

GOVERNMENT OF PAKISTAN
FEDERAL BOARD OF REVENUE
(INDIRECT TAX POLICY)

C.No.3(36)ST-L&P/2009

Islamabad, the 16th September, 2010.

SALES TAX GENERAL ORDER NO. 34 / 2010

Through this General Order the Federal Board of Revenue is pleased to lay down the procedure for maintenance / updation of active taxpayers' list in the FBR's database.

2. In this General Order, unless there is anything repugnant to the subject or context,-

- (a) "Act" means the Sales Tax Act, 1990;
- (b) "active taxpayer" means a person registered under section 14 of the Act but does not fall in any of the following categories, namely:-
 - (i) who is blacklisted or whose registration suspended under rule 12 of the Sales Tax Rules, 2006;
 - (ii) who fails to file the return under section 26 of the Act within the prescribed period for two consecutive tax periods;
 - (iii) who fails to file any missing return within 15 days of notice issued to him;
 - (iv) who fails to file any due Income Tax return under section 114 of the Income Tax Ordinance, 2001(XLIX of 2001);
 - (v) who fails to file the monthly withholding tax statement under section 165 of the Income Tax Ordinance, 2001 for two consecutive quarters;
 - (vi) who fails to respond to the discrepancy notice or any other notice issued by the Board or an RTO or LTU or an officer so authorized by the Board or the Commissioner Inland Revenue, within fifteen days of the issuance of such notice.
- (c) "Board" means the Federal Board of Revenue established under the Federal Board of Revenue Act, 2007;
- (d) "discrepancy" means,—
 - (i) mismatch of invoice summary statements between registered buyers and sellers; or

- (ii) mismatch of goods declaration, in relation to imports, in the sales tax return by the registered person and data furnished by the Customs; or
 - (iii) any other discrepancy intimated by the Board or the RTO / LTU to the registered person;
- (e) "Discrepancy Report" means a system generated email sent to a registered person on his email address or system generated report placed in his e-folder at efr portal indicating the discrepancy;
- (f) "non-active taxpayer" means a person who is not an active tax payer as defined in clause (b) above.

3. Discrepancy notice to the registered person. — (i) A system generated email message shall be sent to the registered person under para 2 (b) (vi) through the Board's web portal on his e-mail address intimating any discrepancy listed at para 2 (b) (i) to (v), with the request to respond within fifteen days for removal of the discrepancy by either approaching respective RTO or LTU for audit or explaining his position through e-reply to Board's web portal.

(ii) If the registered person fails to respond as aforesaid within fifteen days of receipt of e-mail sent under sub-para (3) (i) or fails to furnish a plausible explanation thereto, then such registered person will be made non-active in FBR system and when a buyer feeds the summary of invoices relating to purchases made from him, the following message will appear against his name on Board's web portal, namely:-

"The registered person has been included in the list of non-active taxpayers as:-

- (a) The registered person is blacklisted or his registration suspended under rule 12 of the Sales Tax Rules, 2006; or
- (b) The registered person has failed to file the return under section 26 of the Act for two consecutive tax periods; or
- (c) The registered person has failed to file missing return within 15 days of notice issued to him; or
- (d) The registered person has failed to file due Income Tax return(s) under section 114 of the Income Tax Ordinance, 2001(XLIX of 2001); or
- (e) The registered person has failed to file monthly withholding statements under section 165 of Income Tax Ordinance, 2001 for two consecutive quarters; or

- (f) The registered person has failed to respond to the discrepancy notice or any other notice issued by the Board or an RTO or LTU, within fifteen days of issuance of such notice.

To avoid any complication in claiming input tax credit on the purchases from non-active taxpayers, their buyers are advised not to have any transaction with non-active taxpayers unless they are restored on active taxpayers list on the recommendation of their respective RTO / LTU or on the orders of other competent authority like Appellate Authority, FTO or Court. In unavoidable circumstances buyers from non-active taxpayers should make payment of their purchases through crossed cheques or bank drafts or pay orders, from their business bank accounts, even if the value of goods purchased by them may be below the limit prescribed in section 73 of the Act.

The registered person will not be paid expeditious refund under rule 26A of Sales Tax Rules, 2006. Furthermore, he, along with his buyers, is being placed in high risk category for the purpose of audit."

4. Restoration as an active taxpayer:-

A non-active taxpayer may be restored to active taxpayer status:-

- (i) If the ~~respective~~ RTO / LTU recommends the same to FBR after conducting audit or other investigation;
- (ii) Competent Authority, Appellate Authority, Court or FTO orders for the restoration.



(Azood-ul-Mehdi)
Second Secretary (ST-L&P)