



KHYBER PAKHTUNKHWA REVENUE AUTHORITY (KPRRA)

KPRRA Headquarters, Railway Track, Phase-3 Chowk, Hayatabad,
Peshawar

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F.No. KPRRA/Admin/G.Admin/2019/V-III/ 2711-16

Dated: 19th Feb. 2021

CIRCULAR NO. 1 OF 2021

SUBJECT: STREAMLINING OF PROCEDURE FOR EXPEDITIOUS DISPOSAL OF DEREGISTRATION APPLICATIONS/CASES.

It has been noticed by the Authority that several deregistration applications are lying pending with different regional offices of KPRRA. The statutory provisions for deregistration are available under section 46 read with section 99 of the KP Finance Act, 2013. These provisions lay down the following fundamental principles:

- a. Deregistration is one of the operational functions of the Authority.
- b. Any registered person or class of such persons not required to be registered can be deregistered.
- c. Any registered person believing that he is not legally required to be registered can apply for deregistration.
- d. Deregistration is allowed if an applicant of deregistration satisfies that he is not required to be registered and has in this regard fulfilled legal obligations.
- e. Deregistration application is required to be disposed of within an extended period of five months of its receipt, which period can be further extended by the Authority under section 99 as considered appropriate.

2. Regulatory provisions about the procedure and other allied matters of deregistration are covered under Paras 8 and 9 of the KPRRA Sales Tax on Services Regulation, 2017. These provisions specify the following interpretative principles:

- a. Application for deregistration is to be filed in a form prescribed under the said regulation.
- b. If no tax payment is outstanding, deregistration comes into effect from the date specified therein, otherwise it will take effect on the date when payment of outstanding tax, if any, is made.
- c. The requirement of enquiry (and even of hearing) for the purpose of deregistration is primarily relevant where registration is suspended before deregistration and for disposal of other normal deregistration applications, enquiry or hearing is not essential unless the facts involved in the case are to be ascertained and verified to assess the genuineness of the deregistration application.
- d. Every reregistration order whether resulting from suspension of the registration or from the disposal of normal deregistration application is required to be uploaded on KPRRA's website.

3. The pending deregistration cases do not fall in the category of cases involving pre-registration suspension of a registration. These are normal deregistration cases and are to be dealt with accordingly. In order to expedite finalization of these cases and to streamline the disposal of such future cases, a standard procedure is specified by the Authority in this circular.

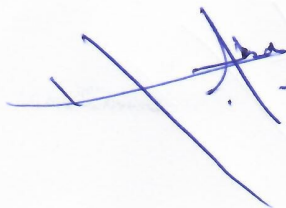
4. In each case of deregistration application, a questionnaire containing the following questions and queries shall be issued to the applicant as immediately as possible with a request to furnish answers (along with documents and proofs, if any, in support of his stance) on an affidavit of stamp paper worth rupee one hundred within twenty days of the receipt of the questionnaire (the questions may be rephrased, as and if needed):

- i. Whether or not the applicant undertook any business involving rendering of taxable services ever since his registration and discharge all his tax obligations? If not, then provide details.
- ii. Whether or not the applicant continued filing KP sales tax return (null return) despite closure of his business and filing of deregistration application?
- iii. Whether or not the applicant has disposed of his running business to another person and the person who has purchased his business did not get registration, nor did he start tax compliance?
- iv. Whether or not where the applicant has disposed of his running business, the person who has purchased his business got registration and started compliance?
- v. Whether or not any penalties for non-filing have been imposed by the department after filing of deregistration application?
- vi. Whether or not the applicant has paid the penalties imposed by the department for non-filing after filing of deregistration application?
- vii. Whether or not after the closure of business, the applicant has declared any business income in his income tax declarations to FBR and if declared, what was the nature of business from which he had earned such income?
- viii. Whether or not any amount has been credited into his declared business or personal bank accounts during the non-conduct or closure of the business involving providing of taxable services and if credited, what was the source of crediting of such amount?
- ix. Whether or not the applicant is still having and operating his office declared in his registration application and if operating, what is the nature of his new business?
- x. Whether or not the applicant has changed his business location and if changed, what type of business he is running on the new location?

5. Each reply received from the applicants shall be scrutinized with professionally prudent and objective mind to ascertain the genuineness of the deregistration application and where genuineness is ascertained, the Additional Collector shall recommend deregistration to the Director General for orders under sub-section (4) of section 5 of the KP Finance Act, 2013. And where such genuineness is not established, the Additional Collector in charge shall get the case further verified, enquired or investigated to ascertain the actual facts of the case within the framework of the questionnaire and to determine the outstanding tax liability including default surcharge and penalties, if any. Deregistration shall not be recommended unless the determined tax liability is recovered:

Provided that where the applicant has not furnished any reply or has otherwise avoided to reply to the questionnaire, the case will be properly enquired and investigated and undischarged tax liabilities shall be assessed and recovered, if so required in consequence of the enquiry and investigation.

6. The applicants shall however, be at liberty to avail their right of appeal as per law. Where any appellate forum has ordered for deregistration without upholding the tax liability determined as aforesaid, deregistration shall be recommended if the Additional Collector is satisfied that filing of departmental appeal or reference is not justified against such appellate judgment and no tax liability is pending against the applicant.



7. In each regional office, the Additional Collector in charge shall nominate a specific officer under from his team for dedicated and focused handling of pending deregistration cases under direct supervision of the Additional Collector. Each regional Additional Collector shall furnish a monthly progress report to the Director General in a tabulated form indicating the action taken, result found and outcome achieved in each case.

8. The deregistration cases hitherto referred to and lying (unfinalized) with the Directorate Investigation & Inquiry (KPRA Headquarters) shall be forthwith returned back to the respective regions and all deregistration orders issued in the cases shall be got implemented in the computer system through the Deputy Collector (Registration), KPRA Headquarters with the help of PRAL.

This circular shall take immediate effect and will also be, mutatis mutandis, applicable in such future cases. The time limitation for disposal of the cases pending on the affectivity date of this circular stands condoned and extended till June, 2021 in terms of sub-section (1) of section 99 of the KP Finance Act, 2013.



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Copy forwarded to;

1. Secretary Finance Department, Govt. of Khyber Pakhtunkhwa.
2. All Directors of Khyber Pakhtunkhwa Revenue Authority (KPRA).
3. All officers of KPRA from Assistant Collector/ Assistant Director upward.
4. Manager PRAL, KPRA Headquarters, Peshawar.
5. Assistant Director (Web), for uploading on KPRA's website.
6. Office copy.