

POS Booklet

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Provisions in Sales Tax Act,1990

Definition: [(43A) [“Tier-1 retailer”

Tier-1 retailer means a retailer falling in any one or more of the following categories, namely:-

- 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 whose cumulative electricity bill during the immediately preceding twelve consecutive months exceeds Rupees [twelve] hundred thousand;
- d) 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”];
- e) Omitted
- f) a retailer who has acquired point of sale for accepting payment through debit or credit cards from banking companies or any other digital payment service provider authorized by State Bank of Pakistan;
- g) a retailer whose deductible withholding tax under sections 236G or 236H of the Income Tax Ordinance, 2001(XLIX of 2001) during the immediately preceding twelve consecutive months has exceeded the threshold as may be specified by the Board through notification in the official Gazette; and

[(ga) Omitted

- h) any other person or class of persons as prescribed by the Board.

Tier-1 Retailer: Section 3[(9A) Notwithstanding anything contained in this Act, Tier-1 retailers shall pay sales tax at the rate as applicable to the goods sold under relevant provisions of this Act or a notification issued there under:

Provided further that from such date, and in such mode and manner, as prescribed by the Board, all Tier-1 retailers shall integrate their retail outlets with Board’s computerized system for real-time reporting of sales.]

Other than Tier-1 retailer: Section 3[9]

Notwithstanding anything contained in sub-section (1), tax shall be charged from retailers, other than those falling in Tier-1, through their monthly electricity bills, at the rate of five percent where the monthly bill amount does not exceed rupees twenty thousand and at the rate of seven and half percent where the monthly bill amount exceeds the aforesaid amount and the electricity supplier shall deposit the amount so collected directly without adjusting against his input tax:

Provided that the tax under this sub-section shall be in addition to the tax payable on supply of electricity under sub-sections (1), (1A) and (5):

Provided further that the Commissioner of Inland Revenue having jurisdiction shall issue order to the electricity supplier regarding exclusion of a person who is either a Tier-1 retailer or not a retailer.]

Consequences

8B. Adjustable input tax

1 Notwithstanding anything contained in this Act, in relation to a tax period, a registered person shall not be allowed to adjust input tax in excess of ninety per cent of the output tax for that tax period:

[(6) In case a Tier-1 retailer does not integrate his retail outlet in the manner as prescribed under sub-section (9A) of section 3, during a tax period or part thereof, the adjustable input tax for whole of that tax period shall be reduced by [60%.]

[14AB. Discontinuance of gas and electricity connections.-

Notwithstanding anything contained in this Act or any other law for the time being in force, the Board shall have power through Sales Tax General Order to direct the gas and electricity distribution companies for discontinuing the gas and electricity connections of any person who fall in the following categories, namely:-

- (a) Any person, including tier-1 retailers, who fail to register for sales tax purpose or
- (b) Notified tier-1 retailers registered but not integrated with the Board's Computerized System:

Provided that upon registration or integration, as the case may be, of the above said persons, the Board shall notify the restoration of their gas or electricity connection through Sales Tax General Order.]

33. Offences and penalties

Offences	Penalties	Section
<p>24. Any person, who is integrated for monitoring, tracking, reporting or recording of sales, production and similar business transactions with the Board or its computerized system, conducts such transactions in a manner so as to avoid monitoring, tracking, reporting or recording of such transactions, or issues an invoice which does not carry the prescribed invoice number or barcode 490[or QR code] or bears duplicate invoice number or counterfeit barcode, 491[or QR code or defaces the prescribed invoice number of barcode or QR code] or any person who abets commissioning of such offence</p>	<p>Such person shall pay a penalty of five hundred thousand rupees or two hundred per cent of the amount of tax involved, whichever is higher. He shall, further be liable, upon conviction by a Special Judge, to simple imprisonment for a term which may extend to two years, or with additional fine which may extend to two million rupees, or with both.</p> <p>[Notwithstanding above, the business premises of such person shall be liable to be sealed by an officer of Inland Revenue in the manner prescribed.]</p> <p>Any person who abets commissioning of such offence, shall be liable, upon conviction by a Special Judge, to simple imprisonment for a term which may extend to one year, or with additional fine which may extend to two hundred thousand rupees, or with both.</p>	<p>sub-section (9A) of section 3 and section 40C.</p>
<p>25 Any person, who is required to integrate his business for monitoring,</p>	<p>Such person shall be liable to pay a penalty up to one million rupees, and if continues to</p>	<p>section 40C.</p>

tracking, reporting or recording of sales, production and similar business transactions with the Board or its computerized system, fails to get himself registered under the Act, and if registered, fails to integrate in the manner as required under law.	commit the same offence after a period of [two] months after imposition of penalty as aforesaid, his business premises shall be sealed [till such time he integrates his business in the manner as stipulated under [section 40C.]	
25A A person required to integrate his business as stipulated under sub-section (9A) of section 3, who fails to get himself registered under the Act, and if registered, fails to integrate in the manner as required under the law and rules made thereunder.]	Such person shall be liable to pay: <ul style="list-style-type: none"> (i) penalty of five hundred thousand rupees for first default; (ii) penalty of one million rupees for second default after fifteen days of order for first default; (iii) penalty of two million rupees for third default after fifteen days of order for second default; (iv) penalty of three million rupees for fourth default after fifteen days of order for third default: <p>Notwithstanding above, the business premises of such person shall be liable to be sealed by an officer of Inland Revenue in the manner prescribed:</p> <p>Provided that if the retailer integrates his business with the Board’s Computerized System before imposition of penalty for second default, penalty for first default shall be waived by the Commissioner.]</p>	Sub-section (9A) of section 3]

40B. Posting of [Inland Revenue] Officer.–

Subject to such conditions and restrictions, as deemed fit to impose, the [Board], may post Officer of [Inland Revenue] to the premises of registered person or class of such persons to monitor production, sale of taxable goods and the stock position

56C. Prize schemes to promote tax culture.-

[(1)] The Board may prescribe prize schemes to encourage the general public to make purchases only from registered persons issuing tax invoices.]

[(2)] The Board may prescribe procedure for “mystery shopping” in respect of invoices issued by tier-1 retailers integrated with FBR online system randomly and in case of any discrepancy, all the relevant provisions of this Act shall apply accordingly.]

76. Fee and service charges.–

[(1)] The [“Board with approval of the Federal Minister-in-charge”] may, by notification in the official Gazette, subject to such conditions, limitations or restrictions as it may deem fit to impose, levy fee and service charges for valuation, in respect of any other service or control mechanism provided by

any formation under the control of the Board, including ventures of public-private partnership, at such rates as may be

[(2) The Board may authorize and prescribe the manner in which fee and service charges collected under sub-section (1) shall be expended.]specified in the notification.]

