

FBR suspends credit notes against unregistered supplies

Karachi Tax Bar Association (KTBA) has strongly protested over the suspension of credit and debit notes against supplies made to unregistered persons.

The tax bar in a letter to the chairman of the Federal Board of Revenue (FBR) on Friday pointed that a dilemma cropped up in the sales tax return from the period July 2021, whereby the adjustment of output tax resulted due to return of goods/cancellation of supply made to unregistered persons has been unilaterally suspended in the sales tax return in contrast to legal provisions provided under sales tax laws.

KTBA President Muhammad Zeeshan Merchant said that the adjustment of output tax was available under Annexure – I of the Sales Tax Return till tax period June 2021. Now the sales tax return disallows such adjustment of output tax in such cases with remarks ‘please enter valid invoice’.

There is no amendment has been brought in the Sales Tax Act, 1990, or the rules in post-June 2021 scenario.

Merchant said it is very unfortunate to note that the FBR support team on the query raised by taxpayers is replying via email that” “As per instructions of the FBR credit/debit note is not allowed against unregistered sales/purchase.”

The tax bar said that such arbitrary steps are taken, especially at the time when the returns are moving towards a single portal (one window). It is, therefore, sanguinely hoped that the adjustment output tax resulting due to cancellation of supply made to unregistered persons will be restored under Annexure – I of the Sales Tax Return in line with the prescribed Act and Rules.