KTBA Karachi Tax Bar Association

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**

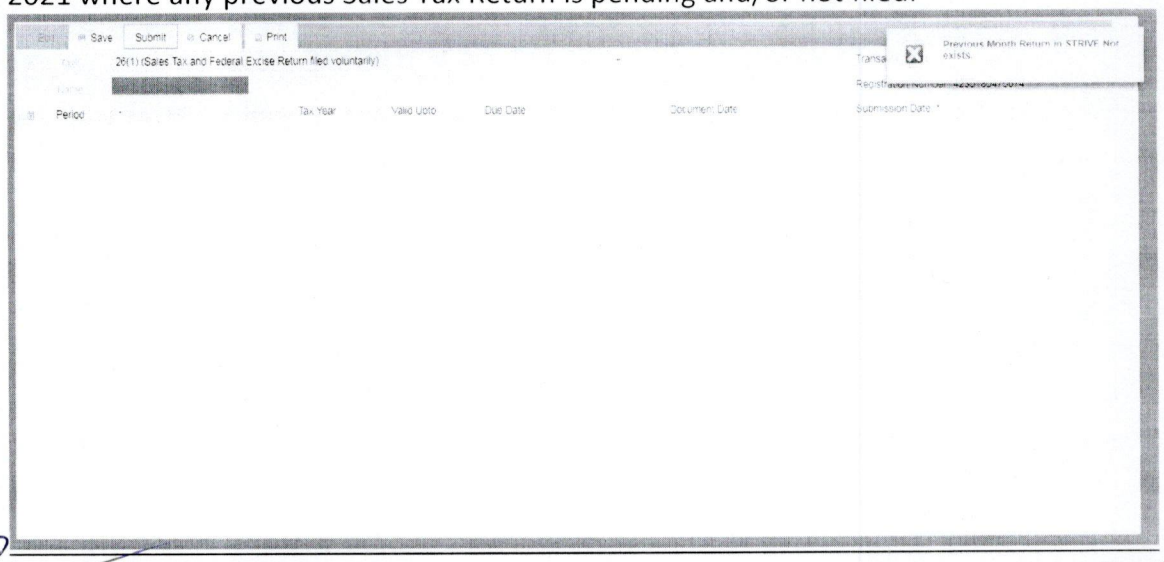
Dear Dr. Muhammad Ashfaq Ahmed Sahib,

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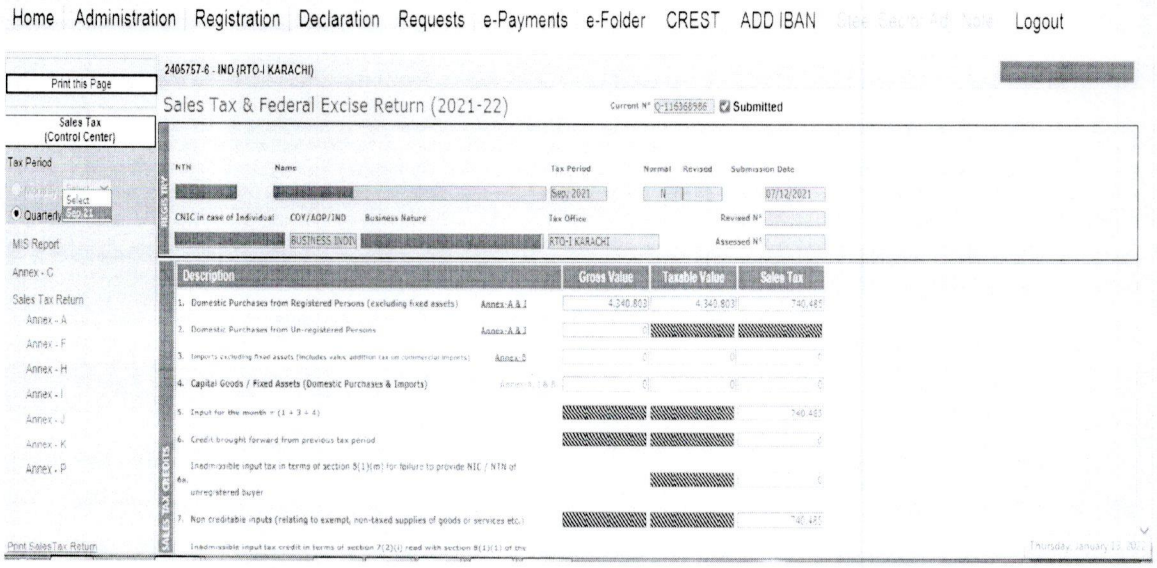
2. **December Tax Period Return Not Opening in IRIS in case of "QUARTERLY RETURN"**: At present, the IRIS Portal is not opening SSTR for the tax period of December 2021 where previously Quarterly Sales Tax Returns are filed.



