

THE SALES TAX SPECIAL PROCEDURES RULES, 2007

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

Islamabad, the 9th June, 2007.

**NOTIFICATION
(SALES TAX)**

S.R.O. 480(I)/2007.— In exercise of the powers conferred by 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 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 make the following rules, namely:—

THE SALES TAX SPECIAL PROCEDURES RULES, 2007

- 1. Short title, application and commencement.**—(1) These rules may be called the Sales Tax Special Procedures Rules, 2007.
 - (2) They shall apply to such persons as are specified in the respective Chapter.
 - (3) These shall come into force with effect from the 1st day of July, 2007.

Chapter I

PRELIMINARY

- 2. Definitions.**— (1) In these Rules, unless there is anything repugnant in the subject or context,—
 - (i) “Act” means the Sales Tax Act, 1990;
 - (ii) “Annex” means an Annex to these rules;

- (iii) "NEPRA" means the National Electric Power Regulatory Authority established under section 3 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997);
- (iv) "CNG station" means any place or premises from where Compressed Natural Gas (CNG) is supplied to, or filled in cylinders or tankers;
- (v) "Collectorate" means the office of the Collector of Sales Tax having jurisdiction and includes the Large Taxpayers' Unit (LTU) and the Regional Tax Office (RTO), where the offices of Income Tax, Sales Tax and Federal Excise are co-located, and the word "Collector" shall be construed accordingly;
- (vi) "commission", in case of a car dealer, means the amount payable by the consumer to the dealer for the purpose of intermediating sale, booking, delivery or other related services or activities in respect of a vehicle and includes any other amount charged from a consumer or seller over and above the price of the vehicle;
- (vii) "consumer", in relation to Chapter III, means a person or his successor-in-interest who purchases or receives electric power for consumption and not for delivery or resale thereof to others and includes a person who owns or occupies a premises where electric power is supplied;
- (viii) "courier service" means delivery of documents, goods or articles utilizing the services of a person, either directly or indirectly, to carry or accompany such documents, goods or articles for consideration;
- (ix) "distribution", in relation to Chapter III, means the ownership, operation, management or control of distribution facilities for the movement or delivery or sale to consumers of electric power but shall not include the ownership, operation, management and control of distribution facilities located on private property and used solely to

move or deliver electric power to the person, owning, operating, managing and controlling those facilities or to tenants thereof shall not constitute distribution;

- (x) "Fiscal Electronic Cash Register" or "FECR" means an electronic cash register with fiscal memory (black box), fiscal screw and seal, capable of simultaneously printing second copy (record copy) that contains all information in addition to that on the first paper roll (customer copy) and having two displays, one for operator and the other for customer;
- (xi) "gas bill" means the bill of charges issued by the gas transmission and distribution companies to their consumers pertaining to a tax period for natural gas supplied by them;
- (xii) "generation", in relation to Chapter III, includes the ownership, operation, management or control of generation facilities for delivery or sale of electric power and not solely for consumption by the person owning, operating, managing and controlling those facilities;
- (xiii) "HUBCO" means the Hub Power Company Limited;
- (xiv) "IPP" means an Independent Power Producer established in private sector operating under a licence issued by the NEPRA for the purpose of generation, transmission, distribution and sale of electric power, and governed by various Implementation Agreements executed between the Islamic Republic of Pakistan and such Independent Power Producer and includes HUBCO and KAPCO;
- (xv) "jeweller" means any person engaged in the supply of ornaments as a manufacturer, wholesaler or retailer, but does not include a *zargar*;
- (xvi) "JIMCO" means joint installation of the oil marketing companies at Mehmood Kot, District Gujrat, Punjab;
- (xvii) "KAPCO" means the Kot Addu Power Company Limited;

- (xviii) "KESC" means the Karachi Electric Supply Corporation;
- (xix) "natural gas" means the gas obtained from bore-holes and wells whether unmixed or mixed with artificial gas consisting primarily of hydrocarbons whether gaseous or in liquid form which are not oils and includes liquefied petroleum gas (LPG) and compressed natural gas (CNG);
- (xx) "OMC" means the oil marketing company and includes Shell Pakistan Limited, Chevron Pakistan Limited and Pakistan State Oil (PSO);
- (xxi) "private sector project" means a facility for generation, transmission or distribution of electric power constructed, owned, managed or controlled by any one or more organizations or companies incorporated under the Companies Ordinance, 1984 (XLVIII of 1984);
- (xxii) "product sharing" means acquiring of a product by one OMC from another OMC on loan basis, without payment of price under an arrangement of returning the product of the same description by the former to the latter, within such time as may be agreed between them;
- (xxiii) "public sector project" means a facility for generation, transmission or distribution of electric power constructed, owned, managed or controlled by the Federal Government, a Provincial Government, a local authority or any body owned or controlled by any such Government or authority;
- (xxiv) "TCP" means the Trading Corporation of Pakistan;
- (xxv) "taxable services" means the services chargeable to sales tax under the respective Provincial law, and include all such services, utilities or facilities, by whatever name called, which are provided or

rendered by a service provider to his clients or customers or members;

