

## **FATE>> FAQs>> Electronic Filing of Sales Tax Return**

**Q 1: Is it possible to file a sales tax return annually?**

**Ans :** Monthly Return

Under the standard procedure a registered person is required to file monthly return by the 15th day of the month following the period in which the supplies were made, in the designated branches of National Bank of Pakistan. In case of certain categories as mentioned below procedure has been devised to file return on monthly and quarterly basis.

**Quarterly Return**

The taxpayers falling exclusively in the category of retailer and CNG dealers are required to file the return on quarterly basis.

**Annual Return**

Manufactures are to file annual Sales Tax return, for a financial year by the 30th September of the following financial year.

**Q 2: What is the penalty for filing a sales tax return beyond the prescribed period?**

**Ans :** If a return is not filed within 15 days after the end of the relevant tax period, a registered person will be liable to a penalty besides additional tax at the rate of Rs 100/- per day. If the delay is beyond 15 days, a penalty of Rs. Five Thousands is payable.

If full amount due is not paid, any outstanding balance will also attract additional tax and a penalty.

If a registered person fails to deposit the correct amount of tax for two consecutive months he/she will be deemed to have committed a tax fraud for which the penalty is Rs. 10,000 or five percent of the amount of tax involved, whichever is higher, besides prosecution.

Q 3:I am an individual tax payer. Do I have the facility to file my sales tax return electronically?

Ans : Yes, electronically filling of sales tax return is mandatory for all sales tax registered persons.

Q 4:What is the procedure to opt for electronic filing?

Ans : The procedure for e-filing has been laid down in the Sales Tax General Order No.4/2007.A registered person shall obtain a unique identifier, PIN code and a secure password by visiting FBR's web portal at [www.e.fbr.gov.pk](http://www.e.fbr.gov.pk) He can then file the return by selecting declaration "sales tax" from the web portal. The return data shall be filled in a web form and directly transferred to FBR's server.

Q 5:Please give the stepwise hands on procedure for electronic filing.

Ans : To file the return, the registered user shall logon [www.e.fbr.gov.pk](http://www.e.fbr.gov.pk) by using assigned User ID. Following steps will be followed:

- Select Declaration -> Sales Tax -> Sales Tax Return
- Select the Tax Period [Month, Year] from the drop down list
- Click the Monthly Return link
- Return form will be displayed which will be filled in accordance with the instructions in the Sales Tax Rules, 2006.
- E-filing can be completed in following stages:

Preparation: The user shall fill in all the relevant fields. (The return can be saved at any time during preparation process to avoid data loss)

Verification: The return can be verified by the person having access to PIN code. He shall press the Verify Button given at the bottom of form and follow the instructions.

e-Payment: This option can be availed by persons opting to deposit tax amount in an NBP branch which is online with FBR server. After verifying the return, e-Payment button can be clicked and a payment slip number shall be generated

which can be taken to the bank and amount deposited against the same. The bank shall accept the payment and provide an acknowledgement.

Submission: The user shall click the Submit button and a message shall appear at the top stating that your return has been submitted. Return Submission Certificate can be printed by clicking the Print Certificate button. It can also be saved on user's computer in PDF/Excel format.

**Q 6:How can a person who is already not registered , avail the option of e-filing after their registration?**

Ans : Persons, not already registered, shall visit the FBR's web portal or Computerized System at <https://e.fbr.gov.pk> and select "registration -> e-enrolment" option from the menu and provide basic information as required. They shall be then required to fill in a form containing the particulars already available in the System. The intending user shall also be able to correct or update the particulars/ details already in the System. The name of an authorized person shall be mentioned on the form. The form shall be printed and signed by the competent person. The authorized person shall visit the Tax Facilitation Centre of respective Collectorate along with the printed form and his original Computerized National Identity Card. The officer incharge of the Facilitation Centre/ Division, not below the rank of an Assistant Collector, shall verify the particulars on the form with those in the System and after being satisfied in this respect shall approve the allocation of user ID, which shall be sent to the address provided. The Board, however, can waive any of the aforesaid requirements.

**Q 7:How an electronic return is to be filed in case of no business activity?**

Ans : In case of no business activity during the relevant period i.e. when there are no sales, purchases etc. and no payment is due, the user shall click the 'Null Return' button and then can proceed for submission of the printing the return without following through all the steps provided above.

