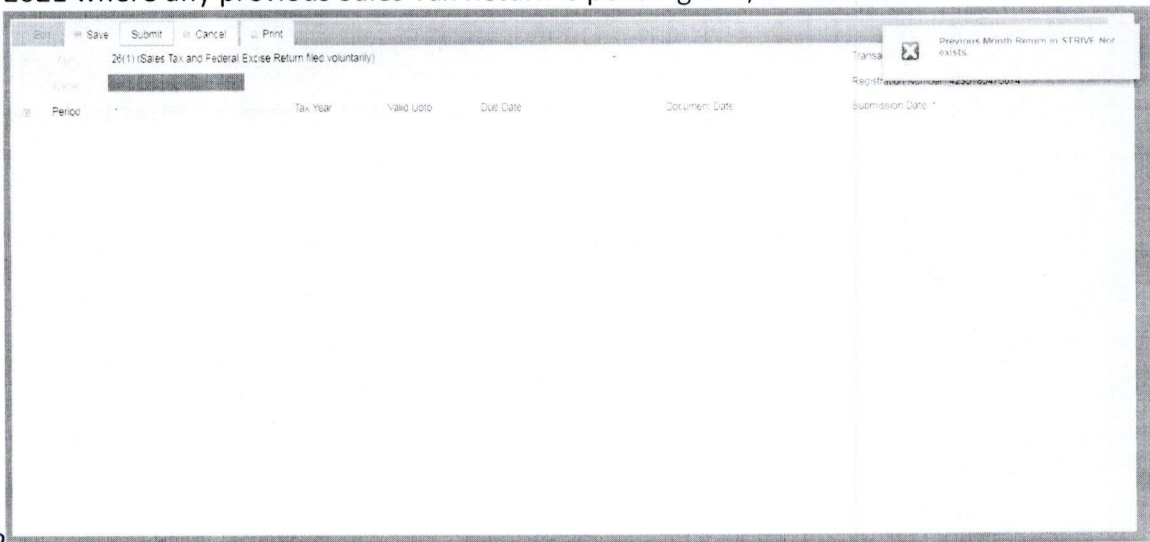
Dear Dr. Muhammad Ashfaq Ahmed Sir,

As a part of automation in tax services vis-à-vis to ensure facilitation/ease of doing business to the taxpayers, the Federal Board of Revenue (FBR) has launched SINGLE SALES TAX RETURN (for goods and services) on IRIS Portal per Office Memo dated December 24, 2021 and has made it operational from the Tax Period December 2021 and onwards. While we at Karachi Tax Bar Association (KTBA) earnestly acknowledge and appreciate the FBR's efforts on the subject, it is however, equally important to follow the legal norms and comprehend and resolve the practical intricacies in the episode passionately.

Allow me to recall that the procedure to prescribe and file monthly Sales Tax Return under the Sales Tax Act, 1990 (Act), are sourced via Rule 14 and SRO 555(I)/2006 dated June 05, 2006 which has been amended from time to time; where a monthly Sales Tax Return (for goods) under Form STR-7 is prescribed and is intact as of today. Seemingly, the Single Sales Tax Return (for goods and services) as launched on the strength of Office Memo dated December 24, 2021 without amending SRO dated June 05, 2006, we believe, is in direct conflict with Rule 14 and we, therefore, expect that the FBR will cater to this aspect religiously at the earliest.

Going forward and without prejudice to above legal conundrum, we list below a few anomalies/glitches the in Single Sales Tax Return uploaded on IRIS Portal which are acute and otherwise are seen as impediments in filing the correct return:

1. **December Tax Period Return Not Opening in IRIS in case of any Pending Return:** At present, the IRIS Portal is not opening Single Sales Tax Return (SSTR) for the Tax Period of December 2021 where any previous Sales Tax Return is pending and/or not filed.



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2. **December Tax Period Return Not Opening in IRIS in case of "QUARTERLY RETURN"**: At present, the IRIS Portal is not opening SSTTR for the tax period of December 2021 where previously Quarterly Sales Tax Returns are filed.