(xxvi) “Terminal Operator” means the company or person managing the affairs of joint installation (JIMCO) at Mehmood Kot, District Gujrat;

(xxvii) “value of taxable services”, in relation to hotels and courier services, means the gross amount charged or the consideration in money including all Federal and Provincial levies, if any, which a service provider receives from the clients or customers or members for providing or rendering taxable services, but excluding the amount of sales tax:

Provided that in case the consideration for providing a taxable service is in kind or is partly in kind and partly in money or the service provider and recipient or client are associated persons and the service is provided for no consideration or for a consideration which is lower than the open market value, the value of taxable service shall mean the open market value for providing the taxable service, excluding the amount of tax:

Provided further that value of taxable service in relation to clubs for the purpose of levy of sales tax shall not include consideration received on account of membership fees, refundable deposit or security unless the same is deducted or adjusted in full or in part as settlement or recovery of dues for services;

(xxviii) “vehicles” include all types of vehicles covered under Chapter 87 of the Pakistan Customs Tariff other than headings 87.12, 87.15 and 87.16 thereof, as are generally used for the transportation of persons or goods including three and two wheelers; and

(xxix) “*zargar*” means any person who is engaged in the making of ornaments or carrying out any related process on labour charge basis and is not involved in the sale of ornaments to ordinary consumers.

(2) The words and expressions used, but not defined herein, shall have the same meanings as are assigned to them in the Act.

(3) All provisions of any other rules made under the Act, in so far as they are not inconsistent with these rules shall, *mutatis mutandis*, apply to the registered persons operating under these rules.

CHAPTER II

SPECIAL PROCEDURE FOR PAYMENT OF SALES TAX BY RETAILERS

3. Application.— (1) The provisions of this Chapter shall apply to the persons registered as retailers under the Act:

Provided that the jewellers shall also be treated as retailers and the provisions of this chapter shall also be applicable to jewellers:

Provided further that the persons registered as wholesaler as well as retailer shall be treated as wholesalers and the provisions of this Chapter shall not be applicable to such person.

4. Registration.— Every person required to be registered as a retailer under the Act shall, if not already registered, obtain registration in the manner specified in Chapter I of the Sales Tax Rules, 2006.

5. Levy and rate of tax.— A retailer operating under these rules shall charge and collect sales tax at the rates as mentioned in column (3) of the table below, and pay income tax at the rate as mentioned in column (4) of the said Table, against turnover as mentioned in column (2) of that Table, namely:-

TABLE

S. No.	Annual turnover	Sales tax rate	Income tax rate
(1)	(2)	(3)	(4)
1.	Up to Rs. five million	Nil	0.5% of total turnover

2.	More than Rs. Five million and up to Rs. ten million	0.5% of turnover which is in excess of Rs. five million	Rs. 25,000 plus 0.5% of turnover which is in excess of Rs. five million
3.	More than Rs. ten million	Rs. 25,000 plus 0.75% of turnover which is in excess of Rs. ten million	Rs. 50,000 plus 0.75% of turnover which is in excess of Rs. ten million:

Provided that the turnover as aforesaid shall constitute value of all supplies of a retailer, including those in the Third Schedule to the Act and the exemption or zero-rating of tax provided elsewhere under the Act shall not be applicable to the supplies of a retailer under this chapter.

6. Determination of sales tax liabilities.—(1)The tax paid by the retailers operating under this Chapter shall be construed as the discharge of final tax liability for the purpose of sales tax as well as for income tax:

Provided that in case of corporate sector retailers covered under this Chapter income tax paid shall be treated as withholding tax adjustable against the final income tax liability.

(2) The retailers operating under these rules shall not be entitled to adjustment of any input tax or claim refund of sales tax or income tax.

7. Payment of sales tax and filing of return.— A retailer operating under these rules shall deposit the sales tax for a financial year on a payment challan under head of account “B02341-Sales tax on goods” and shall file return for a financial year by the following 30th September, as prescribed under the Income Tax Ordinance, 2001 (XLIX of 2001).

8. Issuance of invoice or cash memo.— Every retailer operating under these rules shall issue serially numbered invoices or, as the case may be, cash

memos generated whether manually or through FECR in respect of each supply made by him.

9. Use of Fiscal Electronic Cash Registers.— From such date and subject to such procedure, conditions, limitations and restrictions as may be prescribed, the Board may, by General Order, published in official Gazette, or otherwise, prescribe the use of Fiscal Electronic Cash Registers (FECR) by every or selected retailers operating under this Chapter.

