

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

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Islamabad, the 1<sup>st</sup> June, 2012.

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

**S.R.O. 592(I)/2012.**— In exercise of the powers conferred by sub-section (1) of section 71 of the Sales Tax Act, 1990, read with clauses (9) and (46) of section 2, sections 3 and 4, sub-section (2) of section 6, section 7, section 7A, clause (b) of sub-section (1) of section 8, clause (a) of sub-section (2) of section 13, sub-sections (2A) and (3) of section 22, section 23 and section 60 thereof, the Federal Government is pleased to direct that the following further amendment shall be made in the Sales Tax Special Procedure Rules, 2007, namely: —

In the aforesaid Rules,

- (1). in rule 58E, sub-rule (2) shall be omitted;
- (2). for rules, 58F, 58G, 58H, 58Ha, 58I, 58J, 58K, 58L, 58M, 58MA and 58MB the following shall be substituted, namely:-

**“58F. Application.**— The provisions of this Chapter shall apply to all steel melting, steel re-rolling, ship breaking units and to Pakistan Steel Mills, Heavy Mechanical Complex and Peoples Steel Mills, wherever applicable.

**58G. Registration.**— Every steel-melter, steel re-roller and ship breaker, if not already registered, shall obtain registration in the manner prescribed in Chapter I of the Sales Tax Rules, 2006.

**58H. Payment of tax.**— (1) Every steel-melter, steel re-roller and composite unit of steel melting and re-rolling (having a single electricity meter), shall pay sales tax at the rate of eight rupees per unit of electricity consumed for the production of steel billets, ingots and mild steel (MS) products excluding stainless steel, which will be considered as their final discharge of sales tax liability.

(2) Payment of tax by steel melters, re-rollers and composite units of melting and re-rolling shall be made through electricity bills alongwith electricity charges:

Provided that in case the due amount of sales tax mentioned in sub-rule (1) is not mentioned in the electricity bill issued to any steel melter or re-roller or composite unit of melting and re-rolling, the said melter or re-roller or composite unit shall deposit the due amount of tax for the relevant tax period at the rate of eight rupees per unit of electricity consumed excluding the amount of sales tax already paid on the electricity bill related to the said tax period through his monthly sales tax return.

(3) In case of default in payment of sales tax by the due date mentioned on the electricity bill, besides other legal action by the concerned RTO or LTU, the concerned electric supply company shall disconnect the electricity connection of the unit.

(4) Ship breakers shall pay sales tax at the rate of six thousand seven hundred rupees per metric ton of re-rollable scrap supplied by them. The quantity of re-rollable scrap shall constitute 70.5% of the total LDT of the ship imported for breaking. The ship-breakers shall clear their sales tax liabilities in respect of ships weighing upto ten thousand LDT within four months, while in case of ships weighing more than ten thousand LDT, within eight months from the date of filing of goods declaration. The sales tax liability shall be discharged by the ship-breaker either on completion of clearance of goods obtained from breaking of vessel or within the maximum time period allowed as aforesaid, whichever is earlier. The ship breakers shall submit post dated cheques equivalent to the amount of sales tax calculated on the basis of LDT of the ships to the concerned RTO or LTU as per following table:

Ships weighing upto 10,000 LDT	Four post dated cheques, each of amount equal to one- fourth of the total sales tax payable.
Ships weighing over 10,000 LDT	Eight post dated cheques, each of amount equal to one- eighth of the total sales tax payable.

(5) The Customs Collectorate shall clear the goods declaration of ship for breaking on the basis of certificate from the RTO or LTU that the post dated cheques as aforesaid have been submitted. These post dated cheques shall be returned by the RTO or LTU on payment of sales tax by the ship breakers with the return. In case of default in payment of sales tax with the return, the post dated cheques shall be encashed by the RTO or LTU.

(6) Pakistan Steel Mills, Karachi, Heavy Mechanical Complex, Taxila and Peoples Steel Mills, Karachi shall pay sales tax on their products under sub-section (1) of section 3 of the Act read with section 7 and section 8B thereof.

(7) Steel melters and re-rollers, except Pakistan Steel Mills, Heavy Mechanical Complex and Peoples Steel Mills, paying sales tax on fixed rates through electricity bills shall not be entitled to any input tax adjustment.

**58Ha. Steel melters and re-rollers operating on self-generation basis. (1)**  
Subject to permission by the Chief Commissioner, the facility to pay sales tax liabilities on the basis of gas bill shall be allowed to the registered persons who have requisite permission, for producing electricity with the help of gas generators, from the gas distribution companies or Oil and Gas Regulatory Authority or any other Government authority authorized to grant such permission.

(2) Steel melters producing electricity with the help of gas generators shall discharge their sales tax liability on the basis of the gas bill for the relevant month as per the following formula: –

Sales tax payable =  $[HM^3 \text{ (or hundred cubic meter)} \times \text{Rs. 1900}]$  less sales tax paid  
on gas bill

(3) Re-rolling mills operating on self-generated electricity shall discharge their tax liability on monthly basis, in the following manner:--

Sales tax payable = mill size (in inches) x Rs. 51,822

Provided that if a re-rolling mill operating on self-generation basis remains closed for seven or more days consecutively during a

tax period, the registered person shall inform through telephone or fax to the respective Commissioner and the representative of the association prior to the closure of the mill. A survey report shall accordingly be prepared by the monitoring committee comprising of one or more inland revenue officers nominated by the concerned Commissioner and representatives of Pakistan Steel Re-Rolling Mills Association and the tax liability of the said mill shall be determined on the basis of above formula for the number of days the mill remains in operation during the month.

