

PBA/06/13/Cir-9116
June 12, 2013

All Members / Associate Members
Pakistan Broadcasters Association

Dear Members,

Advertisers on electronic media are facing problems in securing input tax adjustment from FBR on sales tax paid on advertising because FBR/SRB/PRA portals are not integrated.

Since huge funds in the shape of sales tax gets accumulated and piled up, advertisers have now indicated that they would stop making payments of their outstanding dues and future advertising, if they are unable to get input tax adjustments on sales tax paid on advertisements over the electronic media.

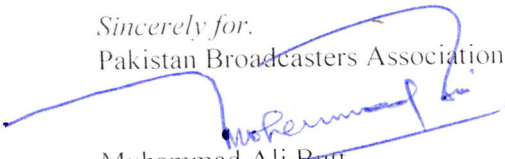
Such matter was recently debated in a complaint before Federal Tax Ombudsman (FTO) in the case of Lotte Pakistan Limited vs. Secretary, Revenue Division. While accepting the arguments advanced by complainants, the FTO has recommended that FBR should provide Database linkage to SRB within 1 month's time. We understand such timeline has already expired and the recommended linkage has not been put in order. Copy of FTO's order is enclosed herewith.

While PBA is taking up the matter with FBR in the light of FTO's recommendation, in the meantime to obviate any disruption in our members' advertising business, we recommend to our members to take the following steps on immediate basis:

1. Members who already hold registration with FBR and are appearing upon Active Taxpayers' List (ATL) should file monthly sales tax returns with FBR on "NIL" basis.
2. Members who already hold registration with FBR but are not appearing upon Active Taxpayers' List (ATL) should take necessary steps to get their tax registration status restored as active and also start filing monthly sales tax returns with FBR on "NIL" basis.
3. Members commenced business after June 2011 and are accordingly not registered with FBR should immediately obtain registration with FBR and start filing monthly returns on "NIL" basis.

The aforementioned procedure is expected to ensure that the advertisers are able to claim input tax adjusted in their return on sales tax paid to our members who are registered with SRB and PRA and there is no interruption in flow of advertising revenue. Needless to say that this is an interim procedure to be followed till FBR implements the FTO's recommendation.

Sincerely for,
Pakistan Broadcasters Association



Muhammad Ali Butt
Executive Director