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 SSTR, 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 SSTR. 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 Avaiable 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 SSTR, 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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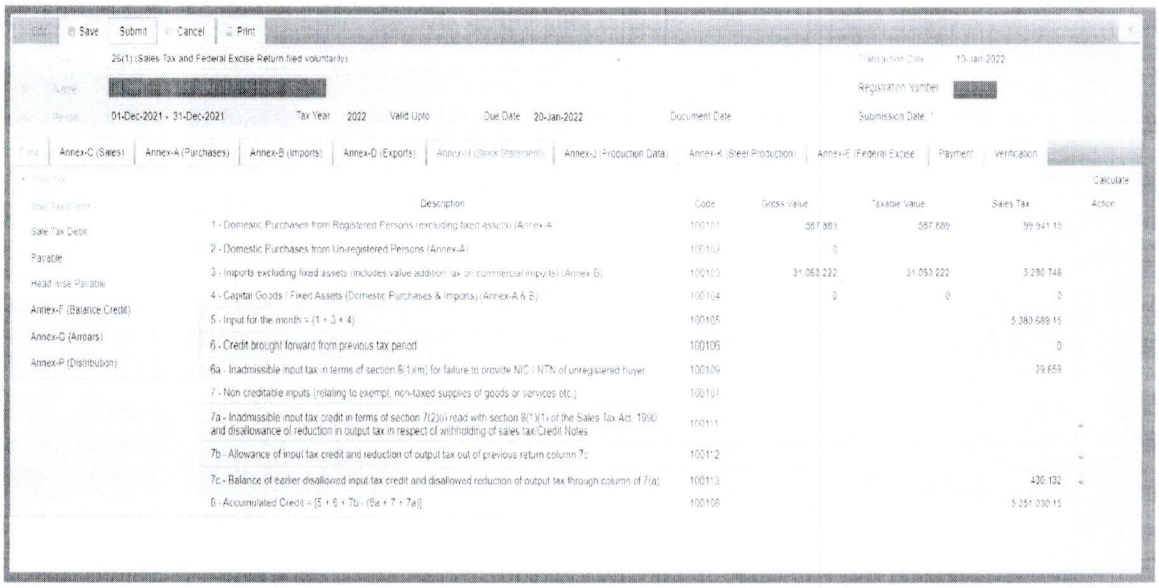
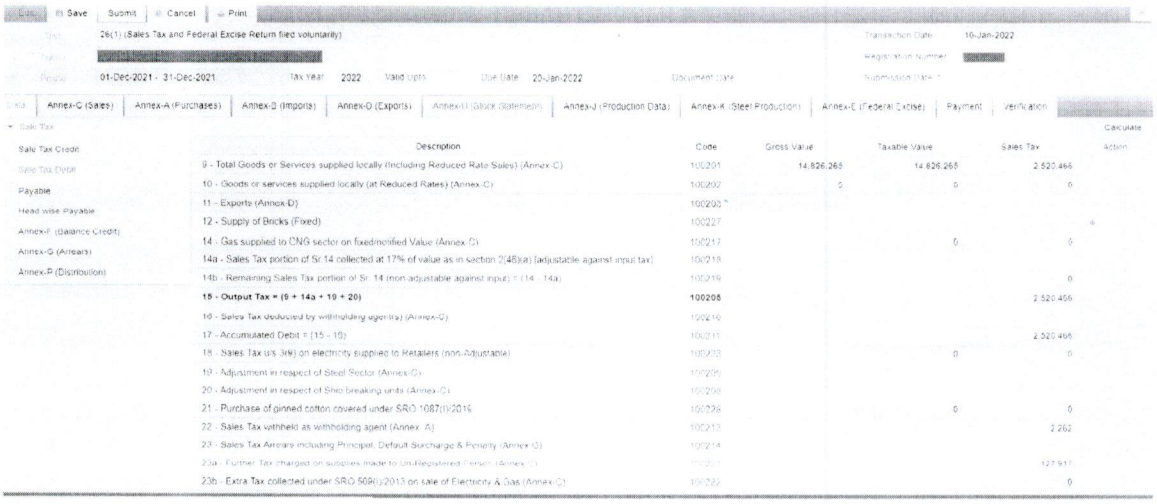