**581. Invoices and returns.**— (1) Sales tax invoices shall be issued by steel melters to re-rollers showing sales tax amount of seven thousand three hundred and forty-nine rupees per metric ton.

(2) For supplies to registered persons, sales tax invoices shall be issued by steel re-rollers using ingots or billets of steel melters showing sales tax amount of eight thousand three hundred and eighty-seven rupees per metric ton.

(3) Re-rollers using billets of Pakistan Steel Mills or Heavy Mechanical Complex or Peoples Steel Mills or imported billets shall issue sales tax invoices to downstream industry showing sales tax of nine thousand six hundred and fifty-one rupees per metric ton.

(4) Re-rollers using ship-plates and re-rollable scrap as raw material shall issue sales tax invoices to registered persons showing sales tax of seven thousand seven hundred and forty rupees per metric ton.

(5) For buyers, other than registered persons, steel re-rollers shall issue invoices showing sales tax of one thousand and forty rupees per metric ton.

(6) Persons supplying imported MS products to registered persons shall issue invoices showing sales tax of nine thousand six hundred and fifty-one rupees per metric ton. For supplies of imported MS products made to buyers other than registered persons, sales tax amount of one thousand and forty

rupees per metric ton shall be shown in the invoices.

(7) Every steel-melter and steel re-roller paying sales tax under these rules shall submit a copy of electricity bill showing payment of tax due duly authenticated by the concerned association alongwith a copy of sales tax return to the Commissioner having jurisdiction.

(8) The due date for filing of return shall be the 28<sup>th</sup> day of the month following the tax period to which the electricity bill relates.

**58J. Records.**— Every steel-melter, re-roller and ship breaker shall be required to maintain records specified under section 22 of the Act.

**58K. Values of steel products.**— The items specified in column (2) of the Table below shall be assessed for the purpose of sales tax on the values fixed in column (4) thereof: –

**TABLE**

<b>S. No.</b>	<b>Description</b>	<b>HS Code</b>	<b>Value</b>
(1)	(2)	(3)	(4)
1.	Billets supplied by Pakistan Steel Mills, Heavy Mechanical Complex and Peoples Steel Mills	Respective heading	Rs. 54,264/- PMT
2.	Imported billets	-do-	US\$ 585 PMT
3.	Re-rollable scrap supplied by ship breakers	-do-	Rs. 42,188/- PMT

**58L. Responsibility of All Pakistan Steel Melters' and All Pakistan Steel Re-rollers Associations.**— The All Pakistan Steel Melters' Association and All Pakistan Steel Re-rollers' Association shall be responsible to ensure that the steel melters and re-rollers pay sales tax in the manner specified in these rules and in case of non-compliance, the association shall actively assist the concerned Commissioner for enforcement and recovery of sales tax due alongwith default surcharge calculated thereon, besides any other proceedings that may be initiated

against the defaulting steel-melter or steel re-roller under the Act. All Pakistan Steel Melters' Association and All Pakistan Steel Re-rolling Mills Association shall be authorized to authenticate the paid electricity bills of steel melters and steel re-rollers paying sales tax under these rules. The associations shall be responsible to maintain unit-wise record of sales tax paid by all steel-melters and re-rollers on monthly basis. Every case of default in payment of sales tax shall be reported by the President of the concerned association to the concerned Commissioner or any other officer nominated by the Board within seven days after the due date for payment of electricity bill.

**58M. Monitoring committee.**— A monitoring committee comprising of officers of Inland Revenue, representatives of concerned associations and any other person as may be nominated by the Board shall be constituted through a general order to monitor the collection of sales tax under these rules on monthly basis.

**58MA. Option to pay sales tax on *ad valorem* basis.**— (1) The steel melters and re-rollers may opt to pay sales tax on *ad valorem* basis at the rate specified in sub-section (1) of section 3 of the Act after deduction of input tax paid on their inputs subject to limits and conditions as specified under the Act or notifications issued thereunder. Such melters and re-rollers shall discharge their liability in the manner as indicated below, namely:—

- (a) such registered persons opting to pay sales tax under this rule shall inform the Commissioner having jurisdiction; and
  - (b) the sales tax amount at the rate specified in sub-rule (1) of rule 58H shall remain included in the electricity bills of those persons who opt to pay sales tax under this rule, however, this amount of sales tax at the rate specified in sub-rule (1) of rule 58H may be adjusted as input tax against the liability of sales tax determined on *ad valorem* basis at the rate specified in sub-section (1) of section 3.
- (2) The records maintained by registered persons opting to pay

sales tax under this rule shall be subjected to periodical audits.

**58MB. Treatment for units engaged in exports.**— Subject to permission of Commissioner concerned, the option to exclude the sales tax amount as specified in sub-rule (1) of rule 58H from the electricity bill shall be available to steel units exporting more than fifty percent of their production.

**58MC. Treatment for composite units.**— Steel melters and re-rollers who also supply stainless steel products or products other than billets, ingots and re-rolled MS products shall follow standard sales tax procedure. The fixed taxes and values prescribed under this Chapter shall not be applicable to supplies of such registered persons.”.

2. This Notification shall take effect on and from the 2<sup>nd</sup> day of June, 2012.

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**[C.No. 1/42-STB/2012]**

**(Shahid Hussain Asad)**  
Additional Secretary