

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

Islamabad, the 4th June, 2014

NOTIFICATION
(SALES TAX)

S.R.O. 421(I)/2014.— In exercise of the powers conferred by sub-section (1) of section 71 of the Sales Tax Act, 1990, read with clauses (9) and (46) of section 2, sections 3 and 4, sub-section (2) of section 6, section 7, section 7A, clause (b) of sub-section (1) of section 8, clause (a) of sub-section (2) of section 13, sub-sections (2A) and (3) of section 22, sections 23 and 60 thereof, the Federal Government is pleased to direct that the following further amendments shall be made in the Sales Tax Special Procedure Rules, 2007, namely: —

In the aforesaid Rules,—

(i) for rules 58F and 58G, the following shall be substituted, namely:-

“58F. Application.— The provisions of this Chapter shall apply to—

- (a) steel melting units, steel re-rolling units, composite units of melting and re-rolling and composite units having complete facility of melting, re-rolling and MS cold drawing, whether operating on electric power, natural gas or any other source of energy and regardless of the type of electricity connection;
- (b) suppliers of electric power and natural gas to the units specified in clause (a);
- (c) furnaces or steel mills operated by sugar mills or other persons using self-generated electricity from bagasse or other means;
- (d) Pakistan Steel Mills, Karachi, Peoples Steel Mills, Karachi and Heavy Mechanical Complex; and
- (e) ship breakers.

58G. Registration.— Every person specified in rule 58F shall, if not already registered, obtain registration in the manner prescribed in Chapter I of the Sales Tax Rules, 2006.”;

(ii) in rule 58H, —

(a) in sub-rule (1), —

- (I) after the word, bracket and comma “meter),”, the words and comma “excluding units operated by sugar mills or other persons using self-generated electricity” shall be inserted; and
- (II) for the word “four”, the word “seven” shall be substituted;
- (III) for the full-stop at the end, a colon shall be substituted and thereafter, the following proviso shall be added, namely:-

“Provided that the rates of sales tax on the basis of electricity consumption prescribed in sub-rules (1) and (2) shall only be applicable to units consuming electric power supplied by public sector electricity distribution companies.”;

(b) in sub-rule (2), —

- (I) in the second proviso, for the expression “5% on the value of imported goods as determined under clause (d) of sub-section (46) of section 2 of the Sales Tax Act, 1990 or Rs.1600 PMT whichever is higher”, the words and figures “Rs. 5,600 per metric ton” shall be substituted; and
- (II) after the word “scrap”, the comma and words “, which amount may be adjusted against sales tax charged through electricity bill, in the manner as may be prescribed by the Board through a general order” shall be substituted;

(c) in sub-rule (3), after the word “unit”, the words “and further, it shall be deemed that the person has opted out of this special procedure and sales tax shall become payable under sub-section (1) of section 3 of the Act” shall be inserted; and

(d) after sub-rule (3), amended as above, the following new sub-rule shall be inserted, namely:-

“(3A) The Commissioner of Inland Revenue may, if he considers it expedient in the interest of revenue, collect sales tax directly from steel-melters and re-rollers at the rates prescribed in sub-rule (1) or sub-rule (2), as the case may be. In case of such direct collection of sales tax, the Commissioner shall issue adjustment certificate to the electricity distribution company, which shall adjust the amount of sales tax so paid in the electricity bills of the registered person.”;

(e) in sub-rule (4), for the words “five thousand eight hundred and sixty-two” the words “six thousand and seven hundred” shall be substituted;

(iii) in rule 58Ha, in sub-rule (2), for the figure “950”, the figure “1,663” shall be substituted;

(iv) after 58Ha, the following new rule shall be inserted, namely:-

“58Hb. Steel mills operated by sugar mills or other persons using self-generated electricity.—(1) Sugar mills or any other persons operating steel melting or steel re-rolling mills using self-generated electricity produced from baggasse or other means except those specified in rule 58Ha, shall pay sales tax on the steel products manufactured by them at the rate specified in sub-section (1) of section 3 of the Act, and shall observe all the applicable provisions of the Act.