EIGHTH SCHEDULE

No	Description	Rate of Sales Tax	Condition
66	Supplies as made from retail outlets as are integrated with Board's computerized system for real-time reporting of sales	15%]	if supplied goods are finished fabric, and locally manufactured finished articles of textile and textile made-ups and leather and artificial leather subject to the condition that they have maintained 4% value addition during the last six months"; and

THE SALES TAX RULES, 2006

CHAPTER XIV-A MONITORING OR TRACKING OF CERTAIN REGISTERED PERSONS BY ELECTRONIC OR OTHER MEANS

150ZA. Application.—

The provisions of this Chapter shall be applicable to the registered persons being restaurants, cafes, coffee shops, eateries, snack bars and hotels having any of such business activities for the purpose of monitoring or tracking of taxable activities by electronic or other means.

150ZB. Electronic Invoice System.—

(1) The registered person specified in rule 150ZA, hereinafter referred to in this Chapter as specified registered person, 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 specified registered person shall register all his branches with the Board's computerized system, from which they make or intend to make supplies and shall also register each point of sale (POS) to activate the integration duly providing the following information, namely:—

- (a) POS registration number;
- (b) name of business;
- (c) branch name;
- (d) branch address;
- (e) POS identification number; and
- (f) registration date.

(3) The provisions of rules 150ZEB, 150ZEC and 150ZEG shall also apply to the sales made from each of the registered branches in respect of—

- (a) recording of sales;
- (b) components and features of electronic fiscal device (EFD);
- (c) functionalities of POS;
- (d) transmission of sale invoice data to the Board;
- (e) printing and contents of sale invoice including printing of QR code and FBR fiscal invoice number thereon;
- (f) population of transmitted data in Annex-C of the return of relevant month;
- (g) bearing of cost of equipment and integration thereof;

(h) display of FBR logo and the banner text;

(i) recording and transmission of online sales including those made through social media sites.

(j) accreditation of POS system; and

(k) reporting of failure of registered person to transfer sale data by the customer.

(4) Furthermore, it is also mandatory for all the restaurants, bakeries, caterers and sweetmeat shops supplying prepared food, foodstuff and sweetmeats to show prices and amount of tax separately on menu cards or menu board displayed in their outlets for the end consumers.

150ZC. Monitoring.—

The registered person specified in rule 150ZA shall provide continuous and full remote as well as on-site access to record, documents and data maintained electronically or otherwise as and when required by the officer of Inland Revenue having jurisdiction.

150ZD. Electronic invoice data.—

The Board may use the data of electronic invoices for the purposes of all Acts, Ordinances and rules under its jurisdiction.

150ZE. Failure to meet the conditions for electronic monitoring system.—

In case a registered person fails to comply with the provisions of this chapter, he shall be liable to penal action as provided in the Act.

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 the registration 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 subrule (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 one month** 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.”.

CHAPTER XIV-BB

S.R.O. **1063(I)/2021**.— In exercise of the powers conferred by section 50 of the Sales Tax Act, 1990, the Federal Board of Revenue is pleased to direct that the following further amendments shall be made in Sales Tax Rules, 2006, namely:—

In the aforementioned Rules, after rule 150ZQZG, the following shall be inserted, namely:—.

CHAPTER XIV-BB INTEGRATION OF TIER-I RETAILERS AND LICENSING THEREOF

150ZQZH. Licensing.—

- (1) No person shall carry out integration of the retailers through software unless he has obtained a licence under these rules.
- (2) No licensee under these rules shall maintain or operate system or provide any other service, which is not authorized under these rules.
- (3) Every payment counter whether fixed or portable and generates invoices for receipt of payment either in cash or through debit or credit card shall be connected as per rule 150ZEB.
- (4) Every licensee shall be bound to integrate the payment counter in the manner as prescribed under sub rule (4), (5), (16) and (17) of rule 150ZEB.

150ZQZI. Functions of the licensing committee.—

- (1) The licensing committee shall function in accordance with the provisions of these rules or any other instructions, procedures, issued by the Board.
- (2) Project Director Retail Monitoring Cell shall be the convener of the licensing committee located at FBR House, Islamabad. The Board shall provide secretarial and other allied support for functioning of the licensing committee.

150ZQZJ. Application for grant of licence.—

- (1) An application for installation, configuration and integration of point of sale (POS) machine shall be made in duplicate to the Board.
- (2) No application under sub rule (1) shall be considered, unless it is accompanied by —
 - i registration certificate issued by Pakistan Software Houses Association . or Institute of Chartered Accountants of Pakistan;
 - ii audited statement of accounts for the last three financial years;
 - iii list of major clientele;
 - iv incorporation certificate under the Companies Act;
 - v National Tax Number (NTN) Certificate;
 - vi the paid up capital for the latest financial year is at least Rs.100 million or above;
 - vii registration with Sales Tax Department if required;

- viii Computerized National Identity Cards (CNICs) of directors of the incorporated company;
- ix undertaking that the company has never been blacklisted by any Government or Provincial department or organization and has not been involved in confirmed cases of fiscal fraud;
- x list of projects executed in the last three years; and
- xi any other documents required through instructions orders issued by the Board.

150ZQZK. Procedure for grant of licence.—

(1) On receipt of application for grant of licence in the Board, the licensing committee shall scrutinize the document provided and it shall evaluate the eligibility of the applicant within seven days of receipt of application.

(2) The licensing committee may also carry out visits, if necessary for physical inspection to ascertain the eligibility of the applicant for licensing under these rules.

(3) The licensing committee shall send its recommendations to the Member (IR — Operations) and the Director General Retail within ten days of date of submission of the application, specifying reasons for recommending or rejection of any application under these rules.

(4) In case, the companies meet the criteria under these rules, the licensing committee shall make recommendations for grant of licences.

(5) The licensing committee shall grant the licence to the recommended companies with the prior approval of Member (IR — Operations) and Director General Retail.

150ZQZL. Right granted to the licensee.—

- (1) A licensee shall have the right to install, configure, integrate, operate and maintain the point of sale on real time basis in accordance with conditions of the licence issued to him.
- (2) The licence granted under these rules shall be subject to provisions of the Act and shall be valid for five years from date of issuance.
- (3) The licence granted under these rules shall be non-transferable and shall not be allowed to be use by any sub-contractor.

150ZQZM. Renewal of licence.—

- (1) The application for renewal of licence shall be made to the Board three months before its expiry.
- (2) The licensing committee shall evaluate the application and make recommendations to the Member (IR — Operations) and Director General Retail for renewal of licence.
- (3) The licensee shall be required to comply with all the provisions of these rules for the renewal period.

