

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

F. No. 13(19)/STM/2015

Dated: 06-05-2015

The Chief Commissioners Inland Revenue,
All LTUs / RTOs.

Subject: **DISPOSAL OF PENDING SALES TAX REFUND CLAIMS.**

I am directed to refer to the subject and to say that the Board has been receiving complaints / feedback from refund claimants regarding issues being faced viz a viz their pending sales tax refund-claims. Although the Board has issued several guidelines and instructions on the matter from time to time, the policy with reference to current issues is re-iterated below:-

S. No.	Issues	Policy/Instructions
1	<p>Field formations are not processing fresh sales tax refund claims since quite some time.</p> <p>Fresh claims disqualified from ERS are also not being processed.</p> <p>Due to slow processing of fresh claims, the claimants cannot ascertain the amount of unconsumed input tax to be brought forward to subsequent tax periods.</p>	<p>While the Board had recently directed for expeditious disposal of deferred refund claims, it did not issue any direction to stop processing of fresh sales tax refund claims. The field formations may, therefore, continue to process such claims in accordance with law, procedure and earlier guidelines.</p>
2	<p>Slow disposal of refund claims where show cause notices have been issued; even in cases where replies have been furnished by the claimants along with supportive documents.</p>	<p>The field formations are required to expeditiously dispose off all cases where show cause notices have been issued, after giving appropriate opportunity to the claimants for compliance, keeping in view the legal requirements. Where replies have been furnished by the claimant, the cases should be disposed off without undue delay.</p>

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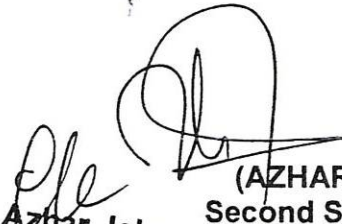
Page 1 of 2

18

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3	Objections raised on refund claims by STARR are not overruled, even in case of simple objections like MR mismatch or NTN mismatch.	Where the claimants have furnished sufficient evidence/record as required in the relevant Standing Orders in this regard, the concerned Additional Commissioners (IR) should exercise the option of over-ruling STARR objections on merit, without undue delay.
4	Non-processing of ERS deferred refund claims -	The CREST team has been directed to send the ERS deferred refund claims directly to the folder of the concerned processing officers, instead of to a focal person as being done at present, so that these are not unnecessarily delayed.
5	Supply-chain objection	<p>Since sales tax refund is merely repayment of the tax already deposited through the supply chain, the supply chain objection arises where evidence of payment of tax is not available in the system.</p> <p>The details of supply chain objection have been made visible to the processing officers, who may confront the claimants in this regard.</p> <p>The supply chain objection is automatically removed on re-replication of the claim when the issue with relevant supplier is addressed, e.g. when a non-filer supplier files his return; registration of suspended person is restored; missing invoice summary is furnished; and so on. In other cases, the field formations are required to conduct chain audit and then exercise the option of over-ruling, if warranted by the facts, record and law.</p>


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