(2) Such sugar mills or other persons shall--

(a) declare to the Commissioner having jurisdiction their installed transformer capacity for steel melting and re-rolling, which would be subject to verification; and

(b) install a tamper proof electricity meter on the transformer used for steel melting or re-rolling, along with a check

meter outside the mills premises, on the recommendations and under supervision of one representative each from the RTO or LTU having jurisdiction and the electricity distribution company operating in the area.

(3) In case of failure to comply with the requirements of sub-rule (2) within thirty days of the commencement of this rule or prior to commencement of operations of a new unit, besides any other legal action, the respective RTO or LTU shall invoke the provisions of section 40B of the Act to monitor production, supplies and stocks so that sales tax payable on the steel products being manufactured and supplied may be properly assessed and recovered.”;

(v) for rules 58I and 58J, the following shall be substituted, namely:-

“58I. Invoices and returns.– (1) Sales tax invoices shall be issued by the registered persons for the products or category specified in column (2) of Table-1 below, at the rates mentioned against each in column (3) of the said Table, namely:-

TABLE-1

S.N o.	Invoices issued by and for or to	Amount of sales tax to be mentioned on the invoices
(1)	(2)	(3)
1.	By steel melters or composite units of melting, re-rolling and MS cold drawing to registered re-rollers	Rs. 6,447 per metric ton
2.	By steel re-rollers, using ingots or billets of steel melters or composite units of melting, re-rolling and MS cold drawing, to registered persons	Rs. 7,357 per metric ton

3.	By re-rollers, using billets of Pakistan Steel Mills or Peoples Steel Mills or Heavy Mechanical Complex or imported billets, to registered persons	Rs. 8,092 per metric ton
4.	By re-rollers, using ship-plates and re-rollable scrap as raw material, to registered persons	Rs. 7,610 per metric ton
5.	By re-rollers, to unregistered persons	Rs. 910 per metric ton
6.	By persons supplying imported MS products, to registered persons	Rs. 8,526 per metric ton
7.	By persons supplying imported MS products, to unregistered persons	Rs. 910 per metric ton

(2) Every steel melter, steel re-roller or composite unit of steel melting and re-rolling paying sales tax along with electricity bills under these rules shall submit a copy of the electricity bill showing payment of the tax due duly authenticated by the concerned association along with a copy of his relevant sales tax return to the Commissioner having jurisdiction. Every other such manufacturer liable to pay sales tax under these rules shall submit to the Commissioner having jurisdiction a copy of the Computerized Payment Receipt (CPR) showing the payment of tax due along with a copy of his sales tax return.

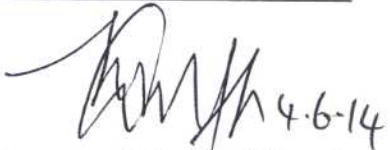
(3) The due date for filing of return for persons paying sales tax under these rules along with electricity bills or on the basis of gas bills shall be the 28th day of the month following the tax period to which the electricity bill relates.

58J. Records.— Every person paying sales tax under these rules shall be required to maintain records specified under section 22 of the Act.”;

- (vi) in rule 58K, in the Table, in column (1), –
(a) against serial No. 2, in the entry relating thereto in column (4), for the figure “514”, the figure “550” shall be substituted;

- (b) against serial number 3, in the entry relating thereto in column (4), for the figure "36,638", the figure 39,412" shall be substituted; and
- (vii) in rule 58MA, in sub-rule (1), for clauses (a) and (b), the following shall be substituted, namely:-
- "(a) by the 25th of June each year, such registered persons shall submit in writing to the Commissioner having jurisdiction their irrevocable option to pay sales tax on *ad valorem* basis for the coming financial year, and the option so exercised shall remain in force till the end of such financial year; and
- (b) the Commissioner shall coordinate with the electricity distribution companies to ensure that sales tax is charged from such registered person in his electricity bill on the rate specified in sub-section (1) of section 3 of the Act, which shall be adjustable against output tax payable on taxable supplies made by such person, subject to the applicable provisions of the Act and rules made thereunder."

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


(Muhammad Ashraf Khan)
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