150ZQZN. Technical support.—

- (1) The licensee shall be responsible for post deployment maintenance of Point of Sale as detailed below:
 - (a) setting up and maintenance of all information technology equipment connected to point of sales; and
 - (b) the licensee shall be authorized to,
 - i upgrade of the system hardware and software;
 - ii all bug fixes; and
 - iii immediate response to trouble shooting of any post deployment problems for uninterrupted working of the system.
- (2) The licensee shall be responsible for safe and secure capture of real time transmission of sales data from the retails outlet to FBR database at all times.

150ZQZO. Responsibilities of the Project Director.—

The Project Director shall be responsible for overall supervision of the system and the steps taken to address problems encountered during operation of the systems.

150ZQZP. Procedure for cancellation or termination of license.—

- (1) Project Director shall immediately refer the matter to the licensing committee for further action under these rules, if he, as a result of supervision of the system or on receipt of a report from any of the Commissioners Inland Revenue or on a valid complaint, has reasons to believe that the licensee has-
 - (a) failed to provide the required satisfaction to the satisfaction of the Board authorities;
 - (b) contravened any condition of the licence;
 - (c) contravened any provision of these rules or the Act; or
 - (d) violated any applicable law while carrying out activities of licence under these rules.
- (2) On receipt of reference from the Project Director under sub-rule (1), the licensing committee shall cause to serve a notice upon the licensee within fifteen days of receipt of reference, to show cause within thirty days after the date of the notice, as to why the licence issued under these rules should not be cancelled or terminated:

Provided that in cases where the Licensing, on the basis of material evidence, is of the opinion that there exists Prima facie a sufficient case against the licensee, it may suspend the licence to safeguard public finances and to prevent any other serious damage.

- (3) The licensing committee may, after giving the licensee adequate opportunity of being heard and after examination of the record, cancel or terminate the licence issued under these rules.

- (4) In case of cancellation of licence under these rules, the affected person or company shall have the right to file representation against the order of the licensing committee before the Board.
- (5) The Board shall decide the representation after giving proper opportunity of being heard and the decision of the Board shall be final.

150ZQZQ. Fee and Charges.—

- (1) The licensee shall charge the fee for configuration and integration of point of sales from the retailers.
- (2) No fee shall be charged from any of the field formation of the Board.

150ZQZR. Responsibilities of the Tier-I retailers.—

The Tier-I retailer shall —

- (a) make all payment counters comprising of point of sale at each out let, available for installation of the systems;
- (b) be responsible for smooth functioning of point of sales;
- (c) report to the Board and the concerned Commissioner Inland Revenue within twenty four hours of any operational failure, damage disruptions or tampering of the system; or
- (d) report any inoperative point of sale to the Commissioner Inland Revenue . holding the jurisdiction.

150ZQZS. Functions of Commissioner Inland Revenue.—

- (1) Commissioner having jurisdiction, shall monitor proper and uninterrupted operation of the system through periodic visits by an officer of Inland Revenue authorized in this behalf.
- (2) Where a Tier-I retailer does not account for sales without generating an invoice countering QR code or FBR invoice number, the Commissioner shall compute the taxes on such goods relating to unaccounted invoices, and recover the same under the relevant provisions of law.

150ZQZT. Establishment of Inland Revenue enforcement network.—

The Board shall establish Inland Revenue enforcement network which shall be responsible for combatting evasion and leakage of taxes payable on goods by way of co-ordinating with enforcement units of the concerned filed formations. .

150ZQZU. Functioning of IR enforcement network.—

To check and verify any of the eventualities, the enforcement squads of Inland Revenue shall petrol the outlets, verify the invoices and report such invoices to Commissioner Inland Revenue on which due taxes have not been paid. The Commissioner, after receipt of report from enforcement network, shall recover the tax in accordance to the provisions of the Act."

(SALES TAX)

S.R.O. 252/2022.— In exercise of the powers conferred by section 50 of the Sales Tax Act, 1990, read with sub-section (43A) of section 2, sub-section (9A) of section 3, section 33, section 40C, and 56C thereof, the Federal Board of Revenue is pleased to direct that the following further amendments shall be made in the Sales Tax Rules, 2006, namely:—

In the aforesaid Rules, after Chapter XIV-AC, the following new Chapter shall be inserted, namely:—

"CHAPTER XIV-AD Procedure for Sealing and De-sealing of Business Premises of Tier-I Retailers

150ZEN. Application.—

The provisions of this chapter shall apply to the following persons, namely:-

- (1) any person who is integrated for monitoring, tracking, reporting or recording of sales, production and similar business transactions with the Board or its computerized system, conducts such transactions in a manner so as to avoid monitoring, tracking, reporting or recording of such transactions, or issues an invoice which does not carry the prescribed invoice number or barcode or QR code or bears duplicate invoice number or counterfeit barcode or QR code; and
- (2) any person who is required to integrate his business as stipulated under sub-section (9A) of section 3 read with sub-section 43A of section 2, but fails to get himself registered under the Act, and if registered, fails to integrate in the manner as required under the law and rules made thereunder.

150ZEO. Procedure for sealing of business premises of integrated tier1 retailers.—

The business premises of such person as mentioned in sub-rule (1) of rule 150ZEN shall be liable to be sealed in the manner prescribed as under:-

- (1) the Commissioner Inland Revenue, in whose territorial jurisdiction the business premises of tier-I retailer is located, may initiate proceedings for sealing of the business premises on the basis of information that such person was found involved in the issuance of tax invoice that does not carry the invoice number or QR Code as prescribed, bears duplicate invoice number or counterfeit QR Code, the invoice is defaced, or there is any other evidence of tempering;
- (2) The information referred to in sub-rule (1) may be acquired in the following manner:
 - (i) reported as unverified on "Tax Asaan" application or POS Dashboard;
 - (ii) physically available or acquired through mystery shopping as referred to in sub-section (2) of section 56C of the Act; or
 - (iii) through any other reliable source.
- (3) The Commissioner Inland Revenue concerned shall verify any invoice through invoice number or QR code before declaring it unverified;
- (4) Where the Commissioner Inland Revenue has evidence as provided under sub-rule (3), that a tier-I retailer has either issued three unverified invoices in a day or five

unverified invoices in seven days against a single STRN, the Commissioner Inland Revenue shall seek the approval of the Chief Commissioner Inland Revenue in writing for sealing of the retailer's business premises besides mentioning the team of officers and officials that shall carry out the process of sealing of the said business premises:

