

THE SALES TAX RULES, 2006

“CHAPTER XIV-AA

ONLINE INTEGRATION OF TIER-1 RETAILERS

150ZEA. Application.—“(1) The provisions of this Chapter shall apply to all Tier-1 retailers as defined in clause (43A) of section 2 of the Sales Tax Act, 1990.

(2) Commencing from the 1st December, 2019, all Tier-1 retailers shall integrate their retail outlets with Board’s computerized system for real-time reporting of sales, in the mode and manner, as prescribed in this Chapter.

(3) The supplies as referred to in column (1), at serial number 66 of Table-1 of Eight Schedule to the Act, of finished fabric and locally manufactured finished articles of textile and textile made-ups and leather and artificial leather shall be entitled to the reduced rate as prescribed in column (4) subject to conditions in column (5) there against. The retail supplies of these items shall be subject to standard rate as prescribed in sub-section (1) of section 3 of the Act, if they are made from retail outlets which are not integrated in the manner prescribed in this Chapter.

150ZEB. Obligations and requirements.— (1) The registered persons as specified in sub-rule (1) of rule 150ZEA, hereinafter referred to as “integrated suppliers” in this Chapter, shall install such fiscal electronic device and software, as approved by the Board, available on its website with complete technical instructions for installation, configuration and integration.

(2) The integrated suppliers shall notify to the Board, through the Computerized System, of all their outlets, hereinafter referred to as notified outlets, and the integrated supplier

shall register each point of sale (POS) to activate the integration duly providing the following information, namely:—

- (a) POS Registration Number (to be provided by the System);
- (b) Name of Business;
- (c) Branch Name;
- (d) Branch Address;
- (e) POS Identification Number; and
- (f) Registration Date

(3) Omitted

(4) No sale or supply from the notified outlets shall be made without being recorded by the duly accredited electronic fiscal device (EFD), which means a system composed of one Sale Data Controller (SDC) and at least one Point of Sale (POS) connected together, that has the following characteristics and requirements, namely:—

- (a) it can perform following tasks, i.e.--
 - (i) receive, record, analyze and store fiscal data;
 - (ii) format fiscal data into fiscal invoices;
 - (iii) transmit the fiscal data to the Board's Computerized System through secure means; and
 - (iv) print sales tax invoices.

- (b) Sales Data Controller (SDC) is the component of an EFD that—
 - (i) receives transaction data from a POS component of the EFD;
 - (ii) analyses the transaction data into fiscal data;

- (iii) formats the fiscal data as a fiscal invoice (sales tax invoice), creates the digital signature for the EFD and records the digital signature on the fiscal invoice;
 - (iv) transmits the fiscal invoice number to the POS;
 - (v) encrypt and preserves the transaction data and fiscal data in an irrevocable and secure manner;
 - (vi) transmits the fiscal data to the Board's Computerized System;
- (c) External SDC (E-SDC) is hardware set up as a separate component of the EFD used by integrated supplier;
- (d) virtual SDC (V-SDC) is software attached to the POS system;
- (e) an integrated supplier must integrate each and every POS of the business to any of the SDC;
- (f) an EFD must comply with the following, namely:–
- (i) each POS is accredited;
 - (ii) each POS transmits to the SDC a receipt, on which is recorded the transaction data specified in sub-rule (5), for each transaction of the business;
 - (iii) the SDC receives the transaction data, analyses the data, verify calculated taxes to produce fiscal data for the transaction, record the invoice data and transmits the fiscal invoice number to POS;
 - (iv) POS prints the fiscal invoice with the fiscal invoice number and QR Code;
 - (v) the SDC transmits the fiscal data to the Board's system; and
 - (vi) a fiscal invoice is produced for each sale invoice.

- (g) the point of sale should have the following functionalities, namely:–
 - (i) provide mechanism to connect to SDC;
 - (ii) send each invoice to SDC for the issuance of fiscal invoice;
 - (iii) generate the QR Code on the base of fiscal invoice number generated by the SDC and print the QR Code on receipt;
 - (iv) must perform closing on the close of day, week and month;
 - (v) Omitted
 - (a) opening total quantity;
 - (b) opening total value;
 - (c) total purchase quantity;
 - (d) total purchase value;
 - (e) total sold quantity;
 - (f) total sale excluding sales tax;
 - (g) total sales tax;
 - (h) total sales value including sales tax;
 - (i) closing total quantity;
 - (j) closing total value; and
 - (k) total number of invoices for the period
 - (vi) every adjustment, modification or cancellation must be recorded duly maintaining logs for each activity; and
 - (vii) system events need to be recorded.