10. Instructions by the Board.— In order to carry out the purpose of this Chapter and to resolve the ancillary issues and matters incidental thereto, the Board may through General Order, published in official Gazette, issue instructions accordingly.

CHAPTER III

SPECIAL PROCEDURE FOR COLLECTION AND PAYMENT OF SALES TAX ON ELECTRIC POWER

11. Application.—The provisions of this Chapter shall apply for collection and payment of sales tax on electric power imported, generated, produced, transmitted and supplied by electricity generation, transmission and distribution companies licensed under the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997), including their distributors, dealers and agents, or by any other person dealing in importation, generation, production, transmission, distribution and supply of electric power.

12. Registration.— Every electricity generation, transmission and distribution company licensed by NEPRA, including a distributor, dealer and agent of such company, an Independent Power Producer, a Public Sector Project, Private Sector Project, or any other person dealing in importation, generation, production, transmission, distribution and supply of electric power shall, if not already registered, obtain registration in the manner prescribed in Chapter I of the Sales Tax Rules, 2006.

13. Levy and collection of sales tax.— (1) Every person, referred to in the preceding rule, who supplies electric power shall charge and collect sales tax at the rate specified in sub-section (1) of section 3 of the Act.

(2) Subject to sub-rule (3), sales tax on electric power shall be levied and collected at the following stages, namely:—

(a) in case of its importation, the responsibility to pay sales tax shall be of the importer, and the value thereof shall be the value as determined under section 25 or, as the case may be, section 25B of the Customs Act, 1969 (IV of 1969), including the amount of customs-duties and duty of excise duties levied thereon; and

(b) in case of generation, transmission, distribution and supply of electric power by a public sector project like WAPDA a private sector project including an IPP, a Captive Power Unit or any other person, the responsibility to collect sales tax shall be of the person making the supply, and the value shall be the price of electric power including all charges, surcharges excluding the amount of late payment surcharge, rents, commissions and all duties and taxes whether local, Provincial or Federal, but excluding the amount of sales tax, as provided in clause (46) of section 2 of the Act.

(3) In case of an IPP, HUBCO or KAPCO, the value of supply shall be the amount received by such IPP or, as the case may be, HUBCO or KAPCO, on account of Energy Purchase Price only and any amount in excess of Energy Purchase Price received on account of Capacity Purchase Price, Energy Price Premium, Excess Bonus, Supplemental Charges, etc., shall not be deemed as a component of the value of supply:

Provided that in case WAPDA or KESC disputes any amount, WAPDA or, as the case may be, KESC, shall issue a certificate showing such amount and the tax involved therein and such certificate shall be deemed to be a Credit Note for the IPP for the purposes of section 9 of the Act, and shall be accounted for in the return for the tax period in which such Credit Note is issued:

Provided further that in case an IPP, for the like reasons, receives any amount from WAPDA or KESC in respect of supply made during any pervious tax period, tax on such amount shall be accounted for in the return for the period in which it is received.

14. Filing of returns and deposit of sales tax.— (1) In case of WAPDA and KESC, sales tax levied and collected under rule 13 during a tax period shall be deposited on 'accrual basis' i.e. the amount of sales tax actually billed to the consumers or purchasers for the tax period.

(2) WAPDA and KESC shall submit the monthly return as prescribed under section 26 of the Act, by the 21st day of the month following the month in which the electric power bill or invoice has been raised. The tax due shall be deposited in the Government Treasury under the relevant head "B02341-Sales Tax" along with the prescribed return under Chapter II of the Sales Tax Rules, 2006.

(3) In case of an IPP, the due date for the purpose of filing monthly sales tax return and for payment of sales tax shall be the 25th day of the month following the month to which the sales tax invoice relates.

(4) Any person other than an IPP, WAPDA or KESC who supplies electric power shall file a monthly sales tax return under section 26 of the Act and Chapter II of the Sales Tax Rules, 2006, and deposit the amount of sales tax payable for the tax period by the due date.

15. Determination of sales tax liability in respect of WAPDA and KESC.—(1) Any person, except WAPDA and KESC, which supplies electric power shall be entitled to claim admissible input tax adjustment in the manner specified in section 7 of the Act, read with sections 8 and 8B thereof.

(2) WAPDA and KESC shall be entitled to claim admissible input tax adjustment against sales tax paid on their taxable purchases made in the month immediately preceding the tax period.

16. Input tax adjustment for registered consumers.— (1) In case of registered consumers, the electric power bill issued by electric power distribution

company shall be treated as a tax invoice as defined in clause (40) of section 2 of the Act.