**Q 8: I am a retailer with annual sales less than Rs.2 millions. Am I liable to be registered?**

**Ans :** Under sales tax law , the following categories of business are liable to be registered:

- a. All importers
- b. All wholesalers (including dealers) and distributors
- c. Manufacturers not falling in cottage industry. {Cottage industry is defined as having annual turnover below Rs.5 million and whose annual utility bill (including electricity , gas and telephone) does not exceed rupees seven hundred thousand}.
- d. Retailers (having value of supplies of over 5 million rupees, in any tax period during the last 12 months.
- e. A person required under any Provincial or Federal Law to be registered for purpose of any duty or tax collected or paid as if it were a levy of sales tax, e.g. service providers like hotels, clubs, caterers, customs agents, ship chandlers, stevedores, courier services etc.
- f. Persons making zero-rated supplies, including commercial exporter who intends to obtain sales tax refund against his zero rated supplies.
- g. A person who is required to be registered by virtue of aforesaid criteria, but still avoids registration, can be compulsorily registered by the department, after proper enquiry, under sub-rule 1 of Rule 6 of Sales Tax Rules, 2006.

**Q 9: What is the Procedure of Registration?**

**Ans :** The application may be submitted electronically on Form TR-1 as well as either through post or courier services to PRAL. Application can also be sent to Local Registration Office (LRO) in the form of hard copy. The LRO after proper

scrutiny of documents and necessary editing of the application and particulars, electronically forwards the application to CRO.

2. All the columns of the Forms have to be duly filled in as per instructions given with the Form.

3. After verification, the Central Registration Office will issue a Registration Certificate bearing registration number and mail the same to the Registered Person, on a prescribed Form (STR-5)

Office (CRO) normally verifies the contents from the data available with it, but has an authority to get an enquiry conducted through Local Registration Office, to verify contents of declaration by a person. The CRO may reject the application within fifteen days from the date, the complete application is received in CRO, under intimation to the applicant, specifying the reasons for such rejection.

**Q 10:Where a person is to be registered?**

Ans : A corporate person (listed/ unlisted public company, private limited company) has to be registered under the Collectorate, LTU or RTO where the registered office of the businesses is located.

A non-corporate person is to be registered under the Collectorate, LTU or RTO, where the business is actually carried on.

In case of non-corporate person has a single manufacturing unit and the same is located in a different place than the business premises, in the Collectorate having jurisdiction over the manufacturing unit. A corporate person has the option of transferring his registration to the place of business.

**Q 11:I want to be registered under sales tax law. What documents do I have to furnish alongwith my application for registration?**

Ans : Following information is required to be furnished in the registration form.

- Complete business name
- Business nature, main / activity or service;
- Complete address of Head Office and all business units, godowns, outlets mentioning, phone, fax, e-mail, electricity, gas consumer no. etc.
- All Bank account numbers, with name and address.

- NTN (National Tax Number)
- NIC (National Identity Card Number) of the owner, partners or directors of the business (passport number in case of foreigner).
- In case of a company, registration number and date of incorporation.
- Every director / member of AOP has to fill in STR – 1 (A) Form.
- Date of commencement of business and initial capital employed.
- The mode of maintenances of business records should also be mentioned.

**Q 12:**I intend to change the address of my business premises. How can I get my registration record amended?

**Ans :** In case there is a change in the name address , or other particulars as stated in the registration certificate, the registered person shall notify the change in the prescribed form STR-1 to the CRO within fourteen days of such change. The change in the business category shall be allowed after LRO has verified the manufacturing facility and confirmed the status as industrial consumer of the electricity and gas distribution companies.

**Q 13:**As I have shifted my business to another city, I want to get my sales tax registration transferred to the other respective Collectorate having jurisdiction in over my new business address. Please tell me the procedure as to , how to get my registration transferred to another Collectorate.

**Ans :** In case a registered person intends to shift his business activity from the jurisdiction of one Collectorate, to another Collectorate, or as the case may be to an RTO or LTU, or he has any other valid reason for such transfer, he shall apply to the CRO for transfer of his registration , along with form STR-1. The CRO may subject to such conditions, limitations or restrictions as it may deem fit to impose, by an order, transfer the registration of a registered person from the jurisdiction of one Collectorate , to another Collectorate , or as the case may be to the LTU or RTO. The return for the tax period in which the registration is transferred shall be filed in the Collectorate from where the registration is transferred.

Revised Registration Certificate.

In case of multiple registrations, the registered person shall apply on Form STR-1

for single registration to the CRO which after ascertaining tax liabilities from concerned Collectorate shall issue revised registration certificate in which previous registration number shall be merged.

