

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

Islamabad, the 11th June, 2008.

NOTIFICATION
(SALES TAX)

S.R.O. 525(I)/2008.— In exercise of the powers conferred by section 71 of the Sales Tax Act, 1990, read with clauses (9) and (46) of section 2, sections 3 and 4, sub-section (2) of section 6, section 7, section 7A, clause (b) of sub-section (1) of section 8, clause (a) of sub-section (2) of section 13, sub-sections (2A) and (3) of section 22, sections 23 and 60 thereof, the Federal Government is pleased to direct that the following further amendments shall be made in the Sales Tax Special Procedures Rules, 2007, which shall take effect on the 1st day of July, 2008, namely:—

In the aforesaid Rules, —

(1) in the preamble, after the figure “6”, the comma, word and figure “, section 7” shall be inserted;

(2) in rule 2, after clause (xxiii), the following new clause shall be inserted, namely:—

“(xxxiii-a) “stevedore” means a person engaged in loading and unloading of cargo, including bulk cargo, from ships in any manner and includes a person providing or rendering any other services related to or ancillary to the handling of or otherwise dealing with such or other similar cargo at port in any manner or style”;

(3) for rule 3, the following shall be substituted, namely:—

“3. Application.– The provisions of this Chapter shall apply to the registered persons, including jewellers, who make supplies from retail outlets to final consumers and such persons shall be deemed to be retailers in respect of such supplies for the purposes of this Chapter:

Provided that the provisions of this Chapter shall not be applicable to dealers of motorcycles and specified electric goods who shall pay sales tax as prescribed in Chapter VIII and XIII, respectively.”;

(4) for rule 5, the following shall be substituted, namely:—

“5. Levy and rate of tax.– (1) A retailer operating under these rules shall charge and collect sales tax at the rates as mentioned in column (3) of the Table below against turnover as specified in column (2) thereof, namely:—

TABLE

S. No.	Quarterly turnover	Sales tax rate
(1)	(2)	(3)
1.	Up to Rs. 1.25 million	Nil
2.	More than Rs. 1.25 million and up to Rs. 2.50 million	0.5% of turnover which is in excess of Rs. 1.25 million
3.	More than Rs. 2.5 million	Rs. 6,250 plus 0.75% of turnover which is in excess of Rs. 2.5 million

(2) The turnover as aforesaid shall constitute value of all supplies of a retailer, including supplies of goods otherwise exempt and zero-rated and those specified in the Third Schedule of the Act.

(3) In case the supplies are made to a person who deducts income tax at source under the Income Tax Ordinance, 2001 (XLIX of 2001), from a retail outlet, such supplies shall not be subjected to tax under this chapter but at a rate under section 3 of the Act and the supplier shall be entitled to deduction of input tax paid on purchase of the goods so supplied.

(4) While determining his turnover, a jeweller shall be entitled to exclude the value of gold or silver used in the jewellery supplied, provided that such assessable value for turnover is not less than ten per cent of the actual sale price excluding the amount of tax.

(5) The traders dealing in retail of mild steel products shall pay retail tax at the rates specified under sub-section (1) of section 3 of the Act on a value addition of not less than sixteen hundred and eighty rupees per metric ton.

(6) The retailers who have paid due amount of sales tax under this Chapter during the year 2007-08 shall continue to operate under this Chapter for the next two years.”;

(5) in rule 20, in sub-rule (2), in clause (c), in the first proviso,—

(i) for the words and hyphen “twenty-four”, the words and hyphen “twenty-five” shall be substituted; and

(ii) for the word “fifteen”, the word “sixteen” shall be substituted;

(6) in rule 21, for the full stop, at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:—

“Provided that the gas distribution companies may deduct input tax paid by them on purchase of natural gas as is subsequently supplied by them in Azad Jammu and Kashmir from the output tax.”;

(7) in rule 33, for the words “furtherance of taxable activity”, the words “providing taxable services” shall be substituted;

(8) in rule 39A, the sub-rules (1), (2) and (3) shall be omitted;

(9) in Chapter X, in the heading, the word “COMMERCIAL” shall be omitted;

(10) for rules 58A, 58B, 58C, 58D and 58E, the following shall be substituted, namely:—

“58A. Application.— The provisions of this Chapter shall apply to imports of all taxable goods as are chargeable to tax under section 3 of the Act or any notification issued thereunder.

58B. Payment of sales tax on account of minimum value addition.—(1) The sales tax on account of minimum value addition (hereinafter referred to as value addition tax in this Chapter), shall be levied and collected at import stage on goods as specified aforesaid at the rate of two per cent of the value of goods in addition to the tax chargeable under section 3 of the Act or a notification issued thereunder:

Provided that the value addition tax shall not be charged on the goods as are imported by a manufacturer for in-house consumption.