(2) The registered consumers shall be entitled to claim input tax adjustment against such invoice after the bill has been paid, as per the provisions of section 7, 8 and 8B of the Act provided the bill contains registration number and address of the business premises declared to the Collector by such consumer.

17. Record keeping and invoicing.— (1) Every person who supplies electric power shall maintain records as prescribed under section 22 of the Act or a notification issued thereunder.

(2) Every person who supplies or distributes electric power shall print in his bill or invoice, as the case may be, registration number of the consumer, if applicable, the rate and the amount of sales tax required to be charged by him under sub-section (1) of section 3 of the Act.

(3) Every person who supplies electric power and using computerized accounting system may issue a computer generated sales tax invoice and keep his record on the computer in the prescribed format.

18. Penalty.—(1) Non-issuance of electric power bill for a tax period or any inordinate delay in the issuance of such bill by the electric power transmission and distribution companies or by any registered person engaged in the supply of electric power shall be liable to penalties under the relevant provisions of the Act.

(2) If the tax is not paid within the due date or in the manner as provided under this Chapter, the registered person shall be liable to pay default surcharge and such other penalties prescribed in the Act.

CHAPTER IV

SPECIAL PROCEDURE FOR COLLECTION AND PAYMENT OF SALES TAX ON NATURAL GAS

19. Application.— The provisions of this Chapter shall apply for collection and payment of Sales Tax on Natural Gas including Compressed Natural Gas (CNG)

and Liquefied Petroleum Gas (LPG) imported, produced, transmitted and supplied by gas well-head companies and gas transmission and distribution companies licensed under the Natural Gas Rules, 1960, including their distributors, dealers, sales agents, retailers or by any other person hereinafter called the "person" for the purposes of this Chapter and dealing in importation, production or distribution and supply of Natural Gas including Compressed Natural Gas and Liquefied Petroleum Gas.

20. Levy and collection of sales tax.— (1) Every person who supplies natural gas shall be liable to registration and shall charge and pay sales tax at the rate specified in sub-section (1) of section 3 of the Act.

(2) Sales tax on natural gas shall be levied and collected at the following stages and in the following manners, namely:—

- (a) in case of its importation, the responsibility to pay sales tax shall be of the importer who shall pay in the manner prescribed in sub-section (1) of section 6 of the Act, and the value thereof shall be the value as determined under section 25 or 25B of the Customs Act, 1969 (IV of 1969), read with section 31A thereof, including the amount of customs-duties and Federal excise duties levied thereon;
- (b) in case of production and supply from the bore-holes and wells, the person responsible to charge and pay sales tax shall be the person making the supply at the bore-holes or the well-heads. The value for the purposes of levy of sales tax shall include price of natural gas, charges, rents, commissions and all duties and taxes, local, Provincial and Federal but excluding the amount of sales tax, as provided in clause (46) of section 2 of the Act;
- (c) in case of supply of natural gas by a gas transmission and distribution company, the person responsible to charge, collect and deposit sales tax shall be the gas transmission and distribution company and the value for the purpose of tax shall be the total amount billed including price of natural gas, charges excluding the amount of late payment surcharge, rents, commissions and all duties and taxes, local,

Provincial and Federal, but excluding the amount of sales tax as provided in clause (46) of section 2 of the Act:

Provided that in case of supply of natural gas to CNG stations, the Gas transmission and distribution company shall charge sales tax at the rate of twenty-four per cent of the value as aforesaid. This rate shall include fifteen per cent as chargeable on supplies of gas company under sub-section (1) of section 3 and nine per cent in lieu of value addition made by CNG stations:

Provided further that CNG stations shall neither be required to be registered nor be required to file returns or maintain records under the Act; and

- (d) in case of supply of LPG, the person responsible to charge, collect and deposit sales tax shall be the person who is a manufacturer, dealer, distributor or a retailer of LPG and the value of LPG for the purposes of levy of sales tax shall include price of LPG, charges, rents, commissions and all duties and taxes, local, Provincial and Federal, but excluding the amount of sales tax as provided in clause (46) of section 2 of the Act.

(3) If the supplies are made free of charge or for some other consideration or a consideration which is lower than the billed or invoiced prices, the sales tax shall be charged as if it were supplied at open market price in terms of sub-clause (a) of clause (46) of section 2 of the Act.

21. Determination of tax liability.— While determining his tax liability, the person supplying or distributing natural gas shall be entitled for input tax credit for the tax paid on his purchases for making taxable supplies against output tax payable subject to the limitations and restrictions imposed under sections 7, 8 and 8B of the Act and the notifications issued thereunder:

22. Record keeping and invoicing.— (1) Every person supplying or distributing natural gas shall issue a serially numbered sales tax invoice for every supply made by him.