**Q 14: Which categories of taxpayers can claim refund?**

Ans : Refund of sales tax paid as input tax can be claimed by the following registered persons in the respective situations:

- Registered manufacturer-cum-exporters and commercial exporters who zero rate all or part of their supplies under section 4 of the Act;
- registered persons who acquire tax paid inputs for use thereof in the manufacture of goods chargeable to sales tax at the rate of zero percent under the Act or a notification issued there-under
- Registered persons claiming refund of the excess amount of input tax which could not be consumed within three months;
- Registered persons who acquire tax paid inputs used in the export of goods , local supply of which is exempt under the Act or any notification issued there-under.

Refund can also be claimed if an amount of sales tax is paid inadvertently or by mistake.

- Refund may also be claimed if an amount is paid on demand of the department, but subsequently the demand is set aside by any competent authority, Tribunal or Court.

**Q 15: What is the procedure for claiming a refund claim and what supportive documents are required for refund claim?**

Ans : The refund claimant shall submit to the Refund Division of the concerned Collectorate , RTO or Large Taxpayer unit , as the case may be, the refund claim in computer diskette in the prescribed format or software along-with the following documents, namely:-

- (a) Input tax invoices or as the case may be, goods declaration for import in respect of which refund is being claimed;

- (b) output tax invoices and summary of invoices for local zero rated goods.
- (c) goods declaration for export (quadruplicate copy) indicating Mate Receipt number with date or airway bill or railway receipt or postal receipt besides the examination report endorsed on the reverse side thereof by the customs officers; in case of claims by persons other than manufacturer-cum-exporter of goods zero-rated in a notification issued under section 4 of the Act.

Provided that in case of imports or exports processed through PACCS, submission of goods declaration shall not be required and cases shall be processed by cross-matching of the declarations with the data available in the system.

- (d) copy of House and Master bill of lading and airway bill or as the case may be, railway receipt in token or verification of the goods taken out of Pakistan; and
- (e) statement of the tax paid inputs, in respect of which refund is claimed by the claimants other than the manufacturers of the goods zero-rated for supplies.

(2) In addition to the documents specified above, a commercial exporter shall submit bank credit advice issued by the concerned bank and copy of the duty drawback order, if issued by the customs authorities.

(3) Where the refund claim is filed under section 66 of the Act, the claimant shall submit an application for refund indicating his name, address, registration number, the amount of sales tax refund claimed and reasons for seeking such refund along-with following documents, namely:---

- (a) input tax invoices in respect of which refund is claimed;
- (b) proof of payment of input tax claimed as refund; and
- (c) copy of the relevant order on the basis of which refund is claimed.
- (d) The refund claimed under section 66 of the Act shall be sanctioned after ver
- (e) copy of the relevant order on the basis of which refund is claimed.

(4) The refund claimed under section 66 of the Act shall be sanctioned after verifying that no adjustment or refund of input tax has been claimed earlier and that the goods have been duly accounted for in the inventory records and the

invoices claimed are validated by the CREST (Computerized Risk – Based Evaluation of Sales Tax) System.

**Q 16: Under sales tax law what record a taxpayer is supposed to maintain.?**

Ans : A registered person must keep a record in English or Urdu of all the goods and services supplied, purchased or imported in the course of business, in the following manner.

### **Record of Sales**

The record of sales should indicate the following details of goods supplied or services rendered:

- description;
- quantity;
- value;
- name and address of the customer, and
- amount of tax charged.

At the end of each month, a registered person must add up the sales tax shown in these records, and transfer the total to sales tax account as output tax.

### **Record of Purchases and imports**

The record of purchases and imports should indicate the following details of goods purchased or received or services hired:

- description;
- quantity;
- value;
- name, address and registration number of the supplier,
- amount of tax paid on purchases.

## Record of Payments/Receipts

All payments or receipts of amount of sales tax on purchases or supplies above Rs. 50,000 (except utility bills) should be made through bank instruments indicating specified bank accounts of both the persons i.e., sellers and purchasers. It is recommended that records/ photocopies of all bank instruments through which payments of sales tax are made or received must be kept along with bank statements for the purpose of compliance of section 73 of the Act and to avoid audit complications.

## Other Records

A registered person should also keep record of

- Zero-rated and exempt supplies,
- Record of invoices, credit notes, debit notes, bank statements, inventory records,
- Utility bills, salary and labor bills, rental agreements, sale purchase agreements and lease agreements.

**Q 17:** Under the sales tax law for how much timer a taxpayer is required to maintain the record.

**Ans :** A registered person is required to maintain a record and documents for a period of five years after the end of the tax period to which such record and documents relate.

