

Ref : KTBA/04.2022/037

Date : April 26, 2022

Dr. Muhammad Ashfaq Ahmed,
Chairman FBR/Secretary Revenue Division,
Federal Board of Revenue,
Constitution Avenue,
Islamabad.

Applicability of POS service fee and its adjustment in the Sales Tax Return

Dr. Muhammad Ashfaq Ahmed

As you must be aware of the fact that FBR, through its SRO 1279/(I)/2021 dated 30 September 2021, has levied Point of Sale (POS) service fee of one (01) rupee per invoice on all invoices raised through POS integrated with Board's computerized system. It also specified that the above amount collected by the Tier-1 retailers from the customers shall be deposited along with the monthly sales tax returns (STR) in a designated bank account.

2- However, even before such levy was introduced through the above SRO, the Board vide S.R.O.1006(I)/2021 dated 09 August 2021 had already issued a standardized format for issuance of invoices by Tier-1 retailers through POS. The above format provided for separate line/row for collection of the POS service fee.

3- Thereafter, a letter dated Nil with subject "*Operationalization of SRO 1006(1)/2021 dated 9th August 2021*" was issued carrying the following directions:

"2. The POS Service Fee of Rs.1 per invoice shall be collected by T-1Rs from the customers and shall be deposited along with the monthly Sales Tax return which is being amended to include a row for "POS Service Fee". This row shall be auto populated by the system based on the invoices generated and recorded at the Board's computerized system. The POS Service Fee collected each month shall be deposited by the T-1 Retailer in a separate head of Account."

4- Subsequently, the taxpayers were intimated through IRIS of the following designated Bank Account for the purpose of deposit of POS service fee charged by them –

Account Title: IRS Common Pool Fund
Account No: PK76ABPA0010002165980013
Bank Name: Allied Bank Limited
Branch Name and Address: Allied Bank Plaza, Blue Area, Jinnah Avenue Islamabad
Branch Code: 07024



5- Keeping in view the above background, we would like to seek your clarification and attention on the following two queries –

• **Applicability of POS service fee on invoices issued from 01 October 2021**

As explained above, since the above service fee was levied through S.R.O.1279/(I)/2021 dated 30 September 2021, we understand that the chargeability of POS service fee is applicable with effect from 01 October 2021. However, we have been informed by our members that notices are being issued to the taxpayers requiring them to make payment of the POS service fee from August 2021 based on SRO 1006 referred above. We, therefore, request your office to kindly take notice of the above matter and direct the field offices not to issue notices and demand the T-1 Retailors to deposit the POS service fee in relation to periods prior to October 2021.


• **Adjustment of POS service fee in the STR**

As discussed above, the Board directed the T-1 Retailors to collect POS service fee and deposit the same in the designated bank account notified by it. However, the T-1 Retailors are unable to file the Sales Tax Returns (STR) for the tax period March 2022 due to the reasons that IRIS has placed an objection to pay the POS Fee from the date of integration irrespective of the fact that the same has already been deposited in the designated bank account / its applicability from October 2021. Further, the IRIS is not permitting the return to be submitted unless the newly designed payment challan is paid by the taxpayers.

6- We, therefore, request your office's kind indulgence and to take an urgent note of the subject matter for its prompt resolution for the facilitation of the taxpayer's who are regular contributors of the exchequer and till such time the matter remains unresolved for which the following may be considered –

1. Issue extension in filing of Sales Tax Return for the Tax Period March 2022; and
2. Allow a mechanism to upload the evidence of POS service already paid to enable them to file the STR for the Tax Period March 2022.

Yours sincerely,


(Syed Rehan Hasan Jafri) 26/04/2022

President

Mobile: +92-321-9234960

E-mail: rehan.jafri45@gmail.com

C.C. to:

- i. **Mr. Afaq Ahmed Qureshi**, Member (Inland Revenue - Policy), FBR, Islamabad.
- ii. **Dr. Ashfaq Ahmad Tunio**, Member IT (Information Technology), FBR, Islamabad.
- iii. **The Secretary (ST & FE-Policy)**, FBR, Islamabad.
- iv. **Mr. Mehboob-ur-Rehman**, Manager Development, Pakistan Revenue Automation Limited, Islamabad.
- v. **Press and Media**