(2) The bill or invoice issued by the person supplying or distributing natural gas shall, *inter alia*, indicate the rate and amount of sales tax required to be charged by him under sub-section (1) of section 3 of the Act:

Provided that the monthly gas bill or invoice issued to a registered consumer shall also contain registration number of that consumer, and such bill or invoice shall be deemed to be tax invoice in terms of section 23 of the Act.

(3) The registered consumers shall be entitled to claim input tax adjustment against such invoice after the bill has been paid, as per the provisions of sections 7, 8 and 8B of the Act, subject to the condition that the bill contains registration number and address of the business premises declared to the Collector by such consumer.

(4) The registered persons supplying natural gas using computerized accounting system may, issue computer-generated sales tax invoices and keep their record on computer in the prescribed format.

(5) The registered person supplying natural gas shall maintain records as prescribed under section 22 of the Act, including record of daily stocks and sales, stating therein the quantity and value of the gas supplied and the amount of sales tax charged thereon, provided that the gas transmission and distribution companies shall not be required to maintain records of daily stocks and sales.

23. Filing of monthly return.— Every person supplying or distributing natural gas shall submit monthly return as prescribed in the Act. The tax due shall be deposited in the Government Treasury under the relevant head "B02341-Sales Tax" by the 15th day of the month following the month in which the gas has been supplied:

Provided that in case of gas supplied by gas companies to its consumers directly and charges are billed on a monthly basis, the date shall be the 15th day of the second month following the month in which supplies were made.

24. Penalty.—(1) Non-issuance of gas bill or invoice for a tax period or any inordinate delay in the issuance of such bill by the person engaged in supplying or

distributing natural gas shall be liable to penalties under the relevant provisions of the Act.

(2) If the tax is not paid within the date due as provided under this Chapter, the registered person supplying or distributing natural gas shall be liable to pay default surcharge and such other penalties prescribed in the Act.

CHAPTER V

SPECIAL PROCEDURE FOR SUPPLY OF SUGAR TO TRADING CORPORATION OF PAKISTAN (TCP)

25. Application.—The provisions of this Chapter shall be applicable in case of supply of sugar by the registered manufacturers of sugar to the TCP for further supply or export thereof.

26. Manner of payment of tax.—(1) Upon successful grant of tender for purchase of sugar, TCP will only pay the value of supply of sugar to the sugar mills excluding the amount of sales tax against a Commercial Invoice issued by the mills.

(2) At the time of removal of sugar from the mill premises, the mill will issue a sales tax invoice in favour of TCP who will accordingly pay to the mill the amount of sales tax due on the quantity being removed from the sugar mill.

(3) In the event of removal of sugar by TCP for export purposes, the mill will issue a zero-rated tax invoice, against which no sales tax shall be payable.

27. Relevant tax period.—The mill will show the value of sugar sold to TCP and the tax chargeable thereon in the monthly tax return as well as in its supply register relating to the tax period in which the sales tax invoice has been issued by the mill in favour of TCP.

28. Monthly statement by TCP.—TCP shall submit a monthly statement to the Collector in the format set out at Annex-A, which shall be used by the Collector for cross verification of the supplies declared by the sugar mills as having been made to the TCP.

CHAPTER VI

SPECIAL PROCEDURE FOR PERSONS PROVIDING OR RENDERING SERVICES SUBJECT TO SALES TAX UNDER THE PROVINCIAL LAWS

29. Application.—The provisions of this Chapter shall apply for collection and payment of sales tax by the persons providing or rendering services chargeable to sales tax under the respective Provincial laws.

30. Registration.— Every service provider, providing or rendering taxable services to its customers or clients or members, if not already registered, shall obtain registration in the manner prescribed in Chapter I of the Sales Tax Rules, 2006.

31. Levy and collection of sales tax.—A service provider, providing or rendering taxable services to customers, clients or members shall charge, collect and pay sales tax at the rate of fifteen *per cent* of the value of taxable services provided or rendered by him.

32. Filing of return and deposit of sales tax.—(1) A service provider, providing or rendering taxable services shall file return in accordance with the procedure laid down in section 26 of the Act read with Chapter II of the Sales Tax Rules, 2006.

(2) The tax due shall be deposited in the designated branch of National Bank of Pakistan under the relevant head “B02366-Sales Tax on Services collected on behalf of Provincial Governments”, in the manner as provided in the aforesaid Chapter II.

(3) In case a service is provided or rendered over a period of time and bill is to be issued on completion of service, time of supply shall be the time when service is completed or the payment, or consideration in money, in respect thereof is received whichever is earlier.

33. Determination of tax liability.— While determining his tax liability, a service provider shall be entitled to claim input tax credit for the tax paid on account of taxable purchases or imports made and utilities like telephone (excluding mobile

telephone), gas and electricity consumed in furtherance of taxable activity, against his output tax liability, subject to the conditions, limitations and restrictions prescribed under sections 7, 8 and 8B of the Act and the rules or notifications issued there-under; and subject to fulfilment of the conditions laid down under section 73 of the Act.