(2) The value addition tax paid at import stage shall form part of input tax, and the importer shall deduct the same from the output tax due for the tax period, subject to limitations and restrictions under the Act, for determining his net liability. The excess of input tax over output tax shall be carried forward to the next tax period as provided in section 10 of the Act.

58C. Value Addition Tax not to be refunded.-- (1) In no case, the refund of excess input tax over output tax, which is attributable to value addition tax, shall be refunded to a registered person.

(2) The registered person shall be entitled to file refund claim of excess carried forward input tax for a period as provided in section 10 or in a notification issued by the Board after deducting the amount attributable to value addition tax (i.e. sum of amounts paid during the claim period and brought forward to claim period). Such deducted amount shall be carried forward to subsequent tax period.

58D. Treatment of existing stocks of commercial importers.— The closing stocks of imported goods held by commercial importers on 30th June 2008 on which additional sales tax at two per cent was paid at import stage shall be disposed of under the provisions of this Chapter as in force before 1st July, 2008. The differential amount payable, in case tax charged was higher than that paid at import stage, shall be paid on the monthly return as arrears of tax.

58E. Filing of return and audit.— (1) The importers paying value addition tax under this Chapter shall file monthly return as provided in Chapter II of the Sales Tax Rules, 2006.

(2) The importers who do not claim any refund of excess input tax shall not be subjected to audit except with the permission of the Board.”;

(11) in rule 58G, for the figure “2007”, the figure “2006” shall be substituted;

(12) in rule 58H,—

(i) for the words “four rupees and seventy five paises”, occurring twice, the words “six rupees” shall be substituted; and

(ii) in sub-rule (4), for the words “thirty five hundred”, the words “four thousand five hundred and forty-five” shall be substituted;

(13) in rule 58Ha,—

(i) in sub-rule (1), for the figure “1562”, the figure “1972” shall be substituted; and

(ii) in sub-rule (2), for the figure “30,850”, the figure “38,964” shall be substituted;

(14) in rule 58I,—

(i) in sub-rule (1), for the words “forty one hundred”, the words “five thousand one hundred and eighty” shall be substituted;

(ii) in sub-rule (2),—

(a) for the words and brackets “downstream steel industry (the industry using steel products as raw materials for value addition purposes)”, the words “registered persons” shall be substituted; and

(b) for the words “forty seven hundred and seventeen”, the words “five thousand nine hundred and sixty” shall be substituted;

(iii) in sub-rule (3),—

(a) for the words “downstream industry”, the words “registered persons” shall be substituted; and

(b) for the words “fifty four hundred and sixty”, the words “six thousand and nine hundred” shall be substituted;

(iv) after sub-rule (3), amended as aforesaid, the following new sub-rule shall be inserted, namely:—

“(3a) Re-rollers using ship-plates and re-rollable scrap as raw material shall issue sales tax invoices to registered persons showing sales tax of five thousand three hundred and twenty-five rupees per metric tonne.”;

(v) in sub-rule (4),—

(a) for the words “downstream industry”, the words “registered persons” shall be substituted; and

(b) for the words “six hundred seventeen”, the words “seven hundred and eighty” shall be substituted;

(vi) in sub-rule (5), for the words “forty eight hundred and forty five”, the words “six thousand one hundred and twenty” shall be substituted;

(vii) in sub-rule (6),—

(a) for the letters, words and brackets “downstream industry (i.e. the industry using steel products as raw materials for value addition purposes)”, the words “registered persons” shall be substituted;

(b) for the words “fifty four hundred and sixty”, the words “six thousand and nine hundred” shall be substituted;

(c) for the words “downstream industry”, the words “registered persons” shall be substituted; and

(d) for the words “six hundred and seventeen”, the words “seven hundred and eighty” shall be substituted; and

(viii) in sub-rule (7), for the words “thirty six hundred”, the words “four thousand five hundred and forty-five” shall be substituted;

(15) in rule 58K, in the Table, in column (1),—

(i) against serial number 1, in column (4), for the figure “32,300”, the figure “40,800” shall be substituted;

(ii) against serial number 2, in column (4), for the figure “500”, the figure “600” shall be substituted;

(iii) against serial number 3, in column (4), for the figure “400”, the figure “480” shall be substituted;

(iv) against serial number 4, in column (4), for the figure “24,000”, the figure “30,300” shall be substituted; and

(iv) against serial number 5, in column (4), for the figure “27,335”, the figure “34,535” shall be substituted;

(16) in CHAPTER XII, for the heading “SPECIAL PROCEDURE FOR PAYMENT OF SALES TAX BY MANUFACTURERS OF BISCUITS, CONFECTIONERY AND SNACKS”, the heading “SPECIAL PROCEDURE FOR PAYMENT OF SALES TAX BY WHOLESALE-CUM-RETAIL OUTLETS” shall be substituted ;

(17) for rules 58N, 58O, 58P, 58Q, and 58R, the following shall be substituted, namely:—

“58N. Application.– The provisions of this Chapter shall apply to such chains of wholesale-*cum*-retail outlets, engaged in bulk import and supply of consumer goods on wholesale basis to the retailers as well as on retail basis to the general body of consumers and who maintain their records electronically.