Provided in case the unverified invoices belong to a business premises of tier-I retailer having jurisdiction in some other field formation, the Commissioner Inland Revenue concerned shall seek approval from the Chief Commissioner Inland Revenue in whose jurisdiction the integrated tier-I retailer falls besides mentioning the team of officers and officials that shall carry out the process of sealing of the said business premises;

- (5) The Chief Commissioner Inland Revenue, in whose jurisdiction the integrated tier-I retailer falls, shall on receipt of request for approval as mentioned in sub-rule (4), issue an order in writing for allowing or disallowing the sealing of such business premises after recording the reasons therein, and, in case of allowing sealing of business premises, shall also notify the team for carrying out

the process of sealing immediately:

Provided where the jurisdiction of tier-I retailer falls in some other field formation, the concerned Chief Commissioner shall request the Board for notification of the team;

- (6) The Chief Commissioner Inland Revenue in whose jurisdiction the integrated tier-I retailer falls, shall decide whether one or more branches are to be sealed depending on the unverified invoices issued by the respective branches; and

(7) The sealing order shall be communicated by the concerned Chief Commissioner Inland Revenue to the Member (IR-Operations) for information and a copy thereof shall be sent to Chief (POS) for record.

150ZEP.Procedure for sealing of business premises of non-integrated tier-I retailers.—

The business premises of such person as mentioned in sub-rule (2) of rule 150ZEN shall be liable to be sealed in the manner prescribed as under:-

- (1) The Officer Inland Revenue, not below the rank of an Assistant Commissioner, having territorial jurisdiction, shall report in writing the non-integration of tier-I retailer, in violation of subsection (9A) of the Act, to the Commissioner Inland Revenue concerned, recommending initiation of sealing of business premises under S.NO. 25A of section 33 of the Act;
- (2) The Commissioner Inland Revenue concerned after conducting inquiry shall forward the report to the Chief Commissioner Inland Revenue, citing cogent

reasons for recommending sealing of business premises besides mentioning the team of officers and officials that shall carry out the process of sealing of the said business premises:

Provided where non-integrated tier-I retailer falls in the jurisdiction of some other field formation, the Commissioner Inland Revenue concerned shall seek approval from the Chief Commissioner Inland Revenue in whose jurisdiction the non- integrated tier-I retailer falls besides mentioning the team of officers and officials that shall carry out the process of sealing of the said business premises;

- (3) The Chief Commissioner Inland Revenue concerned shall issue an order in writing for allowing or disallowing the sealing of such business premises after recording the reasons therein, and, in case of allowing sealing of business premises, shall also notify the team for carrying out the process of sealing immediately:

Provided where the jurisdiction of tier-I retailer falls in some other field formation, the concerned Chief Commissioner shall request the Board for notification of the team; and

- (4) The sealing order shall be communicated by the concerned Chief Commissioner Inland Revenue to the Member (IR-Operations) for information and a copy thereof shall be sent to Chief (POS) for record.

150ZEQ.Procedure for de-sealing of business premises of integrated tier-I retailers.—

Where business premises have been sealed under rule 150ZEO, the procedure for de-sealing of business premises shall be as under:-

- (1) The Commissioner Inland Revenue having jurisdiction over the case shall impose a penalty as provided under serial No. 24 of section 33 of the Act and ensure its payment. De-sealing order of the business premises shall be issued by the concerned Commissioner Inland Revenue within one day of the payment of penalty;
- (2) The Commissioner Inland Revenue shall ensure software audit of all POS machines installed in all the branches of such retailer within three working days after de-sealing of the business premises;
- (3) The Commissioner Inland Revenue shall ascertain the exact quantum of under-declared sales as a result of software audit and create a demand of tax sought to be evaded; and
- (4) Once the penalty imposed has been recovered, any demand created as a result of software audit shall not impede de-sealing of the business premises provided that the software bug has been removed and all requirements of Chapter XIV-AA of Sales Tax Rules, 2006 have been fulfilled by the integrated tier-I retailer.

150ZER. Procedure for de-sealing of business premises of nonintegrated tier-I retailers.—

Where business premises have been sealed under rule 150ZEP, the procedure for de-sealing of business premises shall be as under:-

- (1) The Commissioner Inland Revenue having jurisdiction shall impose a penalty prescribed under serial No. 25A of section 33 of the Act and ensure its payment;
- (2) The business premises of non-integrated tier-I retailer shall remain sealed till the payment of penalty and integration of all POS machines installed in all its branches or outlets;
- (3) The integration process shall be carried out in presence of FBR team constituted for this purpose by the respective Commissioner Inland Revenue having jurisdiction. In order to ensure error-free integration of tier-I retailer, the team so constituted shall include a technical person:

Provided where the jurisdiction of tier-I retailer falls in some other field formation, the concerned Chief Commissioner shall request the Board for notification of the team; and

- (4) The concerned Commissioner Inland Revenue shall furnish to the Chief Commissioner Inland Revenue a certificate, within three days, in writing that all POS machines installed in the business premises have been integrated with the FBR Computerized system and are free from any technical and functional errors.

S.R.O. 1805 (I)/2021.— In exercise of the powers conferred by section 50, read with section 56C of the Sales Tax Act, 1990, the Federal Board of Revenue is pleased to direct that the following further amendments shall be made in the Sales Tax Rules, 2006, namely:—

In the aforesaid Rules, Chapter XIV-AB shall be omitted and thereafter the following new Chapter XIV-AC shall be inserted, namely:—

"CHAPTER XIV-AC Prize Scheme

150ZEK. Application.—

The provisions of this chapter shall apply to the customers of tier-I retailers who have integrated their retail outlets with the Board's computerized system for real-time reporting of sales and mystery shopping in respect of verification of invoices from such retailers.

150ZEL. Procedure for prize scheme.—

- (1) The customers of integrated tier-I retailer, whose names and CNICs are notified through random computerized draw shall be entitled to prizes in respect of their purchases from the integrated tier-I retailers.
- (2) The customers shall verify the electronically generated invoice of integrated retailers either through "tax asaan" application or by sending sms to number 9966.
- (3) The application shall notify the customer regarding the status of invoice either as "verified" or "unverified".
- (4) In case of verified invoice, the customer shall furnish one time, the following detail to the online system, namely:-
 - a) Name;
 - b) CNIC; and
 - c) Mobile number
- (5) Names and CNICs of the customers shall be included in the random computerized draw upon fulfillment of the requirement of sub-rule (4).
- (6) In case of unverified invoice, the customer shall report the same through system. The Board shall conduct enquiry and take appropriate action under the relevant provisions of law.
- (7) The computerized draw for the prizes shall be held in the first week of every month starting from the month of August, 2021 at the FBR Headquarters and the invoices of the immediately preceding month shall be entered in the draw.
- (8) Draw winners shall be required to perform biometric verification, at the nearest e-sahulat facility of NADRA and submit scanned copy on "tax assan" application. After successful biometric verification, winners shall be required to provide their IBAN through "tax asaan" application.

