

Draft Reply for Post Audit

Saturday, November 10, 2012

To,

_____,
_____,
Unit.____ Zone ____,
Regional Tax office,
Karachi.

Subject: Reply- _____

Reference: _____

With reference to above mentioned notice regarding submission of record for post refund audit, it is to inform you that requisite record pertains to the period 2002 to 2004. In this connection we would like to draw your kind attention towards section 24 of the Sales Tax Act., 1990 relating to retention of record, which provides that the taxpayer were required to retain the record for the period of 3 years up to 2007. Later the period for retention of record was extended up-to 5 years.

Since the requisite record pertains prior to 3 and 5 years, the notice therefore hopelessly time barred. The relevant portion of section 24 is reproduced hereunder for your ease of reference:- 24.

Retention of record and documents for five years.-

"A person, who is required to maintain any record or documents under this Act, shall retain the record and documents for a period of Five years after the end of the tax period to which such record or documents relate"

Besides above please note that our annual audit was also done in the past by your office which covers the tax period in question as well.

In the light of above explained position, it is requested to kindly drop the proceeding against the tax periods hit by time limit and issue audit completion certificate against which the record is submitted.

Thanking you in anticipation,

For M/s. _____.

Copy for information to:

Commissoner, Zone-III RTO, Karachi.
Chairman, Pakistan Hosiery Manufacturers & Exporters Association

Draft Reply for : Requisition ST Record U/S.25 of the Sales Tax Act 1990

To,
Mr. _____
_____ Unit
Unit-0I, Audit Range, Zone-III,
Regional Tax Office,
Karachi.

Subject : **Requisition of Sales Tax Record U/S 25 of the Sales Tax Act, 1990**

Reference: You notice _____

In response to notice with reference to Board's letter _____ regarding verification of zero rating facility for utility connection, we are pleased to inform you that issue has already been taken up by our association Pakistan Hosiery Manufacturers & Exporters Association during meeting with single point agenda of frequent audit notices with Chief Commissioner (RTO).

It has been held during the meeting that sole purpose of the issuance of notices are to verify zero rating facility of utility bills in five export oriented sector. Since the same can easily be verified through survey of the unit or sales details appearing in sales tax return at relevant annexure, the requirement of plethora of record is totally unwarranted and against the very ***object of the Federal Board of Revenue to facilitate the genuine taxpayers in general and export oriented sectors in particular.***

In the light of above understanding, in order to extend evidence of appropriate application of zero rating facility of our unit, we are pleased to hereby enclose.

- Copies of sales register for the financial year 2010-011.
- Letter of confirmation that zero rated utility connections are exclusively used for textile production.

Furthermore, we also draw your kind attention towards the fact that during the period in question, we had received sales tax refunds after through verification and scrutiny of your office against zero rated supplies, this fact alone is sufficient to prove that no further verification is required.

Without prejudice to the above we would also like to draw your kind attention that under section 72-B of the Sales Tax Act., 1990 FBR is

empowered to select person for audit of tax affairs through computer balloting which may be random or parametric. The Honorable Lahore High Court recently in W.P. NO 393/2012 in the matter of M/s. Chenone Store Ltd V/s FBR has held that provision of section vesting the Commissioner to pick and choose taxpayers for audit, without any objective, criteria, is ex facie discriminatory and hence un-constitutional and illegal.

That recently Board in follow up of its policy as defined u/s 72-B had conducted balloting of audits for the period 2011-2012 held on 13th Nov 2012 the list of units selected for audit were also placed at FBR's WEB Site, Therefore deviation if any to the policy of parametric selection of audit by the board, issuance of notice for any pretext has no justification.

In the light of above explanation and documentary evidence you are requested to kindly drop further proceeding and oblige.

Thanking you,

For _____.

Copy for information to:
Commissoner, Zone-III RTO, Karachi.
Chairman, Pakistan Hosiery Manufacturers & Exporters Association