(5) The sale invoice for each transaction shall be transmitted to EFD specifying the following particulars, namely:–

- (a) POS Registration Number;
- (b) unique sequential invoice number;

- (c) date and time of sale;
- (d) name of buyer, where recorded;
- (e) item-wise description of goods and price exclusive of tax;
- (f) item-wise quantity of goods;
- (g) tax rate for each item;
- (h) total sales value;
- (i) discount, if any;
- (j) tax charged on the invoice;
- (k) mode of payment, cash or credit card. Omitted.

(6) POS shall print a clear and legible sales tax invoice for each transaction, copy of which shall be provided to the customer, containing the following particulars in addition to those as in the preceding sub-rule, namely:–

- (a) QR Code (Generated based on FBR Fiscal Invoice Number);
- (b) FBR Fiscal Invoice Number;
- (c) name of the business;
- (d) sales tax registration number; and
- (e) name or location of the notified outlet.

(7) The EFDs installed at each notified outlet shall be tamper-proof and all the data recorded thereon shall be backed up at an offline site.

(8) In case of sale returns or exchange, a proper credit note or supplementary invoice with prescribed particulars shall be issued containing the reference of original invoice and the detail of amount refunded or additionally charged, along with sales tax involved.

(9) All the sales and transactions made from the notified outlet shall be communicated to the Board's Computerized System through EFD and the sales data so transferred shall be accommodated in Annex-C or other relevant Annex of the monthly sales tax-cum-federal excise return.

(10) The SDC shall be capable of generating and sending alert messages resulting from any malpractice or error or any inconsistent action noticed in the system and keeping a log thereof.

(11) The integrated supplier must have the facility of debit and credit card machine installed at each notified outlet and the sales through debit or credit cards shall not be ordinarily refused.

(12) Omitted

(13) The transactions on each point of sales in the notified outlet shall be recorded by a CCTV camera and the recording thereof shall be retained for a period of at least one month. Such recordings shall be provided to the Commissioner concerned as and when demanded and for the time as specified.

(14) In case of supply of exempt items, the transactions thereof shall also be recorded and the invoice issued in the same manner. Such data shall also be communicated to the Board's Computerized System in the same manner.

(15) The cost for integration including the cost of equipment and fiscalization shall be borne by the integrated supplier.

(16) The lower rate in respect of supplies referred to at the said serial 66, if applicable, shall be applied from the day next to the one when the would-be integrated supplier certifies to the

Commissioner concerned that he fulfills all the requirements as specified in this Chapter and the Commissioner makes an entry to that effect in the Computerized System.

(17) The integrated supplier shall prominently display on each outlet a signboard bearing FBR's official logo along with the text "Integrated with FBR" and also theregistration number of each POS verifiable through the Board's verification services.

(18) Online sales made through websites hosted with a registered domain name shall also be treated as sales made through point of sales on a notified outlet and accordingly covered under the purview of this rule, provided the sale data transmitted to the Board's Computerized System through a prescribed integration software with the same particulars as stipulated in sub-rule (5) and invoice is provided to the customer with particulars as in sub-rule (6). Such website or websites shall be registered with the Computerized System with following details, namely:–

- (a) domain name;
- (b) domain name provider;
- (c) name of service provider managing the website; and
- (d) addresses of supply centres and warehouses.

(19) Sales made through social media portals shall also be treated as covered under this **sub-rule** if the same are recorded and transmitted through point of sale in real-time and provisions of sub-rules (5) and (6) are complied with.”

150ZEC. Accreditation of Points of Sales (POS) Systems.– (1) A vendor, who wants to supply a POS of a particular brand, model and specification to an integrated supplier that is not an accredited POS, must apply to the Board for accreditation of the POS of that brand, model and specification.

(2) On receiving the application under sub-rule (1), the Board shall take steps to determine accreditation of the brand, model and specification of the POS. During the accreditation

process, the supplier must provide the Board with access to information and equipment, and any other assistance reasonably required for carrying out the process.

(3) After completing the accreditation process, the Board shall either allow accreditation to the brand, model and specification of POS as applied for or refuse the same in accordance with the parameters determined by it.

(4) The Board shall, without delay after accrediting a POS under this sub-rule, publish the details of the brand, model and specification of the POS on its website along with the date of accreditation.

