

Applicability of POS service fee on invoices: KTBA seeks clarification from FBR

KARACHI: Karachi Tax Bar Association (KTBA) has sought clarification from FBR regarding the applicability of the POS service fee on invoices issued from October 1, 2021, and its adjustment in the sales tax returns.

In a letter sent to the chairman of FBR, Syed Rehan Hasan Jafri, President, KTBA said that a service fee of one (01) rupee per invoice on all invoices raised through POS integrated with Board's computerized system, levied through its SRO 1279/(I)/2021 dated 30 September 2021, was being collected by the Tier-1 retailers from the customers and deposited along with the monthly sales tax returns (STR) in a designated bank account. Subsequently, the taxpayers were intimated through IRIS of the following designated Bank Account for deposit of POS service fee charged by them.

Keeping the said in view, the KTBA is seeking FBR clarification regarding the applicability of the POS service fee on invoices issued from 01 October 2021 and its adjustment in the sales tax returns.

Jafri in his letter stated that the chargeability of the POS service fee was applicable with effect from 01 October 2021. However, the notices are being issued to the taxpayers requiring them to make payment of the POS service fee from August 2021 based on SRO 1006 referred above.

Therefore, it is requested to look into the matter and direct the field offices not to issue notices and demand the T-1 Retailers to deposit the POS service fee concerning periods before October 2021, restraining the T-1 Retailers to file the sales tax returns (STR) for the tax period March 2022.

In addition, IRIS has also placed an objection to paying the POS fee from the date of integration irrespective of the fact that the same has already been deposited in the designated bank account / its applicability from October 2021. Further, the IRIS is not permitting the return to be submitted unless the newly designed payment challan is paid by the taxpayers.

The letter urged the chairman of FBR for its prompt resolution and till such time the matter remains unresolved, the board should extend the e-filing of the sales tax return for the tax period of March 2022 and allow to upload the evidence of POS service already paid to enable them in the IRIS for e-filing of the STR for the tax period March 2022.