- (9) The total prize money and the denomination of the prizes shall be decided on month to month basis by the Board.

150ZEM. Procedure for mystery shopping.—

- (1) Mystery shopping shall be conducted by a person or the firm, duly authorized by the Board.
- (2) The person or firm authorized by the Board under sub-rule (1), shall carry out mystery shopping on random basis from tier-I retailers.
- (3) The person or firm authorized by the Board under sub-rule (1), shall verify the invoices from the online system of FBR and in case of fake or invalid invoice, report the matter to the Board for necessary action as per relevant provisions of the Act and the rules thereunder.
- (4) Any other person may, in case of fake or invalid invoice, report the matter to the Board for necessary action as per relevant provisions of the Act and the rules thereunder.
- (5) The informer under sub-rule (4) may claim reward on the basis of the detection and recovery made in consequence of fake or invalid invoice in terms of provisions of

S.R.O. No. 2042(I)/2022

— In exercise of the powers conferred by section 50 of the Sales Tax Act, 1990, read with section 56C thereof, the Federal Board of Revenue is pleased to direct that the following further amendment shall be made in the Sales Tax Rules, 2006, namely:—

In the aforesaid rules, in Chapter XIV-AC, in rule 1/50ZEL, after sub-rule (9), the following sub-rule (10) shall be added, namely:—

"(10) These rules shall not have effect during the period commencing on the fifteenth day of November, 2022 and ending on the thirty-first day of January, 2023: Provided that all invoices verified during such period shall be included in the next prize draw or schemes."

Sales Tax General Order No. 1 of 2022

**Government of Pakistan
Revenue Division
Federal Board of Revenue
Inland Revenue

C.No.01/POS/IR-Ops/2021/111436-R

Islamabad, the 3rd August, 2021

Sales Tax General Order No.1 of 2022

Subject: Tier-1 Retailers – Integration with FBR’s POS System

The Finance Act, 2019 added sub-section (6) in section 8B of the Sales Tax Act, 1990 (“the STA, 1990”) whereby a Tier-1 Retailer “(T-1R)” who did not integrate its retail outlet in the manner prescribed under sub-section (9A) of section 3 of the STA, 1990 during a tax period, its adjustable input tax for that period would be reduced by 15%. The figure of 15% has been raised to 60% vide Finance Act, 2021.

2. In order to operationalize this important provision of law, a system-based approach is being adopted whereby all T-1Rs liable to be integrated but not integrated, with effect from July 2021 (Sales Tax Returns filed in August, 2021) will be dealt with as per the procedure laid down below:-

- I. A list of all identified T-1Rs shall be placed on FBR’s web portal at www.fbr.gov.pk by 5th of every calendar month allowing them to integrate with FBR system by 10th of the month.
- II. In case a notified T-1R claims that it is not a T-1R as per the definition provided in Section 2(43A) of the STA, 1990, and therefore not liable to integrate, it shall apply to the Commissioner concerned for exclusion from the list by 10th of the calendar month, and the Commissioner would make a decision in this regard by 15th of the month.
- III. The Chief Commissioners would forward all exclusion certificates issued by the Commissioners to Chief (POS) for giving effect in the ITMS by 16th of the month. The exclusion certificates not forwarded by the due date would not entitle a T-1R to relief as per this order.
- IV. Upon filing of Sales Tax Return for the month of July 2021 by all notified T-1Rs not integrated, the input tax claimed would be disallowed without any further notice or proceedings, creating tax demand by the same amount.

3. This process would be run every month as per the above schedule.


Salman Ahmad Khan
Secretary POS/Analysis

Circulation:-

- (i) SA to Chairman, FBR
- (ii) SA to Member (IR-Operations), FBR
- (iii) All Members, FBR
- (iv) Chief Commissioners LTOs, CTOs, MTO, RTOs
- (v) Pakistan Tax Bar Association (PTBA)
- (vi) Webmaster, FBR (HQ) for uploading

Sales Tax General Order No. 17 of 2022 (Exclusion Certificates)

The procedure for reversal of bar on input tax adjustment by 60% (i.e. the exclusion), as provided for in STGO I of 2022 dated (03.8.2021) has been automated. STGO I of 2022 dated 03.8.2021 is, thus, hereby amended to the extent of reversal of bar on input tax adjustment by 60% / issuance of exclusion certificates as under;

1. Filing of application by the Registered Person:

A Registered Person whose adjustable input tax has been reduced by 60% u/s 8B(6) of the Sales Tax Act 1990, by inclusion in STGO, shall file application for removal of this bar/ for restoration of input tax adjustment. Application shall be filed through the system (IRIS) by selecting the relevant reason for the exclusion from the purview of the said section, along with any proof/ evidence in support of the application.

11. Passing of Order (Exclusion Certificate):

Once an application is submitted, it shall be examined and an order (exclusion certificate) shall be passed by the concerned Commissioner-IR in the system, after such inquiries and examination of such record, as deemed necessary by him/ her, as under;

A. Acceptance of Application (i.e. Exclusion Certificate allowed):

In the event of acceptance of the application (i.e. Exclusion Certificate allowed) by the concerned Commissioner-IR, the system shall automatically restore the input tax adjustment as per law as under;

i. Application accepted by the concerned Commissioner-IR for the reason of "Integration with FBR's POS system":

Restoration of input tax adjustment shall apply w.e.f. the tax period next following the tax period(s) during which the Tier-I Retailer remained nonintegrated. As already clarified by the Board, the 60% reduction in input tax adjustment (disallowance) shall apply to the tax period in which the Registered Person integrated with FBR's system, as well as, to the prior tax period(s) during which the Registered Person remained non-integrated or remained partially integrated (i.e. not all the terminals and/ or branches were integrated).

Concerned Commissioner-IR, at the time of passing the order in the system shall provide the date of integration and the system shall restore the input tax adjustment accordingly, as above.

ii. Application accepted by the concerned Commissioner-IR for the reason "Not a Tier-I Retailer as defined u/s 2(43A) of the Sales Tax Act, 1990":

In this scenario the reduction in input tax adjustment (disallowance) by 60%, shall be reversed w.e.f. from the date this bar was placed on and no tax period shall remain subjected to reduction in input tax adjustment (which was originally placed u/s 8B(6) of the Sales Tax Act, 1990).

B. Rejection of Application (i.e. Exclusion Certificate disallowed):

In the event of rejection of the application, this reduction (disallowance) in input tax adjustment shall continue in all subsequent tax period(s), as before.

