

GOVERNMENT OF PAKISTAN
MINISTRY OF FINANCE, ECONOMIC AFFAIRS,
STATISTICS AND REVENUE
(REVENUE DIVISION)

Islamabad, the 30th June, 2007.

NOTIFICATION
(SALES TAX)

S.R.O. 660(I)/2007.— In exercise of the powers conferred by sub-section (6) and sub-section (7) of section 3 of the Sales Tax Act, 1990, read with section 71 thereof, the Federal Government is pleased to make the following rules, namely:—

1. Short title, application and commencement.—(1) These rules may be called the Sales Tax Special Procedure (Withholding) Rules, 2007.

(2) They shall apply to all taxable goods and services as are supplied by a supplier to the Government departments, autonomous bodies and public sector organizations, hereinafter referred to as withholding agents.

(3) They shall come into force on the 1st day of July, 2007.

2. Responsibility of a withholding agent.— (1) The withholding agent, intending to make purchases of taxable goods, shall indicate in an advertisement or notice for this purpose that the sales tax to the extent as provided in these rules shall be deducted from the payment to be made to the supplier.

(2) A withholding agent shall deduct an amount equal to one fifth of the total sales tax shown in the sales tax invoice issued by the supplier and make payment of the balance amount to him as per illustration given below,--

ILLUSTRATION:

Value of taxable supplies excluding sales tax	Rs. 100
Sales tax chargeable @ 15%	Rs. 15
Sales tax deductible by the withholding agent	Rs. 3 (i.e. Rs. 15 ÷ 5)
Sales tax payable by the withholding to the supplier	Rs. 12 (i.e. Rs. 15 - Rs. 3)
Balance amount payable to the supplier by the withholding agent	Rs. 112 (Rs. 100 + Rs. 12);

(3) All withholding agents shall make purchases of taxable goods from a person duly registered under the Sales Tax Act, 1990, provided that under unavoidable circumstances and for reasons to be recorded in writing, purchases are made from unregistered persons, the withholding agent shall deduct sales tax at 15% of the value of taxable supplies made to him from the payment due to the supplier.

(4) The sales tax so deducted shall be deposited by the withholding agent in the designated branch of National Bank of Pakistan under Head of Account "B02341-Sales Tax" on sales tax return-cum-payment challan in the form set out at Annexure to these rules, by 15th of the month following the month during which payment has been made to the supplier:

Provided that a single return-cum-challan can be filed in respect of all purchases for which the payment has been made in a month:

Provided further that in case the withholding agent, is also registered under the Sales Tax Act, 1990, with respect to the taxable supplies provided or

services rendered by him, he shall deposit the withheld amount of sales tax in the manner as provided under Chapter II of the Sales Tax Rules, 2006, along with other sales tax liability. In such case the Annexure to these rules shall be submitted to the Collector having jurisdiction.

(5) The Annexure to these rules, shall be prepared and deposited with the bank in triplicate and the bank shall send the original to the Directorate of Sales Tax having jurisdiction, return the duplicate to the depositor and retain the triplicate for its own record.

(6) The withholding agent shall furnish to the Collector of Sales Tax having jurisdiction all such information or data as may be requested by him for carrying out the purposes of these rules.

(7) A certificate showing deduction of sales tax shall be issued to the supplier by the withholding agent duly specifying the name and registration number of supplier, description of goods and the amount of sales tax deducted.

3. Responsibility of the supplier.— (1) The supplier shall issue sales tax invoice as stipulated in section 23 of the Sales Tax Act, 1990, in respect of every taxable supply made to a withholding agent.

(2) The supplier shall file monthly return as prescribed in the Sales Tax Rules, 2006, and shall adjust total input tax against output tax under sections 7, 8 and 8B of the Sales Tax Act, 1990, taking due credit of the sales tax deducted by the withholding agent, in the manner as prescribed in the return under Chapter II of the Sales Tax Rules, 2006.

4. Responsibility of the Collector.— (1) The Collector shall keep a list of all withholding agents falling in his jurisdiction and monitor payment of tax deducted by withholding agents falling in his jurisdiction and shall also ensure that the return prescribed under these rules is filed.

(2) The Collector shall ensure that the return received from the bank is duly fed in the computerized system as referred to in clause (5AA) of section 2 of the Sales Tax Act, 1990.

(3) The Collector shall periodically ensure that the suppliers mentioned in the return filed by the withholding agents, as fall under his jurisdiction, are filing returns under section 26 of the Sales Tax Act, 1990, read with Chapter II of the Sales Tax Rules, 2006, and are duly declaring the supplies made to withholding agents.

5. Exclusions.-- The provisions of these rules shall not apply to supplies and services made or rendered by the companies engaged in,-

- (i) distribution of gas and electricity; and
- (ii) providing telephone services, including mobile phone services.

6. Application of other provisions.-- All the provisions of the rules and notifications made or issued under the Sales Tax Act, 1990, shall apply to supplies as aforesaid not inconsistent with the provisions of these rules.

