

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

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Islamabad, the 2<sup>nd</sup> July, 2014.

**NOTIFICATION**  
**(SALES TAX)**

**S.R.O. 608(I)/2014.**— In exercise of the powers conferred by sub-section (1) of 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 Procedure Rules, 2007, namely: —

In the aforesaid Rules,—

- (i) in rule 2, in sub-rule (1), after clause (xviii), the following new clause shall be inserted, namely:-

“(xviiiia) “national or international chain of stores” includes a chain of more than one retail outlets having the same brand name or trade name or trade mark or logo, engaged in the retail sale of goods and operating under a single or joint ownership or as a franchise or any other arrangement;”;

- (ii) for rules 3 to 10, the following shall be substituted, namely:-

**“3. Application.—**The provisions of this Chapter shall apply to all persons who make supplies from retail outlets to end consumers, including wholesalers-cum-retailers, whether registered or not, who shall be deemed to be retailers in respect of such supplies for the purposes of this Chapter and also to persons making supplies of electric power to retailers:

Provided that the provisions of this Chapter shall not be applicable to the following registered persons, namely:-

- (i) vehicle dealers paying sales tax in the manner prescribed in Chapter VIII;

- (ii) registered retailers exclusively making supplies of goods specified in Chapter XIII, on which extra tax has already been paid in the manner prescribed therein.

**4. Registration.—** Notwithstanding anything contained in clause (b) of rule 4 of the Sales Tax Rules, 2006 , retailers falling in any of the following categories shall be required to be registered as a retailer under the Act, in the manner specified in Chapter I of the Sales Tax Rules, 2006:-

- (a) a retailer operating as a unit of a national or international chain of stores;
- (b) a retailer operating in an air-conditioned shopping mall, plaza or centre, excluding kiosks;
- (c) a retailer who has a credit or debit card machine;
- (d) a retailer whose cumulative electricity bill during the immediately preceding twelve consecutive months exceeds rupees six hundred thousand: and
- (e) a wholesaler-cum-retailer, 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 the consumers:

Provided that the provisions of this Chapter shall remain applicable to retailers who do not obtain registration:

Provided further that the retailers operating as a unit of a franchise or any other arrangement of a national or multinational chain of stores, shall obtain a separate registration as distinct from their principal.

**5. Retailers required to pay tax on standard rate.—**(1) Retailers specified in rule 4 shall pay sales tax at the rate specified in sub-section (1) of section 3 of the Act and shall observe all the applicable provisions of the Act and rules made thereunder, including the requirement to file monthly sales tax returns in the manner prescribed in Chapter II of the Sales Tax Rules, 2006:

Provided that the retailers making supplies of finished goods of the five sectors specified in Notification No. S.R.O. 1125(I)/2011, dated the 31<sup>st</sup> December, 2011 shall pay sales tax in respect of such supplies at the rates prescribed in the said Notification.

(2) Subject to rule 8, retailers specified in rule 4 shall be required to install and operate Fiscal Electronic Cash Registers (FECRs), and to issue invoices only therefrom to their customers.

(3) Retailers shall provide seamless and real-time access of their FECRs data to the Board and also allow on-site physical inspection as and when authorized by the Commissioner Inland Revenue having jurisdiction.

**6. Other retailers shall pay sales tax through electricity bills.—(1)**

Retailers not falling in the categories specified in sub-rule (1) of rule 5, shall be charged sales tax through their electricity bills by the persons making supplies of electric power, at the rates specified in sub-section (9) of section 3 of the Act, in the manner as specified hereunder, which shall be in addition to the tax charged on supply of electricity under sub-sections (1), (1A) and (5) of section 3 of the Act.

(2) Every person making supplies of electric power shall charge and collect sales tax at the rates specified in sub-section (9) of section 3 of the Act, from every retailer having a commercial electricity connection:

Provided that sales tax under sub-section (9) of section 3 of the Act shall not be charged in cases where the person making supplies of electric power receives a written order from the Commissioner of Inland Revenue to the effect that -

- (a) the consumer is not engaged in any retail business; or
- (b) the consumer is already registered and paying sales tax through monthly sales tax returns.

(3) The amount of sales tax charged from retailers shall be shown separately in the electricity bill or invoice issued by the supplier of electric power.

