



09 September, 2022

## **KTBA highlights pharma sector taxpayers issues**

**KARACHI:** The Karachi Tax Bar Association (KTBA) has urged the Federal Board of Revenue (FBR) to address the issues of the pharmaceutical industry in filing sales tax returns.

KTBA President Syed Rehan Hasan Jafri, in a letter to FBR Chairman Asim Ahmad said that the pharmaceutical industry is facing various issues owing to recent amendments in the Finance Act 2022.

The recent amendments in the Act suggest that the manufacturer or importer of drugs will charge and pay one per cent sales tax, which would be the final discharge of their sales tax liability in the entire supply chain of pharma products, Jafri added.

“This clearly implies that if a manufacturer or an importer has paid one per cent sales tax on the supply or import of finished goods (drugs), respectively, then no sales tax would be applicable on the subsequent supply of such pharma goods,” he added.

“Reference of serial No 19 of the Fifth Schedule to the Act is not being appeared at the time of declaring sales returns or cancellation through credit or debit notes at Annexure-C.

Consequently, sales returns pertaining to January 2022 to June 2022 made at the rate of zero per cent, are not being declared in the tax periods of July 2022 and August 2022.”

The KTBA president said that the option for reporting exempt sales made by pharmaceutical distributors is not available for the tax period of July 2022 due to which, pharmaceutical distributors are unable to file their monthly sales tax return.

He said that multiple queries have already been raised via emails at the FBR helpline by the KTBA members but no solution or a guideline has been provided by the FBR.

Jafri requested the FBR chairman to make necessary amendments in IRIS so that the pharmaceutical distributors are enabled to file their monthly sales tax returns in a timely manner.

He urged the FBR chairman to condone the due date for filing monthly sales tax returns for the pharmaceutical industry till the issue remains unresolved.