

Return/0174/06/24

June 27, 2024

The Member (Inland Revenue – Operations)
Federal Board of Revenue,
Islamabad.

Dear Sir,

SUI SOUTHERN GAS COMPANY LIMITED (SSGC)**NTN No. 0712242-0****REQUEST TO ISSUE NECESSARY INTRUCTIONS FOR RESOLUTION OF THE ISSUE BEING FACED BY SSGC AND ITS CUSTOMERS DUE TO 'PROVISIONAL RETURN' STATUS OF THE SALES TAX RETURN FOR THE TAX PERIOD APRIL 2024**

Through this letter, we would like to draw your kind attention to a technical issue being faced by our above named client (SSGC) and its customers due to non-finalization of its sales tax return for the period of April 2024, with a request for issuance of necessary instructions from your office to PRAL for its immediate resolution.

The pertinent details and necessary facts of the matter are as under:

- Consequent to changes made in the Sales Tax Rules, 2006 (ST Rules) through recent S.R.0 350(I)/2024 dated March 7, 2024 of the sales tax, the sales tax return filed by the buyer of taxable goods for a tax period is taken as **provisional return** in IRIS, until the respective seller files his return for the same tax period up to the last day of the month in which the due date of filing of return falls.
- In case of failure of the supplier to file return by the end of the month such provisional return is automatically finalized and the respective input tax entries on account of purchase invoices/debit notes issued by such supplier in default are automatically deleted in the return of the buyer.

An anomaly has been noticed wherein input tax to buyer is disallowed in both cases i.e. when supplier does not file:

- Provisional sales tax return on due date or
- Valid / final return at end of month (after payment of IRIS re-calculated amount).

- SSGC has uploaded the online data of purchases, debit/ credit notes as provided in the integrated Invoice Management System (IMS) of Iris portal and filed sales tax return for the period of April 2024 as per the Act (which was due for filing in June 2024 in accordance with S. No 3 of the Table provided under sub-rule (9) to Rule 18 of the ST Rules).
- However, due to non-submission of sales tax return for the period of May 2024 by some of the vendors within due date, the status of the said return of SSGC has become 'Provisional' instead of Submitted as per the provision of the aforesaid SRO. The vendor wise details of respective Debit Notes (DN) are being enclosed with this letter as **Annexure-I** for your kind review and record.
- As the entries uploaded in the provisional sales tax return are not editable, SSGC is unable to delete the respective DN entries pertaining such vendors whose sales tax returns are pending for filing.
- Further, It has also been observed that one vendor of SSGC namely M/S JILLANI ENGINEERING COMPANY is non-active due to which input sales tax amounting to Rs. 66,816 become payable (after return submission / provisional return) and SSGC being bona-fide taxpayer has submitted the aforesaid tax amount through CPR No. ST2024062601011805779 dated 26.06.2024.



However, when aforesaid CPR is selected from Payment tab of the Provisional sales tax return form and try to submit the return, IRIS shows a new error "*NSTR-Negative value(s) are not allowed in Annexure-F or Annexure-G or Return*". It is observed that IRIS portal does not allow taxpayer to amend Annexure-F in provisional sales tax return. Despite of payment of aforementioned sales tax amount, SSGC is still unable to submit its sales tax return. Screenshot of error appearing at IRIS is enclosed as "**Annexure-II**".

Issue faced by SSGC and its customers (Ripple effect in entire Supply chain)

It may be appreciated that SSGC is a Utility Company and entire industry claim input tax adjustment against bill / invoices declared by SSGC in its sales tax return.

Due to the provisional status of the return SSGC for the period of April 2024, our client's around 30,000 customers are also facing hardship by not being able to adjust/claim input tax against gas bills issued by SSGC for the above said month and are ultimately handicapped to file their sales tax return within due date as per the Act.

SSGC and its customers face the apprehension that even if SSGC pays the IRIS re-calculated amount at end of month and SSGC's sales tax return becomes valid even then customer (whose input tax from SSGC is deleted due to provisional status) will also suffer and entire supply chain may collapse.

Request:

Therefore, you are requested to make necessary instruction to FBR IT Team/ PRAL to:

- Delete the respective DN entries from the above said provisional return of SSGC or make the said provisional return 'editable' so that aforementioned Debit Notes in the Annexure-I of the Sales tax return of SSGC for the period of April 2024 may be removed and some other input invoice may be selected, to finalize the return before June 30, 2024.
- If SSGC (Seller) return becomes valid after end of month then customer be allowed to re-claim input tax in same month (which has been automatically deleted by IRIS).
- Change the status of said return from 'Provisional' to 'Submitted' before June 30, 2024 so that the customers of SSGC may finalize their returns with claiming input tax on gas bills without any difficulties.
- To calculate resultant values of Annexure-F as "zero".

Your earliest co-operation in this regard will highly be appreciated in order to avoid hardship being faced by SSGC and its customers.

Yours truly,



Chartered Accountants

- Cc. 1) The Member (Inland Revenue – IT)
Federal Board of Revenue,
Islamabad.
- 2) Mr. Asif Butt
General Manager (Treasury Function & Accounts) SSGC,
Karachi.

Encl. as stated above

Sui Southern Gas Company Limited (SSGCL)
List of Debit Notes For The Month of May 2024

S. No.	Registration No.	Seller Name	Number	Date	Type	Original Invoice Ref	Original Invoice No.	Original Invoice Date	Diff Value of Sales Excl. ST	Diff Sales Tax/ FED in ST Mode
1	1218669	GOVERNMENT HOLDINGS (PRIVATE)	90028815	1-May-24	Credit Note	2585901930	90028045	31-Jan-24	(8,480,248)	(1,526,445)
2	1218669	GOVERNMENT HOLDINGS (PRIVATE)	90028772	1-May-24	Credit Note	2585901931	90028125	31-Jan-24	(661,862)	(119,135)
3	1218669	GOVERNMENT HOLDINGS (PRIVATE)	90028812	1-May-24	Credit Note	2612381767	90028298	29-Feb-24	(7,001,584)	(1,260,285)
4	1218669	GOVERNMENT HOLDINGS (PRIVATE)	9000000169	1-May-24	Credit Note	2634674054	2000003668	31-Mar-24	(18,070)	(3,253)
Total										(2,909,118)