7. **Row 7a, 7b and 7c**: Similarly, Sales Tax data under rows 7a, 7b, and 7c are not correctly appearing at present, which is causing difficulty to the registered persons.



8. **Exclusing U/s. 8b**: Option of exclusion from section 8b of the Act is currently not available to listed companies on IRIS based SSTR.

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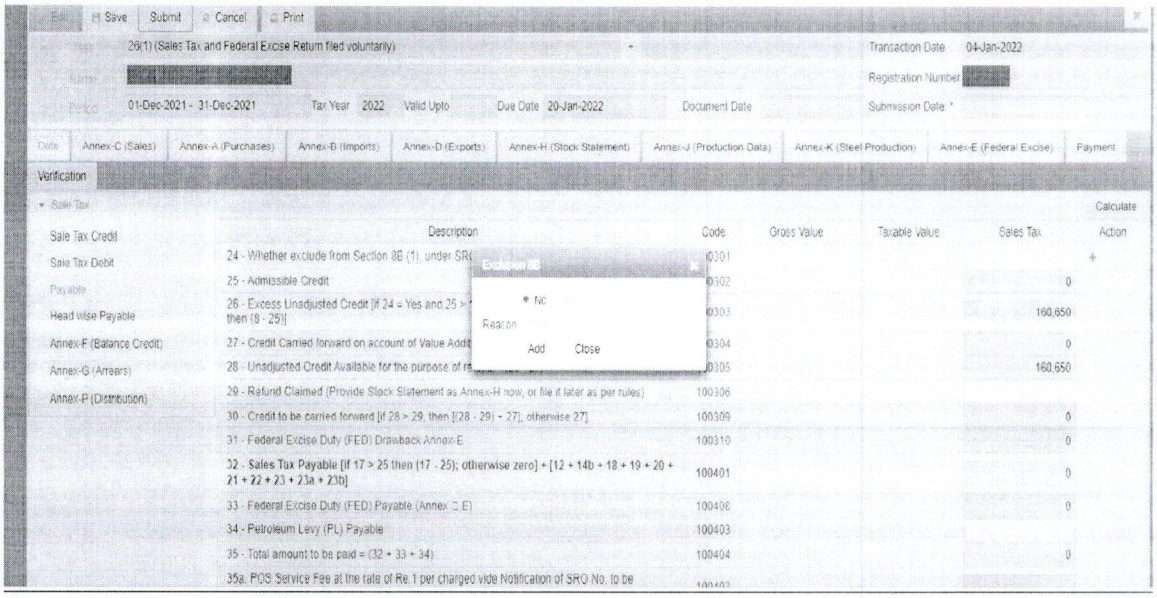
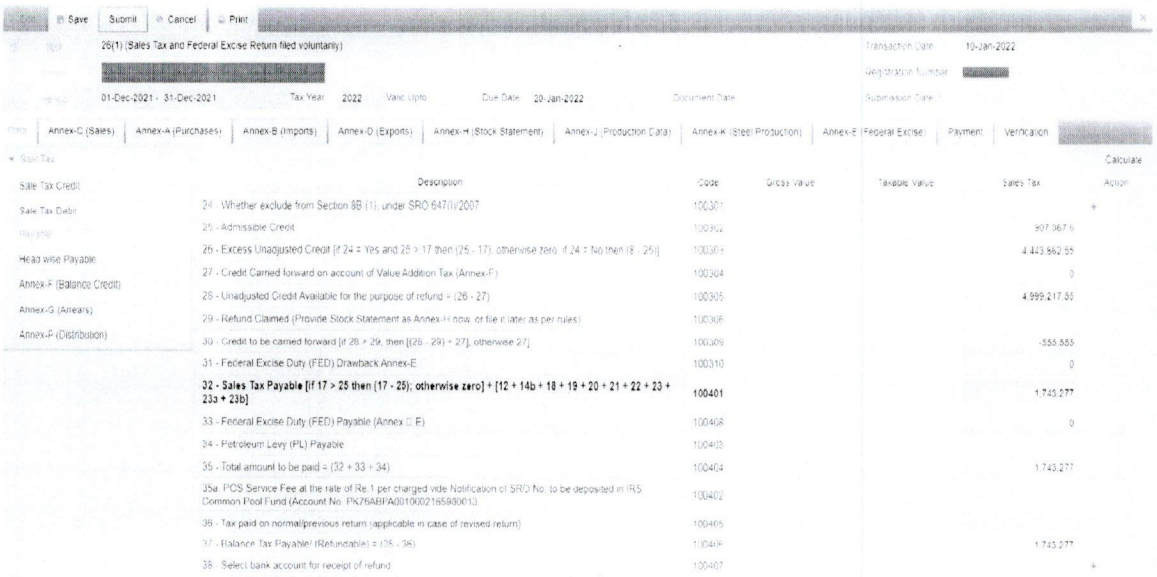