Home Administration Registration Declaration Requests e-Payments e-Folder CREST ADD IBAN [Click Here to Add Data](#) Logout

2406757-6 - IND (RTO-I KARACHI)

Print this Page

Sales Tax & Federal Excise Return (2021-22)

Current No: Q-114555556 Submitted

Tax Period: **Quarterly** (2021-22)

NTN: **2406757-6** Name: **IND (RTO-I KARACHI)** Tax Period: **Sep 2021** Normal: **4** Revised: **07/12/2021**

CNIC in case of Individual: **COV/ADP/IND** Business Nature: **BUSINESS INDV** Tax Office: **RTO-I KARACHI** Revised No: **Assessed No:**

Description	Gross Value	Taxable Value	Sales Tax
1. Domestic Purchases from Registered Persons (excluding fixed assets) Annex A & J	4,340,803	4,340,803	740,485
2. Domestic Purchases from Un-registered Persons Annex A & J	0	0	0
3. Imports excluding fixed assets (includes value addition tax on commercial imports) Annex A & J	0	0	0
4. Capital Goods / Fixed Assets (Domestic Purchases & Imports) Annex A & J	0	0	0
5. Input for the month = (1 + 2 + 3 + 4)			740,485
6. Credit brought forward from previous tax period			0
7. Inadmissible input tax in terms of section 8(1)(m) for failure to provide NIC / NTN of unregistered buyer			0
8. Non creditable inputs (relating to exempt, non-taxed supplies of goods or services etc.)			740,485

Print Sales Tax Return

Thursday, January 13, 2022

3. **Input Tax of Previous Tax Period(s) is not available**: Currently, unclaimed input tax of goods and/or services is not available in the SSTTR, which is against the provisions of law.
4. **Input Tax of Previous Tax Period(s) is not available**: Currently, where for any reason Sales Tax Returns for the Tax Period of November 2021 or earlier tax periods are not filed on timely basis on eFBR; input tax of previous months are not appearing in the SSTTR. Though as per proviso to section 7(1) read with rule 14(3) input tax for previous six periods is available for adjustment which is creating problems in working current tax period liability.
5. **No Option Available to enter data of Non-Residents**: Under ICT, where a registered person is providing services to Non-resident Person (NRP), there is no option to enter NRP's credentials as IRIS Portal only accepts NTN and/or CNIC.
6. **Row 6a - (Inadmissible input tax in terms of section 8(1)(m) for failure to provide NIC / NTN of unregistered buyer)**: At present, in some of the cases, under Row 6a of SSTTR, portion of input tax is being disallowed by default. However, there is no default of section 8(1)(m) of the Act (for failure to provide CNIC/NTN). This needs urgent and immediate resolution.

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Code	Description	Gross Value	Taxable Value	Sales Tax	Action
100301	24 - Whether exclude from Section 8B (1), under SRO 647(II)/2007				+
100302	25 - Admissible Credit			0	
100303	26 - Excess Unadjusted Credit [if 24 = Yes and 25 > 26 then (26 - 25)]			160,650	
100304	27 - Credit Carried forward on account of Value Addition Tax (Annex-F)			0	
100305	28 - Unadjusted Credit Available for the purpose of refund = (26 - 27)			160,650	
100306	29 - Refund Claimed (Provide Stock Statement as Annex-H now, or file it later as per rules)				
100309	30 - Credit to be carried forward [if 28 > 29, then [(28 - 29) * 27], otherwise 27]			0	
100310	31 - Federal Excise Duty (FED) Drawback Annex-E			0	
100401	32 - Sales Tax Payable [if 17 > 25 then (17 - 25); otherwise zero] + [(12 + 14b + 18 + 19 + 20 + 21 + 22 + 23 + 23a + 23b)]			0	
100406	33 - Federal Excise Duty (FED) Payable (Annex-G-E)			0	
100403	34 - Petroleum Levy (PL) Payable			0	
100404	35 - Total amount to be paid = (32 + 33 + 34)			0	
100402	35a - POS Service Fee at the rate of Re. 1 per charged vide Notification of SRO No. 10 to be deposited in IRS Common Fund (Account No. PK76ABFPA010002165590013)				

9. **Row 25 (Admissible Credit):** At present SSTR is not calculating admissible credit correctly.