2. This procedure of automation in the hands of concerned Commissioner-IR will be effective from 10.5.2022 and cases for restoration of 60% reduction (disallowance) of input tax adjustment (excluded cases). as already communicated to PRAL by the Board, shall be managed/ implemented in the system by PRAL.

SRO 1006(1)/2021 (Standardized Format For Invoices)

S.R.O 1006(1)/2021.—In exercise of the powers conferred by the first proviso to sub-section (1) of section 23 of the Sales Tax Act 1990, the Federal Board of Revenue is pleased to specify as under a standardized format for invoices issued under sub-rules (5) and (6) of rule 150ZEB of the Sales Tax Rules 2006, namely:-

The following information interalia is required to be clearly printed on every invoice issued through all

Point of Sale (POS) systems integrated with FBR, namely:-

(A) Business information:-

- (i) business name or brand name;
- (ii) complete address of the business location;
- (iii) FBR's Sales Tax Registration Number (STRN) and National Tax Number (NTN);
- (iv) name of the Tax Office / Formation, the business is registered at; and (v) unique POS registration number;

(B) Invoice details:-

- (i) unique sequential invoice number;
- (ii) date and time of sale;
- (iii) mode of payment (cash, credit or debit card, cheque or gift vouchers); and
- (iv) optional for business to business (B2B): Name of the buyer / customer / service recipient. (Name is recorded when the customer is liable for the tax or credit or invoice value is above Rs. 100,000/-);

(C) Transaction details:-

- (i) item-wise description of goods or service and (unit) price exclusive of tax;
- (ii) tax rate for each item (item wise breakdown of tax rate. Apply 0% if an item is exempt); (iii) item-wise quantity of goods;
- (iv) tax amount;
- (v) total sale value;
- (vi) tax charged on the invoice;
- (vii) discounts, if any;
- (viii) POS service fee of Re. 1/- per invoice;
- (ix) total payable amount; and
- (x) total received amount; and

(D) FBR details:-

- (i) FDR fiscal invoice number (XXXXXX-DDMMYYHHMMSS-OOO)•,
- (ii) logo of FBR's POS invoicing system;
- (iii) verifiable QR code, dimensions: 7X7MM; and
- (iv) statement in legible font and size: "Verify this invoice through FBR Tax Asaan Mobile App or SMS at 9966 and win exciting prizes in draw".

2. A sample invoice is appended herewith for ease of sreplication.



BUSINESS NAME

Address:

STRN/NTN:

Tax Formation:

Pos No:

Invoice #

13/07/2021 PM

Cashier A B C

Mode of Payment:

Name/ CNIC/ NTN of the buyer (Optional for B2B)

	Description	price	GST Rate	Qty	GST	Total
1	ITEM NAME 132.23	Rs. 123	7.5	1	9.23	
2	ITEM NAME 132.23	Rs. 123	7.5	1	9.23	
3	ITEM NAME 132.23	Rs. 123	7.5	1	9.23	
4	ITEM NAME 132.23	Rs. 123	7.5	1	9.23	
5	ITEM NAME 132.23	Rs. 123	7.5		9.23	

Total Amount: Rs.OO.00

Sales Tax: Rs.OO.00

Discount (if any):Rs.OO.00

POS Service Fee: Re.1.000

Payable: Rs.OO.00

Received: Rs.OO.00

FBR Invoice #

327788665512301/07/2021



Verify this invoice through FBR TaxAaan MobileApp
or

SMS at 9966 and win exciting prizes in draw

POS Software by:

S.R.O.1279(I)/2021.- Levy Service Charges At A Rate Of Rupee

S.R.O.1279(I)/2021.- In exercise of the powers conferred by sub-section (I) of section 76 of the Sales Tax Act, 1990, the Federal Board of Revenue with the approval of the Federal Minister-in-charge is pleased to levy service charges at a rate of Rupee one per invoice issued through all points of sale (POS) integrated with the Board's computerized system for the real time reporting of sales, which shall be collected by Tier1 retailers integrated with the Board's computerized system and deposited in a designated account along with monthly payment of sales tax and filing of the sales tax return.

GOVERNMENT OF PAKISTAN
REVENUE DIVISION
FEDERAL BOARD OF REVENUE

Islamabad, the 2nd October, 2019.

**NOTIFICATION
(SALES TAX)**

S.R.O. 1190(I)/2019.— In exercise of the powers conferred by the second proviso to sub-section (1) and sub-section (4) of section 8B of the Sales Tax Act, 1990, and in supersession of its Notification No. S.R.O. 647(I)/2007, dated the 27th June, 2007, the Federal Board of Revenue is pleased to direct, that,—

- (a) The persons specified in column (2) of the Table-1 below shall be excluded from the purview of the said sub-section (1), namely:—

Table-1

S. No.	Sectors
(1)	(2)
1.	Persons registered in electrical energy sector
2.	Oil marketing companies and petroleum refineries
3.	Fertilizers manufacturers
4.	Persons making zero-rated supplies, including exports, provided that value of such supplies exceeds 50% of value of all taxable supplies in a tax period
5.	Distributors
6.	Gas distribution companies
7.	Telecommunication services
8.	Pakistan Steel, Bin Qasim, Karachi

9.	Registered persons other than manufacturers, making supplies of items covered under the Third Schedule to the Sales Tax Act, 1990, on which sales tax has been paid by the manufacturer or importer on retail price, provided that value of such supplies exceeds 80% of value of all taxable supplies in a tax period
10.	Commercial importers where value of imports subject to 3% value addition as prescribed in Twelfth Schedule to the Act exceeds 50% of value of all taxable purchases, including imports, in a tax period.

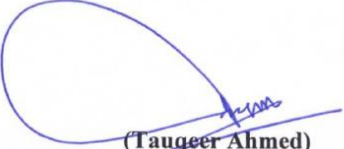
- (b) the persons specified in column (2) of the Table-2 below may adjust input tax to the extent of ninety-five percent of the output tax for that tax period and the excess amount shall be carried forward to the next tax period, namely:-

Table-2

S. No.	Sectors
(1)	(2)
1.	Retailers also importing goods in bulk and operating chains of stores.

- (c) the first proviso of sub-section (1) and sub-sections (2) and (3) of section 8B of the Sales Tax Act, 1990, shall apply, *mutatis mutandis*, to the input tax to be adjusted or carried forward as provided in clause (b).

[C. No. 1/2-STB/2019 (Pt-2)]


(Tauqeer Ahmed)
 Secretary (ST&FE-Budget)

GOVERNMENT OF PAKISTAN
REVENUE DIVISION
FEDERAL BOARD OF REVENUE

Islamabad, the 29th April, 2020.


