

POS service fee issue hampers Sales Tax Return Filing

KARACHI: Karachi Tax Bar Association (KTBA) has raised the issue that taxpayers are unable to file sales tax return for the month of March 2022 as online system is denying taxpayers without payment of POS service fee.

The KTBA in a letter sent to FBR chairman on Wednesday urged to take urgent note of the matter and extend the date for filing sales tax return for the tax period March 2022. Further, allow a mechanism to upload the evidence of POS service already paid to enable them to file the Sales Tax Return for March 2022.

Through its SRO 1279/(I)/2021 dated 30 September 2021, the FBR levied Point of Sale (POS) service fee of Re1 (one rupee) per invoice on all invoices raised through POS integrated with Board's computerized system.

It also specified that the above amount collected by the Tier-1 retailers from the customers shall be deposited along with the monthly sales tax returns (STR) in a designated bank account.

However, even before such levy was introduced through the above SRO, the Board vide S.R.O.1006(I)/2021 dated August 9, 2021 had already issued a standardized format for issuance of invoices by Tier-1 retailers through POS.

The above format provided for separate line/row for collection of the POS service fee.

Further a procedure for operationalization of SRO 1006(1)/2021 dated 9th August 2021" was issued carrying the following directions:

"2. The POS Service Fee of Re1 per invoice shall be collected by T-1Rs from the customers and shall be deposited along with the monthly Sales Tax return which is being amended to include a row for "POS Service Fee". This row shall be auto populated by the system based on the invoices generated and recorded at the Board's computerized system. The POS Service Fee collected each month shall be deposited by the T-1 Retailer in a separate head of Account."

Subsequently, the taxpayers were intimated through IRIS of the following designated Bank Account for the purpose of deposit of POS service fee charged by them –

Account Title: IRS Common Pool Fund
Account No: PK76ABPA0010002165980013
Bank Name: Allied Bank Limited
Branch Name and Address: Allied Bank Plaza, Blue Area, Jinnah Avenue Islamabad
Branch Code: 07024

The KTBA sought clarification

“Applicability of POS service fee on invoices issued from 01 October 2021

As explained above, since the above service fee was levied through S.R.O.1279/(I)/2021 dated 30 September 2021, we understand that the chargeability of POS service fee is applicable with effect from 01 October 2021.

However, we have been informed by our members that 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.

We, therefore, request your office to kindly take notice of the above matter and direct the field offices not to issue notices and demand the T-1 Retailors to deposit the POS service fee in relation to periods prior to October 2021.”

“Adjustment of POS service fee in the STR

As discussed above, the Board directed the T-1 Retailors to collect POS service fee and deposit the same in the designated bank account notified by it. However, the T-1 Retailors are unable to file the Sales Tax Returns (STR) for the tax period March 2022 due to the reasons that IRIS has placed an objection to pay 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.”