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**Five export-oriented sectors
FBR extends ERS scope**



The Federal Board of Revenue (FBR) has extended the scope of Expeditious Refund System (ERS) to the five export-oriented sectors for automated payment of refunds to the exporters through electronically generated refund payment orders (RPOs). According to the FBR's circular issued here on Saturday, the SRO 1125(I)/2011 dated 31.12.2011, relating to zero-rating of five export-oriented sectors, has been rescinded since 1st July, 2019 vide rescinding SRO 694(I)/2019 dated 29.06.2019.

From 1st July, 2019, the items listed in the said SRO shall be charged to sales tax @ 17% at the stages of import and local supply. Only in case of integrated retail outlets, sales tax on finished textile and leather item shall be charged at 14%. All STGOs granting zero-rating on supply of electricity, gas, diesel, furnace oil and coal have been rescinded vide STGO 100/2019 dated 29.06.2019.

In order to resolve the issue of increased sales tax refunds of exporters due to withdrawal of zero-rating on inputs, the scope of Expeditious Refund System is proposed to be extended with automated payment on generated RPOs.

Main features of the newly proposed Chapter V-A are as under: "Filing and Processing of refund claims.- The data provided in the monthly return shall be treated as data in support of refund claim and no separate electronic data shall be required to be provided. The amount specified in column 29 of the return, as prescribed in the form STR-7, shall be considered as amount claimed, once the return has been submitted along with all prescribed annexes thereof: Provided that the claimant will be able to submit his return without Annex-H and the same may be filed separately at any time but not later than one hundred and twenty days of submission of the return without Annex-H. The date of submission of Annex-H shall be considered as the date of filing of refund claim. Provided further that the period of one hundred and twenty days, as aforesaid, may be extended for a period not exceeding sixty days, by the Commissioner having jurisdiction, for reasons to be recorded in writing on the basis of an application made by the claimant.

"Risk management in refund processing.- After submission of refund claim, in the aforesaid manner, the same shall be processed by Risk Management System (RMS).

Based on the parameters in RMS, a refund claim shall be routed to the processing module referred to as Fully Automated Sales Tax e-Refund (FASTER). The claims that do not fulfil RMS parameters for processing through FASTER module shall be routed for processing under Chapter V.

Processing in FASTER module - The claims routed to FASTER module shall be electronically processed. The data in the refund claim shall be scrutinized and verified by the system and the payable refund amount shall be determined on the basis of input consumed in exports or supplies. The refund payment order (RPO) of the amount found admissible shall be generated and the same shall be electronically communicated direct to the State Bank of Pakistan, within seventy-two hours of submission of claim, for onward advice to the respective banks for credit into the notified account of the claimant: Provided that in case of refund claim of a commercial exporter, the payment of such refund shall be made after the realization of export proceeds: Provided further that the part of the refund claim that is not verified or not found admissible shall be subjected to system validation checks every week and RPO shall be generated for the amount found valid during each validation check.

After every validation process, the information regarding RPO generated, if any, as well as the objections shall be communicated by the system to the refund claimant and also to the concerned RTO or LTU for information. RPO so generated shall be communicated to the State Bank of Pakistan for payment in the aforesaid manner. After eight validation checks, including the initial one, if any amount still remains un-cleared, the same shall then be processed under STARR module as referred to in Chapter V", FBR added.

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