9. **Row 25 (Admissible Credit)**: At present SSTR is not calculating admissible credit correctly.



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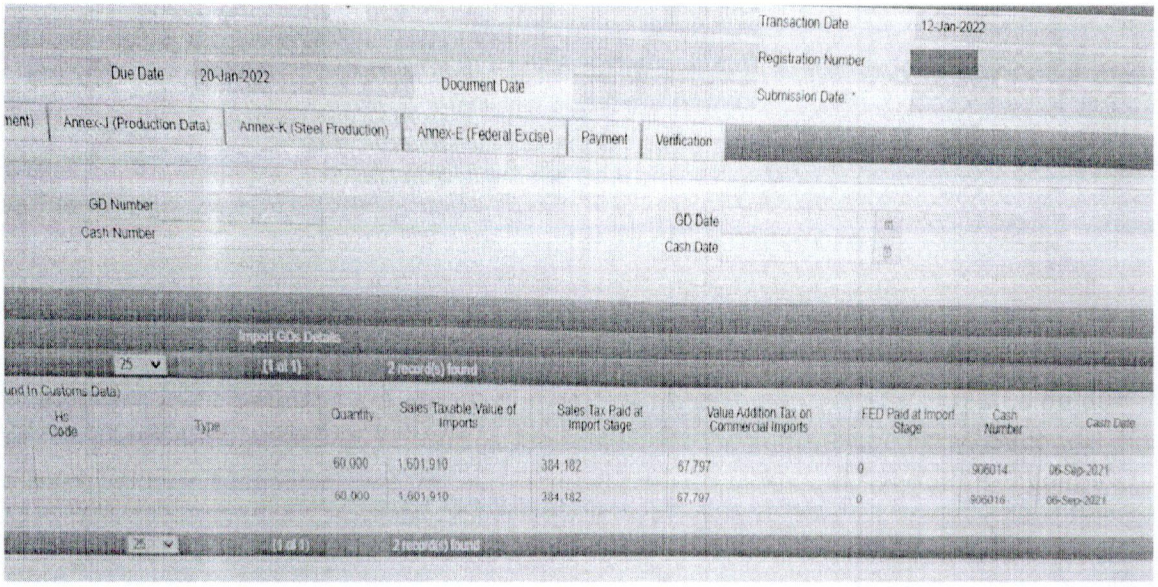
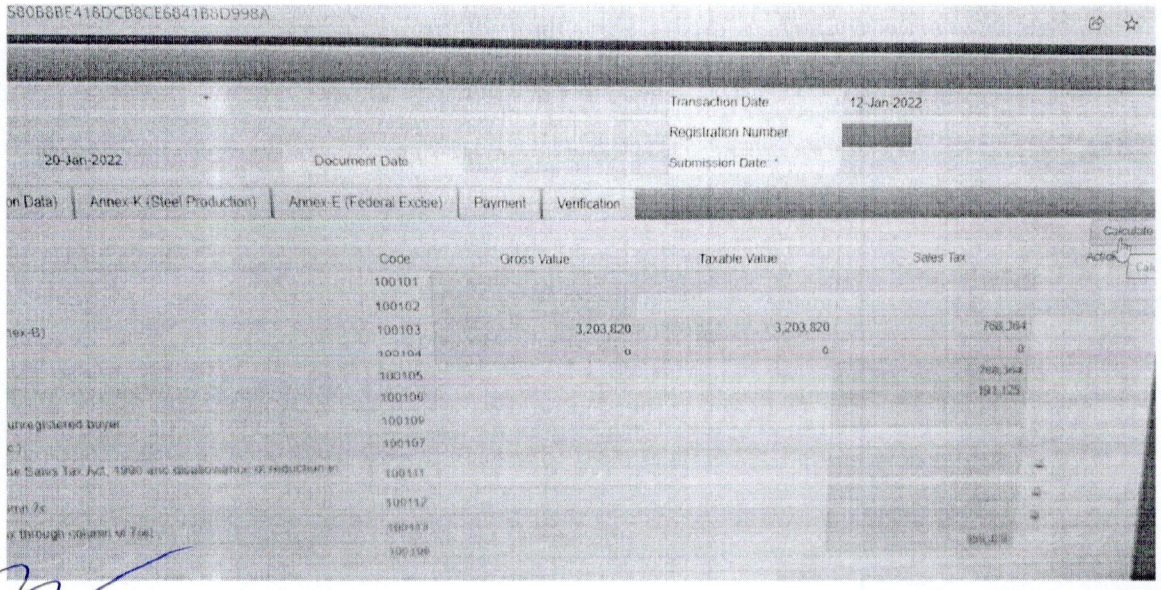
12. **Annexure "B" (Imports)**: Minimum Value Addition Tax (MVAT) @ 3% paid as per section 7A(2) read with 12th Schedule is not computing and/or reflecting in the SSTR credit side due to which tax liability and/or carried forward amount is not computed correctly. Secondly, input tax already claimed against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