Code	Description	Gross Value	Taxable Value	Sales Tax	Action
100301	24 - Whether exclude from Section 8B (1), under SRO 647(II)/2007				+
100302	25 - Admissible Credit			907,367.6	
100303	26 - Excess Unadjusted Credit [if 24 = Yes and 25 > 26 then (26 - 25); otherwise zero; if 24 = No then (8 - 25)]			4,443,962.55	
100304	27 - Credit Carried forward on account of Value Addition Tax (Annex-F)			0	
100305	28 - Unadjusted Credit Available for the purpose of refund = (26 - 27)			4,999,217.55	
100306	29 - Refund Claimed (Provide Stock Statement as Annex-H now, or file it later as per rules)				
100309	30 - Credit to be carried forward [if 28 > 29, then [(28 - 29) * 27], otherwise 27]			-555,555	
100310	31 - Federal Excise Duty (FED) Drawback Annex-E			0	
100401	32 - Sales Tax Payable [if 17 > 25 then (17 - 25); otherwise zero] + [(12 + 14b + 18 + 19 + 20 + 21 + 22 + 23 + 23a + 23b)]			1,743,277	
100406	33 - Federal Excise Duty (FED) Payable (Annex-G-E)			0	
100403	34 - Petroleum Levy (PL) Payable			0	
100404	35 - Total amount to be paid = (32 + 33 + 34)			1,743,277	
100402	35a - POS Service Fee at the rate of Re. 1 per charged vide Notification of SRO No. 10 to be deposited in IRS Common Fund (Account No. PK76ABFPA010002165590013)				
100405	36 - Tax paid on normal/previous return (applicable in case of revised return)				
100406	37 - Balance Tax Payable (Refundable) = (35 - 36)			1,743,277	
100407	38 - Select bank account for receipt of refund				

10. **NULL:** Presently, the registered persons are unable to file NULL Return filing and further in some cases where NULL Return is filed, there is no option for print.

11. **Annexure "A" (Purchases):** As the registered persons are unable to submit Annexure "C" due to various issues mentioned below, consequently, the registered persons at present unable to proceed further to file their SSTR.

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12. **Annexure "B" (Imports):** Minimum Value Addition Tax (MVAT) @ 3% paid as per section 7A(2) read with 12th Schedule is not computing and/or reflecting in the SSTR credit side due to which tax liability and/or carried forward amount is not computed correctly. Secondly, input tax already claimed against import GDs during the previous tax period is again showing as "available" for claim.

Due Date		20-Jan-2022		Document Date		Transaction Date		12-Jan-2022	
						Registration Number		[REDACTED]	
						Submission Date			
ment)	Annex-J (Production Data)		Annex-K (Steel Production)		Annex-E (Federal Excise)		Payment	Verification	
GD Number						GD Date		05	
Cash Number						Cash Date		05	
Import CoS Data									
25		(1 of 1)		2 records found					
und In Customs Data)									
He Code	Type	Quantity	Sales Taxable Value of Imports	Sales Tax Paid at Import Stage	Value Addition Tax on Commercial Imports	FED Paid at Import Stage	Cash Number	Cash Date	
		60.000	1,601,910	384.182	67.797	0	906014	06-Sep-2021	
		60.000	1,601,910	384.182	67.797	0	906016	06-Sep-2021	
25		(1 of 1)		2 records found					

S8068BE416DCBCE6841B5D998A							
20-Jan-2022		Document Date			Transaction Date	12-Jan-2022	
					Registration Number		
					Submission Date		
on Data)	Annex-K (Steel Production)	Annex-E (Federal Excise)	Payment	Verification			
				Code		Gross Value	Taxable Value
						Sales Tax	
				100101			
				100102			
				100103		3,203,820	3,203,820
				100104		0	0
				100105			768,364
				100106			191,125
				100109			
				190107			
				100111			
				100112			
				100113			
				100108			351,418

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13. **Annexure "C" (Sales):** Sales made via Point of Sale (POS) is identified as sourced from Islamabad Capital Territory (ICT) and not from province correctly.
14. **Annexure "C" (Sales):** Sales and service made via POS is not being bifurcated into goods and services and the Sales Tax Return is treating both (sales and services) as goods and increasing the tax liability.
15. **Annexure "C" (Sales):** At present, there is no feature to feed quantity of goods in decimal due to which registered persons are not able to submit the Annexure "C".
16. **Annexure "C" (Sales):** Sales Invoice Template (SIT) is still not user friendly in cases of bulk sales and select options for various features such as HS Codes and rates of tax etc. are not available.
17. **Sales Tax Withholding:** There is no Excel Template available for the purposes of Sales Tax Withholding (STWH) in the SSTR. Moreover, while entering data of purchase invoices made from un-registered persons, it has been noted that the system is calculating STWH liability on its own without checking if the registered person is withholding agent or not. Although this tab is editable (though mandatory) but when a registered person who is not a withholding agent edits the tab and removes the pre-calculated amount, the entire record is not saved i.e. the purchase amount and/or quantity etc.