34. Invoicing.—(1) A service provider, providing or rendering taxable services shall issue serially numbered sales tax invoices to its customers or clients or members, for the services provided or rendered, containing all the particulars as prescribed under section 23 of the Act:

Provided that the customers or clients or members who have been extended credit facility by a service provider, may, for the taxable services provided or rendered during the month, be issued serially numbered sales tax invoices at the end of each month.

(2) A service provider using computerized accounting system may issue computer generated sales tax invoice containing all the prescribed entries.

35. Specific provisions.—The specific provisions relating to particular categories of service providers are contained in Part 1 to 2 of this Chapter.

PART.- 1

ADVERTISEMENTS ON TELEVISION AND RADIO

36. Scope and value.— (1) In relation to advertisements, the term “taxable services” means the broadcasting or telecasting of any advertisement on radio or television.

(2) “Value of taxable service” for the purposes of levy of sales tax shall be the total consideration in money received or the gross amount charged by a service provider from his clients for broadcasting or telecasting of any advertisement on radio or television, including all Federal and Provincial levies but excluding the amount of sales tax.

37. Input tax adjustment by the client.— A registered person (client) whose advertisement is released on radio or television, and to whom the sales tax invoice is issued and routed through the advertising agency, can claim input tax adjustment for the amount of tax paid on account of release of advertisement on radio or television subject to the observance and fulfilment of following conditions, namely:-

- (a) payments for all such advertisements are made by such registered person through Banking channels in such manner that payment against a particular invoice is easily verified;
- (b) all invoices issued by the service provider are in accordance with the specimen invoice set out at Annex-B; and

PART.- 2

CUSTOMS AGENTS AND SHIP-CHANDLERS

38. Scope and levy in relation to Customs agents.— (1) In relation to Customs agents, value of taxable service for the purposes of levy of sales tax shall be the total consideration or charges received by a Customs agent for providing and rendering the service, excluding the amount of sales tax. It shall not include considerations received on account of transportation charges, demurrage, wharfage, customs-duties, excise duty, sales tax, provincial duties or taxes, toll taxes, municipal charges, port charges, handling charges, packing charges, labour payment and such other reimbursable expenses which a Customs agent pays on behalf of his clients against a proper receipt or invoice or bill.

(2) The sales tax registration number along with license number of the Customs agent shall be quoted on the 'Goods Declaration' or the drawback or refund claim, as the case may be.

39. Scope and levy in relation to ship-chandlers.— In relation to ship-chandlers, value of taxable services for the purposes of levy of sales tax, shall be total consideration received or the gross amount charged by a ship-chandler for providing or rendering the taxable services, including all Federal and Provincial

levies but excluding the amount of sales tax. It shall not include consideration received on other accounts such as transportation charges, toll taxes, municipal charges, port charges, handling charges, packing charges and labour charges, which a ship-chandler pays on behalf of his clients against a proper receipt or bill.

CHAPTER VII

SPECIAL PROCEDURE FOR COLLECTION AND PAYMENT OF SALES TAX FROM THE OIL MARKETING COMPANIES (SHARING OF PRODUCT)

40. Application.—The provisions of this Chapter shall apply for the collection and payment of sales tax from the oil marketing companies (OMCs) against sharing of taxable petroleum products, herein after referred to as the product in this Chapter, whether imported or otherwise, which are stored at joint installation (JIMCO), located at Mehmood Kot, District Gujrat, by or on behalf of OMCs.

41. Sharing of product.— (1) The OMCs shall be entitled to share their products without payment of sales tax at JIMCO.

(2) No sales tax invoice shall be issued for the product shared between OMCs, provided that the OMCs shall not be barred from adhering to an internal invoicing system for the purpose of stock sharing.

(3) The OMC which has borrowed the product from another OMC shall return the product of the same description within the time agreed between them.

42. Register for stock sharing.— (1) Each OMC, benefiting from stock sharing facility under these rules, shall maintain, or cause to be maintained, a separate register for recording movements of stocks under sharing arrangements between OMCs.

(2) The stock sharing register, maintained under sub-rule (1), shall contain such information about credit and debit of the shared or returned stocks as is necessary to identify the movement of such stocks between the concerned OMCs.

(3) The Terminal Operator shall certify the *bona fides* of all the credit and debit entries made in the stock sharing register by 10th of each month following the month to which the entries relate.

(4) The stock sharing register, duly certified by the Terminal Operator as aforesaid, shall be produced to the Sales Tax Department, as and when required for inspection, audit or any other authorized purpose.

