

**Government of Pakistan
Revenue Division
Federal Board of Revenue
Inland Revenue**

C.No.1(3)ST/P&R/Circular/2020/223265-R

Islamabad, 7th December, 2020

Circular No.03 of 2020 – Operations
(Sales Tax)

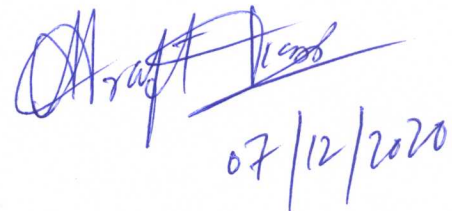
Subject: Standard Procedure for Sanctioning of Missing Amounts Stuck in FASTER System due to System Glitches

In the wake of rollback of zero-rating extended vide SRO 1125 of 2011 issued under sections 3(2)(b) & (6);4(c); 8(1)(b); and 71 of the Sales Tax Act, 1990, with effect from January 1, 2012, a *Fully Automated Sales Tax e-Refund System* (FASTER) was introduced to process and sanction exporters' refunds expeditiously. Although, FASTER was rolled out inside the very first quarter of T/Y 2020, yet it continued to malfunction on multiple counts producing suboptimal outcomes. One evidence of FASTER's malfunctioning was that the system would simply miss out on sales tax credits of various taxpayers stalling processing of their refund claims. This system glitch created problems for exporting taxpayers in terms of uncertainty and stuck-up liquidity, and for the tax administration in terms of credibility deficit.

2. The matter has been analyzed threadbare at the head office, and found out that the problem of missing amounts cropped up due to the very designing of the FASTER module plausibly on three counts, namely;

- (i) FASTER was programmed to pick the least of the three opening balances of carry forward of previous month from (a) Sales Tax Return; (b) Annex-H; and (c) the e-RPO generated;
- (ii) FASTER module's non-synchronization with STRIVE i.e. Serial 7a and 7b of the Sales Tax Return; and
- (iii) Misapplication of section 8B to certain exporters in FASTER module.

3. These design flaws resulted in wide-going anxiety amongst the exporters' community as large number of missing amounts claimed by them was not being reflected on their e-RPOs after processing by the system. Thus, the matter having two dimensions, that is, improving the system design for future glitch-free


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processing of refund claims in FASTER, and devising a mechanism to deal with the past missing amount cases expeditiously and judiciously, has been resolved as follows: -

(i) Future Processing Module

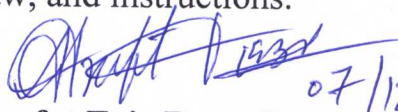
The problem of opening balance has been overcome by de-linking the opening balance of Sales Tax Return and Annex-H effectively, and **linking it to the previous e-RPO alone**. Going forward, this improvement in the FASTER module will not only solve the issue of missing amounts arising due to opening balances but also the issue of non-synchronization of FASTER system with Sales Tax Return and application of Section 8B on certain exporters.

(ii) Process of Past Missing Amounts

The issue of past missing amounts has been solved as under: -

- (a) That, in all cases wherein the missing amounts could be effectively pulled up by the system, have already been communicated to taxpayers for re-filing after adequate modifications in the refund claims/sales tax return;
- (b) That, in all remaining cases, where a taxpayer believes that a material amount of his refund claims has been unaccounted for, he may apply to the Deputy Commissioner concerned; &
- (c) That, the Deputy Commissioner will examine the case and after due verification, will sanction the due amount.

4. The Chief Commissioners concerned would keep a complete log of the pending missing amount refund cases in their formations and ensure their disposal and processing in the shortest possible time as per law, and instructions.


(Arafat Faiz Rasool) 07/12/2020
Second Secretary (Refunds)