Registration No: [REDACTED]

Domestic Transactions:

Invoice Details:

Seller Registration No / CNIC: [REDACTED] Seller Name: [REDACTED] Seller Taxpayer Type: [REDACTED]

Invoice Type: Purchase Invoice Invoice No: 35 Invoice Date: 15-12-2021

Sale Origin Province of Supplier: SINDH Destination of Supply: SINDH Purchase Type: Goods at standard rate (default)

Item Detail:

HSCodes Description: 39-39-0-Other Articles Of Plas Rate: 17% UOM: KG

Quantity / Electricity Units: 1.000.00 Value of Purchases: 417.000 Sales Tax/FED in ST Mode

Fixed Retail Value: [REDACTED] ST Withheld as WH Agent: 70.890 Extra Tax:

Input Credit not Allowed: 70.890 FED Charged

Buttons: Save Item, Clear, Close

Items List:

Sr No	Action	Status	Remarks	Invoice No	Description	HSCodes Description	Purchase Type	Rate	Quantity	UOM	Value of Purchases	Sales Tax ST Mode
No records found												

(1 of 1) records found

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The screenshot displays the SSTR portal interface. At the top, there's a header with 'Registration No.' and a 'Domestic Transactions' tab. Below this, the 'Invoice Details' section is active, showing fields for Seller Registration No./CNIC, Seller Name, Invoice No. 35, Invoice Date 15-12-2021, Sale Origin Province of Supplier Sindh, Destination of Supply Sindh, and Purchase Type Goods at standard rate/default. A 'Items Detail' table shows HSCode Description 39-39-0-Other Articles Of Plastics, Rate 17%, Quantity / Electricity Units 1,000.00, Fixed Retail Value, and Input Credit not Allowed 70,890. A box highlights 'Value of Purchases 417,600' and 'ST Withheld as WH Agent'. To the right, there's a 'Sales Tax/FED in ST Mode' section with 'Extra Tax' and 'ST Withheld as WH Agent'. At the bottom, there's a 'Records List' table with columns for Sr No, Action, Status, Remarks, Invoice No, Description, HSCode Description, Purchase Type, Rate, Quantity, UOM, Value of Purchases, and Sales Tax/ST Mode. The table shows 'No records found'.

18. **Invoice Management:** As per law, suppliers are not required to mention the CNIC and/or NTN of the end-consumers if the invoice amount is below the threshold of Rs.100,000/-. However, the SSTR at present is rejecting the proportionate input tax of every single amount where CNIC is not required.
19. **Annexure "F":** Closing Stock of Tax Period of November 2021 (in some of the cases of registered persons) is not available as opening stock for the Tax Period December 2021.
20. **Extension of Returns:** Currently, under SSTR, there is no option available with the registered person the SSTR to apply for online request for extension of filing of SSTR.
21. **Revision of Return:** Similarly, at present the SSTR also lacks the option to apply for online request for Revision of SSTR.
22. **PSID/Challan Creation:** Since the SSTR has been shifted from eFBR to IRIS Portal, we at KTBA suggest that an option to create PSID/Challan should also be available at IRIS Portal, which is not only the need of the hour, but it would provide ease to the registered persons.

From the perusal of above, you will observe that at present there is no way that registered persons are able to file their SSTR and the timelines have already passed for submitting Annexure "C" and making payment of Sales Tax.

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We at KTBA strongly feel that SSTTR has been uploaded on IRIS pre-maturely without removing the bugs and without proper testing. Such exercises do not only agitate the taxpayers but they also damage the image of FBR.

Having said above, we trust that the FBR will resolve the above issues at the earliest and in the meantime will allow reasonable time to taxpayers to file SSTTR harmoniously.

On a last note, we may also suggest you to allow filing of Sales Tax Return on eFBR until the issues are resolved, synchronized and anomalies are effectively removed.

Thank you for your consideration and time.

Yours sincerely,



(Muhammad Zeeshan Merchant)

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C.C. to:

- i. **Mr. Afaq Ahmed Qureshi**, Member (Inland Revenue - Policy), FBR, Islamabad.
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- iii. **Dr. Ashfaq Ahmad Tunio**, Member IT (Information Technology), FBR, Islamabad.
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- v. **Mr. Rana Munir Hussain**, President, Pakistan Tax Bar Association.
- vi. **Press and Media.**