

Subject: **Reversal of 60% disallowance of Sales Tax (Input Tax) Adjustment**

FBR in order to facilitate the taxpayers has automated the process for restoration of input tax adjustment which was previously disallowed by 60% for non-integration with POS system. Now registered person can file application alongwith evidence through IRIS for issuance of Exclusion Certificate by the Commissioner IR.

- If, the application is accepted, CIR shall issue Exclusion Certificate mentioning the date of integration and system shall automatically restore the input tax adjustment from date of integration.
- If, CIR issues an Exclusion Certificate that registered person doesn't qualify as Tier-I Retailer, input tax will be allowed from the date on which disallowance was made.
- If, the application for Exclusion is rejected by the CIR, disallowance of input tax adjustment shall continue.

Ref: C.No.44/POS/IR/2021/118468-R dated May 13, 2022

Sales Tax General Order No.17 of 2022