Pakistan Knitwear & Sweater Exporters Association
1014-16, Park Avenue, PECHS Block 6
Shahrah-e-Faisal, Karachi-75350
Tel: 34544035 SG: 34544039, email: kho@paksea.com

Circular to members # 42/2026-27
September 7, 2026

FBR sets timelines to clear deferred ST refund claims

BUSINESS RECORDER

The Federal Board of Revenue (FBR) has prescribed stage-wise timelines for processing and disposal of sales tax refund claims deferred through its "FASTER" system, directing field formations to clear the backlog and prevent accumulation of pending claims.

According to the FBR's instructions issued to the field formations, a significant number of refund claims deferred by the FASTER system after completion of prescribed validation checks/cycles have remained pending at field formation level due to non-submission of requisite documents and delays in subsequent processing. The board has directed all Chief Commissioners Inland Revenue (CCIRs) to ensure strict compliance with the prescribed timelines for processing and disposal of deferred refund claims.

Under the prescribed procedure, the deferred memo is to be communicated through the "FASTER" to the taxpayer and concerned field office after completion of 12 validation checks/cycles. The concerned field office is required to intimate the taxpayer for submission of the requisite record/documents within seven days.

In case of non-compliance or partial compliance, an objection memo is to be communicated to the refund claimant, followed by reminders for submission of a reply. In case of continued non-compliance, proceedings for issuance of a show-cause notice are to be initiated.

The instructions further require STARR replication and verification of the refund claim, followed by processing of the case and submission to the sanctioning officer within the prescribed timelines. Examination and sanctioning of an admissible refund and issuance of Refund Payment Order (RPO) or show-cause notice are also subject to specified time limits.

The FBR said the measures were aimed at ensuring expeditious disposal of deferred refund claims and addressing concerns raised by taxpayers and refund claimants over prolonged pendency.

The board has also prescribed a checklist of documents to be furnished by refund claimants, including sales tax registration number (STRN), NTN, sales and purchase invoices, import and export Goods Declarations (GDs), tax period, monthly return with annexures, bank account details, sales register, section 73 compliance, authority letter and undertakings, among other documents.

The Receiving/ Processing Officer will verify the availability of each document at the time of receipt of the refund file and record any deficiency, if applicable.

The FBR clarified that the prescribed timeline will not apply to refund claims pertaining to excess carry-forward amount and input tax carry-forward under Section 8B of the Sales Tax Act, 1990, the Board's instructions added.

Nadia Iqbal Soomro
Deputy Secretary
021-34544035 Ext 103