

Dar announces issuance of Rs 26.43 billion sales tax refunds

Terming sales tax refunds a sensitive issue for the PML (N) government, Finance Minister Ishaq Dar Tuesday announced the issuance of sales tax refunds of Rs 26.43 billion, including refunds issued in the first phase, involving 10,439 refund payment orders (RPOs), through an electronic system. In this connection, Ishaq Dar pushed the computer button for payment of refunds related to all taxes without any human interactions and the amount would be transferred into the accounts of taxpayers.

The finance minister said this while addressing a function on issuance of refunds to taxpayers here on Tuesday. The ceremony was also attended by Zubair Tufail, President the FPCCI, and other representatives of chambers and trade bodies. FBR Chairman Tariq Pasha, Members of FBR and other tax officers were also present on the occasion.

The finance minister said, "We have cleared the backlog and fulfilled the second promise with the business community clear their refunds dues where Refund Payment Orders (RPOs) were issued till April 30, 2017 in case of over Rs one million." He said the tax collection of FBR increased from Rs 1946 billion to Rs 3362 billion in last four years but the stuck-up refunds amount did not increase to the same proportions. He said the government took bold steps towards eliminating tax exemptions for privileged class and brought Rs 323 billion into the system.

He said, "It is our target to increase tax to GDP ratio up to 15 percent as the size of the country's GDP crossed 300 billion dollar mark." It was announced by the finance minister in the budget speech for the year 2017-18 that taxpayers' long outstanding demand for payment of refunds will be addressed soon and the sales tax refunds against refund payment orders (RPOs) issued up to 30th April, 2017, shall be paid in two stages. Firstly, payments against RPOs involving amounts up to Rs 1 million were to be paid by 15th July, 2017; and in the second stage refunds against RPOs of amount more than Rs 1 million were to be paid by August 14, 2017.

The finance minister said the PML (N) government has been sensitive to the issues faced by the business community arising from stuck-up refunds. The minister said that refund payments up to Rs 1 million were paid on 15th July, 2017 whereas payments against RPOs exceeding Rs 1 million are being issued today (Tuesday), well before the date announced earlier. He added that total refunds including the refunds issued in the first phase come out to Rs 26.43 billion covering 10,439 RPOs.

Dar said that these refund payments would not only cover exporters but all other claimants in all sectors of economy. This would resolve liquidity problems that the taxpayers are facing. He said that to fulfill the commitment the FBR is forwarding electronic payment advice to State Bank of Pakistan.

It may be added that first time refund payments were made through direct electronic transfer to claimants' bank accounts through State Bank of Pakistan (SBP) in November 2016. Since November 2016, sales tax refunds have been credited directly into the account of the taxpayers within 24 hours. State Bank of Pakistan has again been directed to make arrangements in this regard so that the amount of refunds should be credited directly into the account of the taxpayers within 24 hours.

The finance minister emphasized cordiality in FBR-business community relationship, saying it was vital for good revenue generation, which in turn is essential for economic growth as envisaged by the present government. The minister also urged the business community to play their vital role by investing in new areas, setting up industries and paying taxes to enhancing the pace of development in the country.

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