NOTIFICATION
(SALES TAX)

S.R.O. 344(I)/2020.— In exercise of the powers conferred by second proviso to sub-section (1) and sub-section (4) of section 8B of the Sales Tax Act, 1990, the Federal Board of Revenue is pleased to direct that the following amendment shall be made in its Notification No. S.R.O. 1190(I)/2019, dated the 2nd October, 2019, namely:—

In the aforesaid Notification, in clause (b), in Table-2, in column (1), for S. No. 1 and entry relating thereto in column (2), the following shall be substituted; namely:—

“1.	All Tier-1 retailers who have integrated all their POSs with the Board in terms of Chapter XIV-AA of Sales Tax Rules, 2006.”
-----	--

C. No. 1/2-STB/2019


(Tauqeer Ahmed)
Secretary (ST&FE-Budget)

Provisions of Income Tax Ordinance 2001

Relevant Definitions U/S 2 in Income Tax Ordinance

(30A) *integrated enterprises* means a person integrated with the Board through approved fiscal electronic device and software, and who fulfills obligations and requirements for integration as may be prescribed;

(66A) *tax invoice means* an invoice as prescribed under the Income Tax Rules, 2002;

[64D. Tax credit for point of sale machine.—

(1) Any person who is required to integrate with Board’s computerized system for real time reporting of sale or receipt, shall be entitled to tax credit in respect of the amount invested in purchase of point of sale machine.

(2) The amount of tax credit allowed under sub-section (1) for a tax year in which point of sale machine is installed, integrated and configured with the Board’s computerized system shall be lesser of— (a) amount actually invested in purchase of point of sale machine; or (b) rupees one hundred and fifty thousand per machine. (3) For the purpose of this section, the term point of sale machine means a machine meant for processing and recording the sale transactions for goods or services, either in cash or through credit and debit cards or online payments in an internet enabled environment.]

21. Deductions not allowed. — Except as otherwise provided in this Ordinance, no deduction shall be allowed in computing the income of a person under the head “Income from Business” for —

(r) any expenditure attributable to sales claimed by any person who is required to integrate but fails to integrate his business with the Board through approved fiscal electronic device and software: Provided that disallowance of expenditure under this clause shall not exceed eight percent of the allowable deduction.

182. Offences and penalties. —

(1) Any person who commits any offence specified in column (2) of the Table below shall, in addition to and not in derogation of any punishment to which he may be liable under this Ordinance or any other law, be liable to the penalty mentioned against that offence in column (3) thereof: —

Sr. No.	Offences	Penalties	Section of ordinance to which offence has reference
32	Any person, who is integrated for monitoring, tracking, reporting or recording of sales, services and similar business transactions with the	Such person shall pay a penalty of five hundred thousand rupees or two hundred per cent of the amount of tax involved, whichever is higher.	237A

	Board or its computerized system, conducts such transactions in a manner so as to avoid monitoring, tracking, reporting or recording of such transactions, or issues an invoice which does not carry the prescribed invoice number or QR code or bears duplicate invoice number or counterfeit QR code, or defaces the prescribed invoice number or QR code, or any person who abets commissioning of such offence.		
33	Any person, who is required to integrate his business for monitoring, tracking, reporting or recording of sales, services and similar business transactions with the Board or its computerized system, fails to get himself registered under the Ordinance, and if registered, fails to integrate in the manner as required under law.	Such person shall be liable to pay a penalty up to one million rupees, and if continues to commit the same offence after a period of two months after imposition of penalty as aforesaid, his business premises shall be sealed till such time he integrates his business in the manner as stipulated under subsection (3) of section 237A, as the case may be.	237A

191. Prosecution for non-compliance with certain statutory obligations. —

(1) Any person who, without reasonable excuse, fails to —

(h) integrate his business with Board’s computerized system; or

(i) generate tax invoice verifiable by the Board’s system;

237A. Electronic record. —

(3) In case of an integrated enterprise, no sale shall be made or service shall be rendered, as the case may be, without generating fiscal invoices as prescribed.

237B. Prize schemes to promote tax culture.-

(1) The Board may prescribe prize schemes to encourage the general public to make purchases, or avail services only from integrated enterprises issuing tax invoices.

(2) The Board may prescribe procedure for mystery shopping in respect of invoices issued by integrated enterprises randomly and in case of any discrepancy, all the relevant provisions of the Ordinance shall apply accordingly.

S.R.O.779(I)/2020

Government of Pakistan
(Revenue Division)
Federal Board of Revenue

Islamabad, the 26th August, 2020.

NOTIFICATION (Income Tax)

S.R.O. 779(I)/2020.— In exercise of the powers conferred by sub-section (1) of section 237 of the Income Tax Ordinance, 2001 (XLIX of 2001), the Federal Board of Revenue is pleased to direct that the following further amendments shall be made in the Income Tax Rules, 2002, the same having been previously published vide Notification No. S.R.O. 296(I)/2020, dated the 9th April, 2020 as required by sub-section (3) of the said section 237, namely:—

In the aforesaid Rules, after Chapter VII, the following new Chapter shall be inserted, namely:—

“CHAPTER VIIA

ONLINE INTEGRATION OF BUSINESSES

33A. Application.— The provisions of this Chapter shall apply to all persons mentioned in column (2) of schedule I, excluding those specified in column (4), whose principal place of business is –

- (a) in case of a company, anywhere in Pakistan; and
- (b) in all other cases, within the civil limits including cantonments of districts specified in Schedule II.

33B. Obligations and requirements.— (1) The Person as specified in rule 33A, hereinafter referred to as “integrated enterprise” 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 person shall notify to the Board, through the Computerized System, of all the establishments, hereinafter referred to as notified establishments, from which they intend to carry on business and 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) No sale or service from the notified establishment shall be rendered 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 or bills;
 - (iii) transmit the fiscal data to the Board's Computerized System through secure means; and
 - (iv) print invoice or bill.;
- (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 or bill creates the digital signature for the EFD and records the digital signature on the fiscal invoice or bill;
 - (iv) transmits the fiscal invoice or bill 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 enterprise;
- (d) virtual SDC (V-SDC) is software attached to the POS system;

- (e) an integrated enterprise 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 bill, 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 or bill data and transmits the fiscal invoice or bill number to POS;
 - (iv) POS prints the fiscal invoice or bill with the fiscal invoice or bill number and QR Code;
 - (v) the SDC transmits the fiscal data to the Board's system; and
 - (vi) a fiscal invoice or bill is produced for each invoice; and
- (g) the point of sale should have the following functionalities, namely:–
 - (i) provide mechanism to connect to SDC;
 - (ii) send each invoice or bill to SDC for the issuance of fiscal invoice or bill;
 - (iii) generate the QR Code on the base of fiscal invoice or bill number generated by the SDC and print the QR Code on bill;
 - (iv) must perform closing on the close of day, week and month;
 - (v) send the summary report with following fields to FBR periodically (daily, weekly or monthly) –
 - (a) total sale; and
 - (b) total number of invoices or bills 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.