**Q18.** What is the procedure to deposit the withheld Sales Tax amount?

The sales tax so deducted shall be deposited by the withholding agent in the designated branch of National Bank of Pakistan under Head of Account "B02341- Sales Tax" on sales tax return-cum-payment challan in the form set out at Annexure to these rules, by 15<sup>th</sup> of the month following the month during which payment has been made to the supplier:

Provided that a single return-cum-challan can be filed in respect of all

purchases for which the payment has been made in a month:

Provided further that in case the withholding agent, is also registered under the Sales Tax Act, 1990, with respect to the taxable supplies provided or

- A. services rendered by him, he shall deposit the withheld amount of sales tax in the manner as provided under Chapter II of the Sales Tax Rules, 2006, along with other sales tax liability. In such case the Annexure to these rules shall be submitted to the Collector having jurisdiction.

Q19. What percentage of Sales Tax is to be withheld?

(1) The withholding agent, intending to make purchases of taxable goods, shall indicate in an advertisement or notice for this purpose that the sales tax to the extent as provided in these rules shall be deducted from the payment to be made to the supplier.

(2) A withholding agent shall deduct an amount equal to one fifth of the total sales tax shown in the sales tax invoice issued by the supplier and make payment of the balance amount to him as per illustration given below,--

ILLUSTRATION: Value of taxable supplies excluding sales tax	Rs. 100
Sales tax chargeable @ 15%	Rs. 15
Sales tax deductible by the withholding agent	Rs. 3 (i.e. Rs. 15 ÷ 5)
Sales tax payable by the withholding to the supplier	Rs. 12 (i.e. Rs. 15 - Rs. 3)
Balance amount payable to the supplier by the withholding agent	Rs. 112 (Rs. 100 + Rs. 12);

Q20. Which items are exempt from Sales Tax withheld vide SRO No. 956(I)/2007?

- A. The provisions of sales tax withholding rules shall not apply to the following registered persons, namely:—
- (a) Gas and electricity distribution companies;
  - (b) telecom companies;
  - (c) oil marketing companies and oil refineries;
  - (d) independent power producers (IPPs); and
  - (e) steel re-rollers supplying mild steel products.”

- Q21. What is the procedure to buy from un-registered person by the Government Departments?
- A. All withholding agents shall make purchases of taxable goods from a person duly registered under the Sales Tax Act, 1990, provided that under unavoidable circumstances and for reasons to be recorded in writing, purchases are made from unregistered persons, the withholding agent shall deduct sales tax at 16% of the value of taxable supplies made to him from the payment due to the supplier.
- Q22. How do we adjust our withheld GST at 20% in monthly Sales Tax Return?
- A. It is adjust in row No 29 of the monthly Sales Tax return.
- Q23. Are these items like (Laptop, Seeds, Vegetables, Surgical Goods, Live saving drugs, etc) taxable or exempt from GST?
- A. Please read sixth schedule of the Sales Tax Act, 1990.
- Q24. Is industrial plant and machinery like (Generators, Industrial installation equipments, etc) zero rated?
- A. No plants and machinery are taxable @ of 17% vide SRO 231(I)/2011 dated 15-03-2011.
- Q25. What is the procedure of SRO No. 704(I)/2009?
- A. "(3B) Notwithstanding anything contained in sub-rule (3) or (3A) a registered person in a Large Taxpayers Unit (L.TU), who purchases goods from a registered person, other than one registered in an LTU, shall deduct and withhold one percent of value of taxable supplies received by him as sales tax from the payment due to the supplier. This amount will be deposited by the withholding agent through his monthly return. Remaining amount of fifteen percent or more, as the case may be, of the value of taxable supplies shall be paid by the withholding agent to supplier who will account for that in his monthly return."
- Q26. How do we check that a specific item is zero rated?
- A. Please read SRO 283(I)/2011 dated 01-04-2011.
- Q27. What is the Sales Tax rate on imports?
- A. Sales Tax is 17% at import.
- Q28. What is rate of tax on commercial importer?
- A. 2% extra sales tax is charged on commercial importer.

Q29. How much value addition for commercial importer?

A. It is up to 2% of sales tax involved.

Q30. Is Audit of Sales Tax is conducted of commercial importer by the department?

A. If the value addition of the commercial importer is paid at import stage and there is no change. Then no audit is conducted of commercial importer.

Q31. Which items are zero rated now under SRO 509(I)/2007?

A. All the items are taxable under SRO 283(I)/2011 except supplies to five export sectors (Textile, leather, sports, surgical goods and carpets).

Q32. Is sales tax is charged to the other registered person?

A. Yes sales tax is charged to all other registered person except, five export sectors (Textile, leather, sports, surgical goods and carpets).

Q33. What is rate of sales tax is charged under SRO 283(I)/2011 to end consumer for five export sectors (Textile, leather, sports, surgical goods and carpets)?

A. It is 4% vide SRO 283(I)/2011.