43. Tax liability.— (1) The OMC which has given a product to another OMC on stock sharing basis, shall be entitled to avail input tax adjustment as provided under the Act and the rules made thereunder.

(2) The OMC, which has taken a product from another OMC, shall pay sales tax on its subsequent supply or sale to the consumers, without claiming any input tax adjustment thereon.

(3) The OMC, to whom a product taken on stock sharing basis is returned, shall pay sales tax on its supply or sale to the buyer or consumer and input tax adjustment thereon shall be admissible, if not already availed.

44. Miscellaneous.— (1) The stock of a product moved for exchange under these rules shall not be required to be declared on the sales tax return unless finally supplied or sold on payment of sales tax.

(2) The OMC, which has taken any stock of a product on sharing basis under these rules, shall not normally charge the price, over and above the price which would have been fetched by such stock had it been supplied or sold by the lending OMC.

(3) No adjustment, refund or remission of sales tax shall be allowed under any circumstances on account of variation or difference of the sales price of the exchanged stocks.

CHAPTER VIII

SPECIAL PROCEDURE FOR COLLECTION AND PAYMENT OF SALES TAX BY VEHICLE DEALERS

45. Registration. – (1) All vehicle dealers shall be required to be registered under the Act who are engaged or otherwise deal in the sale of locally manufactured vehicles and all types of imported vehicles, whether new or old or used, on the basis of commission or otherwise, whether or not such dealer is appointed or authorized by the manufacturer or importer of vehicles.

(2) All dealers shall within seven days of coming into force of this Chapter declare to the Collector of Sales Tax having jurisdiction, full particulars of his dealers and the Collector shall ensure that no such dealer of vehicles falling in his jurisdiction remains unregistered.

46. Booking of vehicles.—(1) No vehicle shall be booked by the concerned manufacturer or importer through a dealer unless the particulars of such dealer and the concerned buyer are clearly mentioned in the relevant booking documents.

(2) The aforesaid condition shall not apply in case of vehicles imported under Personal Baggage, Transfer of Residence or Gift Scheme.

47. Invoicing.— (1) Subject to sub-rule (2) each dealer shall issue a sales tax invoice in the name of the consumer or buyer, in case the manufacturer or dealer has issued invoice in the name of the dealer:

Provided that in case of motorcycles, the manufacturer shall supply the same to his dealer and the dealer shall issue invoice in the name of the buyer or consumer.

(2) Where the vehicle is invoiced directly to customer through a dealer, the dealer shall issue a delivery advice-*cum*-invoice as specified in the form set out at Annex-C indicating, *inter alia*, the amount and the sales tax, if any, charged thereon by the dealer over and above the price indicated in the invoice issued by the assembler, or as the case may be, the importer, directly in the name of the consumer. Such delivery advice-*cum*-invoice shall be handed over to the buyer at

the time of delivery of the vehicle along with the invoice issued by the manufacturer or importer.

48. Declaration of commission.— (1) Each manufacturer or as the case may be, importer of vehicles shall declare to the Collector of Sales Tax having jurisdiction, the rates of commission payable to his dealers in case of each category, make and model of vehicle. Any change or alteration made therein shall be communicated to the Collector within seven days.

(2) Nothing in sub-rule (1) shall prohibit the Collector to ascertain or verify the accuracy of the declared rates or amounts of commissions and other information supplied under any of the provisions of this chapter.

49. Input tax adjustment.— Subject to such conditions, limitations and restrictions, as are imposed by sections 7, 8 and 8B of the Act and the rules or notifications issued thereunder and subject to fulfilment of the conditions laid down under section 73 of the Act, the dealers shall be entitled to input tax adjustment against their output tax liability.

50. Determination of tax liability.— (1) A dealer shall not be required to pay sales tax on such amounts of commission on which tax has been paid by the manufacturer or importer on whose behalf vehicles is sold by such dealer provided that in case any amount is received over and above such commission, the obligation to pay tax shall be of the dealer. Such amounts and commissions not previously charged to sales tax shall be declared in the value of taxable supplies in the return.

(2) In case of vehicles exchanged without involvement of any cash payment between the dealers exclusively for subsequent sale at their respective ends, tax shall be paid only at the time of their actual sale to the public.

51. Filing of return and payment of tax.— Each dealer shall file monthly sales tax return in the manner as provided in Chapter II of the Sales Tax Rules, 2006.

52. Records to be maintained.— Each dealer shall keep proper record of all purchases, sales and tax invoices including import documents and such other records as required to be maintained under section 22 of the Act.

53. Miscellaneous.— Where so requested by the Collector, the authority competent to register the vehicles shall furnish information about the vehicles on which sales tax has been paid under these rules.

