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Provinces, FBR sign MoU for single sales tax return

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ISLAMABAD: The Federal Board of Revenue (FBR) on Wednesday signed a memorandum of understanding (MOU) for single sales tax return and single web portal with the four provincial revenue authorities.

Signing of this MOU is one of the most significant components for the harmonisation of sales tax initiative currently underway between the federation and the provinces. The MoU was signed by FBR Chairman Javed Ghani whereas the heads of all provincial revenue authorities signed the document on behalf of their respective departments.

The World Bank is pushing for more harmonisation of general sales tax on services and goods among federating units of Pakistan, maintaining that this will help tap 87 per cent potential revenue which remains largely uncollected.

The bank is also proposing to provinces to agree on a single law, supply side rules and tax rate. The idea is to apply the same definitions, principles and rates for GST on goods and services, with the end result of easing compliance.

The representatives of Khy-ber Pakhtunkhwa Revenue Authority (KPRA) and Balochistan Revenue Authority (BRA) were physically present in the signing ceremony whereas the representatives of Sindh Revenue Board (SRB) and Punjab Revenue Authority (PRA) participated virtually.

Over the years, Pakistan has been made into five markets with 13 tax authorities with no data sharing with each other. Different rates and procedures between provinces and federal authorities hampering collections of sales tax on goods and services.

Currently, private businesses are filing 60 sales tax returns per year if they are working across the country.

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