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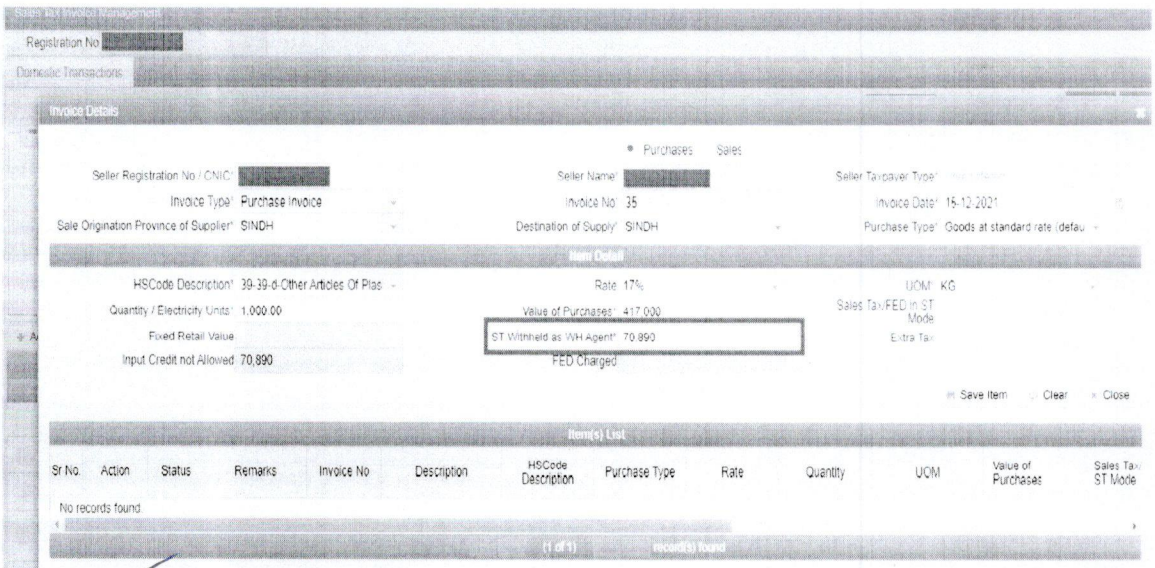
13. **Annexure "C" (Sales)**: Sales made via Point of Sale (POS) is identified as sourced from Islamabad Capital Territory (ICT) and not from province correctly.

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.



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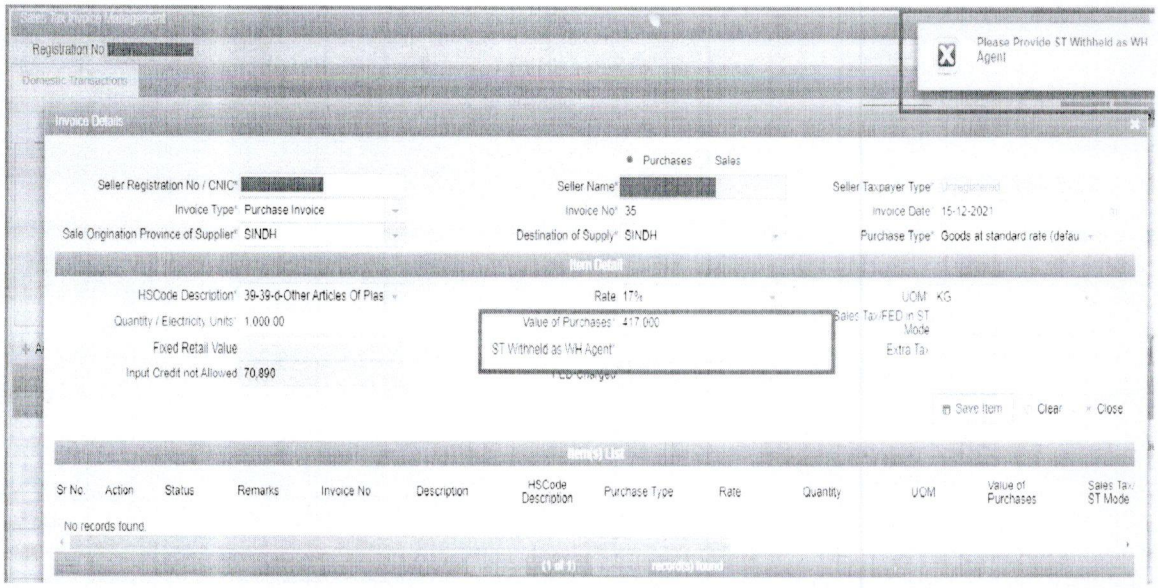

18. **Invoice Management**: As per law, suppliers are not required to mention the CNIC and/or NTN of the end-consumers if the invoice amount is below the threshold of Rs.100,000/-. However, the SSTR at present is rejecting the proportionate input tax of every single amount where CNIC is not required.

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 SSTR 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 SSTR 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,

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iv. **Syed Ghulam Abbas Kazmi,** Member (Legal), FBR, Islamabad.
v. **Mr. Rana Munir Hussain,** President, Pakistan Tax Bar Association.
vi. **Press and Media**.