(5) The Board may revoke the accreditation of a POS if the POS ceases to comply with the determined parameters. The notice of revocation shall be sent to the vendor specifying the reasons for revocation and also to the integrated supplier operating such POS. The Board shall also immediately remove the particulars of the POS from its website.

150ZED.Records, access and audit.– (1) The integrated supplier shall maintain the records of all the sales and transactions made from a notified outlet at that outlet and also at the notified central location. The integrated supplier shall provide access to such premises as well as the specific record required to the Inland Revenue officer as authorized by the Commissioner concerned.

(2) Other provisions of the Act regarding record maintenance and access thereto, and otherwise, shall also be applicable.

(3) FBR shall issue the key performance indicators (KPI) for periodic audits.

(4) The FBR shall conduct audits and investigations at different levels to ensure that integrated supplier is complying with these regulations, including by—

- (a) checking if the taxpayer is issuing valid sales tax invoices;
- (b) checking if the POS and SDC for the taxpayer's business are accredited;
- (c) checking if the EFD complies with the guidelines set out in these rules;
- (d) checking the operation of the protocols; and
- (e) requiring taxpayers to provide relevant information and documents as necessary.

150ZEE. Online integration during intervening period.— (1) During the intervening period till such time the Board puts into operation a system of accredited secure devices and real time communication of sale and other data as stipulated in rule 150ZEB, the online integration in terms of the said serial number 66 shall be considered to have been achieved if all the conditions specified in this rule are fulfilled.

(2) The would-be integrated supplier shall certify, using his user ID and password on the Computerized System, that he shall fulfill all the requirements of this Chapter as relaxed by this rule and that he shall ensure integration of all notified outlets in the manner as stipulated in rule 150ZEB within one month of the date when the Board declares readiness for the same through a notice sent through email or Computerized System. Such supplier shall provide details of all his outlets in the manner as stipulated in sub-rule (2) of rule 150ZEB. Such supplier shall also make necessary declaration during this process as stipulated by the Board's Computerized System.

(3) The integrated supplier shall upload or transfer the data of all invoices or debit and credit notes periodically to the Board's Computerized System but the interval during such transfer shall not exceed seven clear days in any case. The failure to do so shall deprive him of the status of integrated supplier and of the entitlement to supply goods at reduced rate as specified in the said condition (xv).

(4) The integrated suppliers fulfilling the requirements of this rule shall be entitled to avail the benefit of reduced rate under the said serial number 66 with effect from the 1st July, 2018, provided—

- (a) they have actually charged the specified items at the rate not exceeding **14 %**;
- (b) they register with the Board's Computerized System under this rule within fifteen days of the commencement of this Chapter and in the manner as provided in sub-rule (2); and
- (c) they upload, within fifteen days of the registration under clause (b), the details of all the sales made to the Computerized System in relation to the benefit of reduced rate of sales tax applicable under this Chapter.

(5) The benefit of lower rate under this rule shall not be available after the expiry of one month after the Board conveys readiness for provisions of rule 150ZEB as provided in sub-rule (2).

(6) If an integrated supplier registered with the Computerized System as stipulated in this rule is found to have not fulfilled any of the conditions specified herein or fails to integrate with the Computerized System as stipulated in rule 150ZEB after the expiry of period of onemonth referred to in sub-rule (2), he shall be liable to pay sales tax at the applicable rate of 9% on the goods specified in sub-rule (1) of rule 150ZEA as supplied with effect from the 1st day of July, 2018.

150ZEF. Consequences of non-compliance or contravention.—The integrated supplier who is found to have tampered with the system or made sales in the manner otherwise than the prescribed in this Chapter, or who contravenes any of the provisions of this Chapter, shall in accordance with sub-section (6) of section 8B of the Act no more be eligible for the reduced rate,

if otherwise applicable, and his input tax shall also be reduced in terms of that sub-section (6) of section 8B. An appealable order to this effect shall be made by the officer Inland Revenue having jurisdiction after giving an opportunity of being heard, besides imposing penalty as applicable and ordering recovery of tax amount due under the Act.

150ZEG. Reporting of failure to transfer sale data to the Board.— The Board shall ensure to provide a facility on its website to a customer of integrated suppliers to verify and ensure that the invoice issued to him has been duly communicated to the Board’s Computerized System and in case of non-verification, he may upload the image of invoice to the Board’s portal.”.

[F. e. dox No. 83810]

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Secretary (ST&FE-Budget)