



OFFICE OF THE COMMISSIONER, INLAND REVENUE, MULTAN ZONE
REGIONAL TAX OFFICE, MULTAN

No. CIR/M.Z/RTO/2016-17/ 500

Dated: 13-07-17

1. Chairman,
Pakistan Cotton Ginners Association,
Near Art Council Multan.
2. Chairman,
All Pakistan Oil Mills Association,
Noor Pur, 20-Kilometter Main Bahawalpur Road,
Multan.

Subject: IMPLEMENTATION / ENFORCEMENT OF SRO 188 (I), 2015.

Please refer to the subject.

2. According to SRO 188 (I) 2015 dated 05.03.2015 (as amended) every person engaged in supply of cotton seed (including composite cotton ginning and oil expelling units) are required to deposit sales tax @ Rs.6 per 40 KG on the basis of quantity of cotton seed supplied / consumed for in house expelling of oil. The provisions of said SRO were challenged in the court of law by the members of PCGA and Oil Mills Association and they did not make payments of sales tax during the tax years 2014-15, 2015-16 and 2016-17.

3. Through Finance Act 2017 a new section 74A has been inserted in the Sales Tax Act 1990. The relevant extract is reproduced for the sake of clarity.

“All notification and orders issued and notified in exercise of the powers conferred upon the Federal Government, before the commencement of Finance Act 2017 shall be deemed to have been validly issued and notified in exercise of those powers”.

4. By virtue of the said enactment the deficiency observed by the court of law in SRO 188 (I) 2015 has been taken care of.

5. In view of this explicit provision of law it is requested, that the members of association may please be advised to deposit sales tax as per said SRO for cotton seasons 2014-15, 2015-16 and 2016-17. Your co-operation shall be highly appreciated.

6. Needless to remind that in case of failure to deposit the said tax, the department will be constrained to initiate proceedings in terms of section 3 of Sales Tax Act 1990, read with 8th schedule by charging sales tax @ 5% on oil cake and 17% on cotton seed oil.

(DR. KHALIL AHMAD)
Commissioner

Copy to the Chief Commissioner Inland Revenue, RTO, Multan.

(DR. KHALIL AHMAD)
Commissioner