

### Physical verification must for obtaining ST registration numbers

SOHAIL SARFRAZ ISLAMABAD (January 07, 2013) : The Federal Board of Revenue (FBR) will reject applications of sales tax registrations filed by manufactures and wholesalers in cases where signature of applicants on the computerised national identity card numbers (CNICs) do not match with the signatures on application form. Sources told *Business Recorder* here on Sunday that the physical verification declared by the new manufactures and wholesalers is must for obtaining sales tax registrant numbers. Similarly, the signature on the CNIC should also be the same as declared on the registration form. The FBR is taking extra precautionary measures to check any fake or bogus sales tax registration to prevent fraud in the Value Added (VAT) chain. Most of the applications in the said categories have been immediately cleared unless some discrepancy has been detected in the declared documents. The genuineness of fresh applicants of sales tax registration within the categories of manufactures and wholesalers is very important in view of their nature of business. Both the manufactures and wholesalers issue sales tax invoices on which refund or input tax adjustments have been claimed. The turnover, capital and other requirements of the manufactures have been checked before issuance of new sales tax registration numbers. The physical verification of the declared business premises and presence of applicant has also been ensured to issue sales tax registration numbers to only genuine manufacturers and wholesalers. In case the signature on the CNIC and application form does not match, the wholesaler/manufacturer has to physically present himself before the Central Registration Office (CRO) to verify the application. The applicant has to sign before the tax department to ensure that genuine unit is seeking sales tax registrant number. Certain precautions have also been taken where the tax lawyers have signed on the behalf of manufacturer or wholesalers for obtaining registration. Under existing system, the FBR verify the CNIC from the database of NADRA. Any discrepancy would prompt tax department to take further measures for verification of particulars declared in the application from to check authenticity of the new manufacturer or wholesaler. Out of total applications filed for new sales tax registration, around 30-40 percent has been filed by category of manufactures on monthly basis. Nearly 20 percent of the total applications have been filed by wholesalers per month. On average basis, if 100 cases of manufacturers have been filed for sales tax registration, 80 cases have been promptly cleared whereas 20 percent have been further checked till discrepancies have been removed by the new applicants. Within the category of wholesalers, there is no apparent reason for rejection of application as compared to manufactures where more documentation is required. According to sources, if all documents are complete there is no reason for rejection of application. However, special attention has been given during processing of cases falling within the category of wholesalers and manufacturers.

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