(4) The supplier of electric power shall collect and pay the amount of sales tax from retailers in the manner as prescribed in Chapter III.

**7. Conditions and limitations.—(1)**

The amount of sales tax charged and collected through the electricity bill in terms of rule 6 shall not be adjustable by the supplier of electric power and shall be paid by him in full into the Treasury.

(2) The tax paid through electricity bill by a retailer as prescribed in rule 6, shall be construed as the discharge of final tax liability for the purpose of sales tax and he shall not be entitled for any input tax adjustment or refund therefrom.

**8. Issuance of invoice or cash memo.**—Every retailer operating under rule 5 shall issue serially numbered invoices or, as the case may be, cash memos in respect of each supply made by him, manually or through electronic cash register, and from such date as may be specified by the Board, the invoices shall be issued through Fiscal Electronic Cash Register.

**9. Payment of sales tax and filing of return.**—(1) Every retailer operating under rule 5 shall deposit the sales tax due along with his return on monthly basis in the manner prescribed in Chapter II of the Sales Tax Rules, 2006.

(2) A retailer operating under rule 6 shall not be required to file monthly sales tax return.

**10. Audit or scrutiny of record.**—(1) A retailer operating under rule 5 shall be subject to audit as per normal procedure.

(2) Retailers operating under rule 6 shall not be subject to audit provided they are properly paying the sales tax as specified in sub-section (9) of section 3 of the Act through their electricity bills.”;

- (iii) in rule 20, in sub-rule (2), in clause (c), the first proviso shall be omitted and in the second proviso, the word “further” shall be omitted;
- (iv) in rule 58K, in the Table, in column (1), against S. No. 2, in column (4), for the figure “550”, the figure “514” shall be substituted;
- (v) Rules 58O, 58P and 58R shall be omitted; and
- (vi) after Chapter XIII, the following new Chapter and rules relating thereto shall be inserted, namely:—

## “CHAPTER XIV

### SPECIAL PROCEDURE FOR THE GOODS SPECIFIED IN S. NO. 13 OF THE FIFTH SCHEDULE TO THE ACT

**59. Application.**— The provisions of this Chapter shall apply to manufacturers of goods specified against S. No. 13 of the Fifth Schedule of the Act.

**60. Conditions and limitations for availing zero-rating facility.**— (1) Zero-rating of goods specified against S. No. 13 of the Fifth Schedule to the Act shall be subject to determination of input-output ratios of the manufacturer by the Input-Output Co-efficient Organization (hereinafter referred to as “IOCO”), if not already determined under an earlier concessionary notification issued for such goods.

(2) For zero-rating of the import and local procurement of raw materials, packing materials, subcomponents, components, sub-assemblies and assemblies required for the manufacture of goods specified in S. No. 13 of the Fifth Schedule to the Act, the following conditions and procedures shall be observed, namely:—

- (a) a registered manufacturer of the goods specified against S. No. 13 of the Fifth Schedule, having suitable in-house facilities (hereinafter referred to as “the applicant”), shall submit an application to the Commissioner Inland Revenue having jurisdiction along with the complete list of his annual requirement of inputs he intends to import or purchase for the manufacture of such goods, in the format prescribed in **Annex-F** to these Rules;
- (b) the Commissioner may approve the declaration of input-output ratio of the applicant in the format prescribed as **Annex-G** to these Rules, without physical verification in case the input-output ratio of the applicant has already been determined by IOCO under an earlier notification issued for such goods or the declared input-output ratio and input requirements are in accordance with prevailing industry averages;
- (c) in case the Commissioner is not satisfied with the declared input-output ratios because of their being *prima facie* not in accordance with prevailing industry averages and the input-output ratios of the applicant have not already been determined by IOCO, he may, after provisionally allowing quantity required for six months, make a reference to IOCO for final determination thereof. After receipt of report from IOCO the Commissioner shall then determine the annual quantitative entitlement of inputs and grant final approval for zero-rated purchases or imports. In case of non-receipt of report from IOCO within four months of

the application being forwarded by the Commissioner, he may provisionally allow another six months quantity to the applicant, provided he is satisfied from the records that the previously imported or purchased inputs are being properly consumed in the manufacture of goods specified against S. No. 13 of the Fifth Schedule to the Act;