(4) The invoice or bill 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 invoice or bill;
- (d) name of customer or service recipient, where recorded;
- (e) item-wise description of service and price exclusive of sales tax, if any;
- (f) rate for each item, if applicable;
- (g) total amount inclusive of sales tax, if any;
- (h) discount, if any; and
- (i) mode of payment, cash or credit card. In case of credit card, the name of client and other relevant details thereof.

(5) POS shall print a clear and legible invoice or bill 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) national tax number; and
- (e) name or location of the notified establishment.

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

(7) 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, if any.

(8) All the transactions made from the notified establishment shall be communicated to the Board's Computerized System through EFD.

(9) 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.

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

(11) In case ancillary services or sale of goods are made from notified establishment, the transactions thereof shall also be recorded and the invoice or bill issued in the same manner. Such data shall also be communicated to the Board's Computerized System in the same manner.

(12) The cost for integration including the cost of equipment and fiscalization shall be borne by the taxpayer itself.

(13) The taxpayer shall prominently display at each establishment that the POS or the establishment is accredited by FBR to issue invoice or bill and that the registration number of each POS is verifiable through the Board's verification services.

33C. Accreditation of points of sales (POS) systems.- (1) A vendor, who wants to supply a POS of a particular brand, model and specification to a Person 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.

33D. Record, access and examination.— (1) The integrated enterprise shall maintain the record of all the bills and transactions made from a notified establishment and also at the notified central location. The taxpayer 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 Ordinance regarding record maintenance and access thereto, and otherwise, shall also be applicable.

(3) FBR may issue the parameters for inquiry/investigation.

(4) The FBR may conduct inquiry and investigations at different levels to ensure that the taxpayer is complying with these rules, including by—

- (a) checking if the taxpayer is issuing valid invoices or bill;
- (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.

33E. 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 bills and other data as stipulated in rule 33B, the online integration shall be considered to have been achieved if all the conditions specified in this rule are fulfilled.

(2) The taxpayer 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 establishments in the manner as stipulated in rule 33B within one month of the date when the Board declares readiness for the same through a notice sent through email or Computerized System. Such person shall provide details of all his establishments in the manner as stipulated in sub-rule (2) of rule 33B. Such person shall also make

necessary declaration during this process as stipulated by the Board's Computerized System.

(3) The taxpayer shall upload or transfer the data of all invoices or bills periodically to the Board's Computerized System but the interval during such transfer shall not exceed seven clear days in any case.

33F. Consequences of non-compliance or contravention.— A taxpayer found to have tampered with the system or issued bill or invoice otherwise than through the prescribed devices or contravenes any of the provisions of this Chapter, shall be liable to penalty or punishment in accordance with the provisions of Income Tax Ordinance, 2001.

33G. Reporting of failure to transfer sale or bill data to the Board.— The Board shall ensure to provide a facility on its website to a customer of an integrated enterprise Person to verify and ensure that the invoice or bill 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 or bill to the Board's portal.

THE SCHEDULE - I
[see rule 33A]

S.No	Description	PCT Heading, if applicable	Exclusion, if any
(1)	(2)	(3)	(4)
1.	Restaurants	9801.2000 9801.7000	Where – a. the restaurant is operating otherwise than as part of a food court; and b. the facility of air-conditioning is not installed or available in the premises.
2.	Hotels, motels, guest houses, marriage halls, Marquees, clubs including race clubs.	9801.1000 9801.3000 9801.4000 9801.5000 9801.6000 9801.7000	Where— a. The covered area is less than 4500 sq. feet b. the facility of air-conditioning is not installed or available in the premises.
3.	Inter-city travel by road.	9803.9000	Where – a. The taxpayer is only providing non air conditioned travel service; or b. Travel service maintaining a fleet of less than ten vehicles.

4.	Courier services and cargo services	9808.0000 98.04	Where – a. the taxpayer is not a company; and b. the taxpayer is offering only domestic courier or cargo service.
5.	Services provided for personal care by beauty parlours, clinics and slimming clinics, body massage centres, pedicure centres; including cosmetic and plastic surgery by such parlours / clinics,	9810.0000 9821.4000 and 9821.5000	Where – a. The covered area is less than 1000 sq. feet; or b. the facility of air-conditioning is not installed or available in the premises.
6.	Medical practitioners and consultants	9815.1000	Where – a. the consultation is being provided at a place other than a hospital or Poly-Clinic; and b. the consultation fee is less than Rs. 1500/-.
7.	Pathological laboratories, medical diagnostic laboratories including X-Rays, CT Scan, M.R. Imaging etc.	98.16 98.17	Where – c. the taxpayer is not a company; and d. the taxpayer is not maintaining more than one branch whether under its own name or through an associate.
8.	Hospitals or medical care centres providing medical consultation, hospitalization or other ancillary services	Respective headings	
9.	Health clubs, gyms, physical fitness centres, and body or sauna massage centres	98.21	Where – a. The covered area is less than 1000 sq. feet; or b. the facility of air-conditioning is not installed or available in the premises.
10.	Photographers	-	Photographers charging less than Rs. 100,000 per event
11.	Accountants	-	Accountants who are not operating as part of a firm or a company
12.	Retailers including manufacturer-cum-retailer, wholesaler-cum-retailer, importer-cum-retailer or such other person who combines the activity of retail sale with another business activity.	Respective headings	A retailer who does not fall in any on the following categories, namely:– a. a retailer operating as a unit of national or international chain of stores; b. a retailer operating in an air-conditioned shopping mall, plaza or center, excluding kiosks; c. a retailer whose cumulative electricity bill during the immediately

			<p>preceding twelve consecutive months exceeds rupees twelve hundred thousand;</p> <p>d. a wholesaler-cum-retailer, engaged in bulk import and supply of consumer goods on wholesale basis to retailers as well as on retail basis to the general body of consumers; or</p> <p>e. a retailer whose shop measures one thousand square feet in area or more.</p>
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THE SCHEDULE - II
[see rule 33A(b)]

S.No	Description
(1)	(2)
1.	Karachi
2.	Lahore
3.	Islamabad
4.	Rawalpindi
5.	Faisalabad
6.	Multan
7.	Peshawar
8.	Gujranwala

[F.No. 4(19)IT-Budget/2020]



(Dr. Muhammad Nauman Anees)
Second Secretary (CM) IR Policy