

To,

The Member Inland Revenue
Federal Board Of Revenue
Islamabad.

Sub:- **REQUEST TO CLARIFY THE AMBIGUITIES ARISING IN THE IMPLEMENTATION OF SRO 188(1) 2015 DATED 05/03/2015.**

Respected Sir,

Please refer to the subject cited above.

It is submitted that all Pakistan Oil Mills Association and Pakistan Cotton Ginning Association are of the impression that cotton seed oil and cotton seed oil cake have been exempted from Sales Tax but concerned quarters have different point of view as SRO 188(1) 2015 dated 05/03/2015 is not cleared on the following points and the below mentioned ambiguities are required to be clarified by the Board so that proper collection of Sales Tax against the supplies of the cotton seed may be made effectively.

QUESTION No. 1

Whether cotton seed oil is exempted from Sales Tax or not? It is highlighted that there is no exemption on the supplies of cotton seed oil in the table 2 serial no. 2 (local supplies only) of 6th Schedule of Sales Tax Act, 1990. Similarly there is no exemption on the supplies of cotton seed oil in the SRO 188(1) 2015 dated 05/03/2015 or any other valid SRO issued Under Section 13 of Sales Tax Act, 1990. In this situation cotton seed oil is taxable and SRO 213(1) 2013 which was meant for reduce rate of Sales Tax against the supplies of cotton seed oil has been superseded. In this scenario it seems that standard rate of Sales Tax is applicable on the supplies of cotton seed oil. SRO 188(1) 2015 is silent on this issue.

QUESTION No. 2

If the standard rate of Sales Tax is applicable on the supplies of cotton seed oil, then the oil expelling units which have paid Sales Tax @ of 2% on the supplies of cotton seed oil will have to pay more 15% Sales Tax or not? As the SRO 188(1) 2015 is applicable from 01/07/2014 and SRO 213(1) 2013 which was meant for reduce rate has been superseded. *from that date*

QUESTION No. 3

If the composite ginning unit self crushed cotton seed and paid Sales Tax @ 5% on the supplies of cotton seed oil cake, then, they will have to pay Sales Tax Rs. 6 per 40 kg on the self crushed cotton seed or not? SRO 188(1) 2015 is also silent on the said issue.

QUESTION No. 4

If the composite cotton ginning units have paid Sales Tax on the supplies of cotton seed oil and oil cake @ of Sales Tax prevailing at that time, then the Sales Tax amount in excess of Rs. 6 per 40 kg cotton seed will be refunded or not?

QUESTION No. 5

If the composite cotton ginning unit have paid Sales Tax on the supplies of cotton seed oil cake and oil, then they are allowed to deduct the amount already paid from the amount which become payable on the basis of Rs. 6 per 40 kg cotton seed or not?

QUESTION No. 6

Cotton seed is still exempted from Sales Tax as per Serial No. 81 of 6th Schedule of Sales Tax Act, 1990 whereas Sales Tax @ of Rs.6 per 40 kg cotton seed has been levied. This matter may also be clarified.

Federal Board of Revenue is requested to clarify the above mentioned queries so that collection of Sales Tax on the said items may be realized properly.

An early response is requested.

KHAWAJA MUHAMMAD FAZIL
PRESIDENT
ALL PAKISTAN OIL MILLS ASSOCIATION
MULTAN.