- (d) in case of input goods to be imported by the applicant, the authorized officer of Inland Revenue shall furnish all relevant information online to the Pakistan Customs Computerized System as per **Annex-H** to these Rules against a specific user ID and password obtained under section 155D of the Customs Act, 1969 (IV of 1969);
- (e) where a registered person supplies input goods to the applicant in terms of an approval granted under clause (b) or (c) as the case may be, he shall issue a zero-rated invoice mentioning the approval number of the buyer besides all the particulars as required under section 23 of the Act;
- (f) the applicant will be entitled to claim refund of input tax paid on utilities and other inputs which are purchased by him on payment of sales tax, in terms of section 10 of the Act read with relevant provisions of the Sales Tax Rules, 2006;
- (g) the applicant shall maintain complete records of the inputs imported or purchased and the goods manufactured therefrom;
- (h) the input goods allowed under clause (b) or (c), as the case may be, shall be imported or purchased before the expiry date of the approval, and shall be consumed within twelve months of the date of their import or purchase;
- (i) the applicant shall inform the concerned Commissioner Inland Revenue in writing about the consumption of the imported or purchased input goods within ninety days of their consumption. The indemnity bond shall be released on receipt of written confirmation regarding consumption of goods by the applicant;
- (j) in case the input goods are not consumed within the period allowed in the approval, the applicant shall pay the amount of sales tax involved, or may seek extension from the Commissioner Inland Revenue under intimation to the Collector of Customs;
- (k) the concerned Commissioner Inland Revenue, whenever he deems necessary but not more than once in a calendar year, may get the records of the manufacturer audited. In case it is

found that the inputs have not been properly accounted for or consumed in the manufacture and supply of goods as prescribed, the Commissioner may initiate proceedings for recovery of the sales tax involved on the unaccounted inputs besides penal action under the relevant provisions of the Act; and

(l) under circumstances of exceptional nature and for reasons to be recorded in writing, the concerned Commissioner may relax any of the conditions, if he is satisfied that such condition is detrimental to the *bona fide* purposes of manufacturer's business, subject to such surety or guarantee he may deem appropriate to secure the sales tax and to ensure proper accountal and utilization of the imported or locally procured goods.”; and

(vii) after Annexure-E, the following new Annexures shall be added, namely:-

**“Annex - F**

*[See clause (a) of sub-rule (2) of rule 60]*

Name of the Manufacturer: \_\_\_\_\_  
 Sales Tax Registration No: \_\_\_\_\_  
 N.T.N. No: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Application date: \_\_\_\_\_

S. No .	Description of goods to be manufactured	PCT Heading	Description of raw materials, components, sub-components, assemblies, sub-assemblies and packing materials	PCT Heading	Input-output ratio	Quantity
(1)	(2)	(3)	(4)	(5)	(6)	(7)

Authorized Signature: \_\_\_\_\_

**Annex-G**

*[See clause (b) of sub-rule (2) of rule 60]*

Approval No. \_\_\_\_\_  
 Name of the Manufacturer: \_\_\_\_\_  
 Sales Tax Registration No: \_\_\_\_\_  
 N.T.N. No: \_\_\_\_\_  
 Expiry date of approval: \_\_\_\_\_

S.	Description of	PCT	Description of raw	PCT	Quantity
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No.	goods to be manufactured	Heading	materials, components, sub-components, assemblies, sub-assemblies and packing materials	Heading	allowed
(1)	(2)	(3)	(4)	(5)	(6)

Authorized Signature of Sales Tax Officer: \_\_\_\_\_

**Annex-H**

*[See clause (d) of sub-rule (2) of rule 60]*

Name of the Manufacturer: \_\_\_\_\_

Sales Tax Registration No: \_\_\_\_\_

N.T.N. No: \_\_\_\_\_

Address: \_\_\_\_\_

S. No.	Description of input goods to be imported	PCT Heading	Quantity	Value
(1)	(2)	(3)	(4)	(5)

Authorized Signature: \_\_\_\_\_.

**[C. No. 1/81-STB/2014]**

**(Muhammad Ashraf Khan)**  
Additional Secretary