58O. Rate and determination of sales tax.– (1) A wholesaler-*cum*-retailer operating under these rules shall, in respect of the supplies made by him, pay sales tax at the rate specified in sub-sections (1) or (2) of section 3 of the Act or any notification issued thereunder, as the case may be.

(2) The liability to pay sales tax shall be determined in accordance with the provisions of sections 7 and 8 of the Act.

58P. Filing of return, and payment of sales tax and maintenance of records.– (1) The wholesaler-*cum*-retailers operating under these rules shall file sales tax return and deposit the amount of tax due as provided in Chapter II of the Sales Tax Rules, 2006.

(2) The registered wholesaler-*cum*-retailer shall issue a serially numbered computer generated sales tax invoice, indicating the description of goods supplied along with value and sales tax chargeable thereon.

(3) The wholesaler-*cum*-retailer shall maintain entire sales tax records, as required under section 22 of the Act, electronically.

58Q. Supplies to diplomats and diplomatic missions and refund of tax collected.– (1) In case the supplies are made by the wholesaler-*cum*-retailers to diplomats and diplomatic missions, the same shall be charged to sales tax at zero rate provided an exemption certificate

issued by Ministry of Foreign Affairs is provided mentioning the description and quantity of goods to be purchased.

(2) The invoice issued against zero-rated supplies as aforesaid shall mention the reference number and date of the exemption certificate.

(3) In case the supplies to a diplomat or diplomatic mission have been charged to sales tax at a rate other than zero, the wholesaler-*cum*-retailer may refund the amount charged after preparation of a credit note mentioning the particulars of the invoice and the exemption certificate.

58R. Miscellaneous.— (1) The provisions of Chapters II and X of these rules shall not apply to the wholesaler-*cum*-retailers operating under this Chapter.

(2) The purchases made by wholesaler-*cum*-retailer operating under this Chapter shall not be subjected to extra tax provided under Chapter XIII.

(3) The provisions of section 73 of the Act shall not affect the admissibility of input tax adjustment where the wholesaler-*cum*-retailer receives consideration in cash against the supplies made by him.”; and

(18) after rule 58R, the following Chapter shall be inserted, namely:—

“CHAPTER XIII

SPECIAL PROCEDURE FOR PAYMENT OF EXTRA SALES TAX ON SPECIFIED ELECTRIC HOME APPLIANCES

58S. Application.— The provisions of this Chapter shall apply to the supplies of electric home appliances namely, television sets, refrigerators, freezers, air conditioners, electric ovens, microwave ovens, washing machines, spin dryers, and DVD/ CD players of all types, hereinafter referred to as specified electric goods in this Chapter.

58T. Mode, manner and rate applicable for payment of extra amount of tax.— (1) Extra amount of sales tax at the rate of 0.75% of value of supplies shall be levied and collected on the supplies of all specified electric goods by manufacturers and importers in addition to the tax payable under sub-sections (1) and (2) of section 3 of the Act, as the case may be.

(2) Extra amount of sales tax so charged and collected by the above listed registered persons shall be declared in the column relating to 'other supplies' in the monthly return and shall form part of output tax declared by the said registered person.

(3) The supplier of specified electric goods shall mention the extra amount of sales tax charged under this chapter separately on the sales tax invoice to be issued by them.

(4) The said registered persons shall charge the said extra sales tax even if they have paid any tax relating to value addition at import stage.

(5) The specified electric goods on which extra sales tax has been paid in the aforesaid manner shall be exempt from payment of sales tax on subsequent supplies including those as made by a retailer.

(6) The retailers operating under Chapter II shall be entitled to deduct value of supplies subject to extra tax under this Chapter from their turnover for the purpose of payment of sales tax under the said Chapter. However, they shall pay sales tax at a rate specified in Chapter II which is based on their total turnover.

(7) If a registered person, other than a retailer, who buys the specified electric goods on payment of extra sales tax under this Chapter, also deals in sale and purchase of other goods, he shall discharge his liability in respect of such other goods under sub-section (1) of section 3 and other relevant provisions of the Act and shall also be entitled to input tax adjustment only in respect of taxable supplies of such other goods.

(8) A registered person who is engaged exclusively in purchase and sale of specified electric goods and purchases the same on payment of extra sales tax, shall file quarterly sales tax return, in the manner prescribed in rule 7.”.

[C. No. 3(5)/ST-L&P/07]

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