CHAPTER IX

SPECIAL PROCEDURE FOR PROCESSING OF REFUND CLAIMS FILED BY THE PERSONS ENGAGED IN MAKING ZERO-RATED SUPPLY OF GINNED COTTON

54. Application.—These rules shall apply for processing of refund claims filed by the registered cotton ginners engaged in separating cottonseeds from cotton and pressing of ginned cotton and making zero-rated supply of the cotton so ginned.

55. Procedure for payment of refund.— (1) For the purposes of processing of refund claims filed by the cotton ginners on account of electricity and other tax paid inputs, the following benchmarks shall be adhered to for determining admissibility of the claim, namely:-

- (a) for the ginning units, including composite ones, a maximum of eighteen units of electricity, three yards of hessian cloth and 2.25 kgs of bailing hoops per bale of ginned cotton pressed; and
- (b) in case of ginning units consuming high speed diesel (HSD) for self-generation of electric power, a maximum of six litres of HSD per bale of ginned cotton.

(2) The refund claims filed by the cotton ginners on account of utilities and other tax paid inputs, shall be processed and sanctioned subject to verification of corresponding production of cottonseed, as illustrated in the example below:

EXAMPLE:

- | | | |
|-----|--|------------|
| (a) | Total units of electricity consumed: | 1800 units |
| (b) | Total bales of ginned cotton to be produced: | 100 bales |
| (c) | Standard weight per bale of ginned cotton: | 170 kgs |
| (d) | Estimated weight of ginned cotton to be produced on consuming 1800 units of electricity: | 17000 kgs |
| (e) | Estimated weight of Hessian cloth to be consumed for packing 17000 kgs of ginned cotton | 300 yards |
| (f) | Estimated weight of bailing hoops to be consumed for packing 17000 kgs of ginned cotton | 225 kgs |
| (g) | Approx. raw cotton (<i>phutti</i>) required for producing 16500 kgs of ginned cotton: | 51500 kgs |
| (h) | Average yield of cottonseed from raw cotton @ 58%: | 29900 kgs |

56. Monthly statement.— Each ginning unit including a composite ginning unit, shall submit to the Collector of Sales Tax having jurisdiction, monthly statement of production and supply of ginned cotton, cottonseed and cottonseed oil in the format set out in Annex-D, by the 5th day of the month following the tax period.

57. Notice to be given by the ginning unit.— A ginning unit, or as the case may be, a composite ginning unit, shall, at the time of commencement of ginning activity and at the time of closure thereof, inform the Collector of Sales Tax having jurisdiction on the day earlier than the commencement of ginning activity, or as the case may be, on the day following the cessation of ginning activity.

58. Final statement to be furnished by the ginning unit.— Each ginning unit including a composite ginning unit shall, within fifteen days of the cessation of the ginning activity, furnish to the Collector of Sales Tax having jurisdiction, a statement regarding production and supply of ginned cotton, cottonseed, cottonseed oil, oil cake and oil dirt, in the format set out in Annex-E.

59. Repeal.— The Sales Tax Special Procedure Rules, 2006 are hereby repealed.

ANNEX-A
[See rule 28]

**Monthly Statement by
Trading Corporation of Pakistan**

S. T. Registration no. _____

S. No.	Name of sugar mill	Total Qty purchased (Kgs.)	Total value (excluding sales tax) (Rs.)	Sugar exported	
				Qty (Kgs.)	Value (Rs.)
(1)	(2)	(3)	(4)	(5)	(6)

Sugar supplied in local market		Sales tax involved (Rs)	Date of payment of	
Qty (Kgs.)	Value (Rs.)		Price/Value (Rs.)	Sales tax (Rs.)
(7)	(8)	(9)	(10)	(11)

Signature of Authorised Person

NAME OF THE COMPANY

Address: _____
Phone No.: _____ Fax: No.: _____
Sales Tax Registration No. _____

Invoice No.: _____
Date of Issue: _____

M/s. _____

(Name & address of client)

Through
M/s. _____

(Name & address of advertising agency)

Agency Code: _____
[TV Channel]

Advertiser:
M/s. _____
(Name of client)

Client's Sales Tax Reg. No. _____
Consumer Product _____

CENTRE	POSITION	QTY	DURATION	RATE	AMOUNT
--------	----------	-----	----------	------	--------

GROSS AMOUNT: Rs. _____

ADD 15% Sales Tax Rs. _____ Total: Rs. _____

LESS 15% Agency Commission (Rs. _____)

Net Payable Rs. _____

1. Kindly make payment of this invoice by crossed cheque [Payee's Account only] in favour of M/s. _____
2. ___% late payment surcharge will be levied if the invoice is not paid by _____

FOR M/s _____
(Name of telecasting company)

DELIVERY ADVICE-CUM-INVOICE

SNo.

S.Tax
Reg.#

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

NAME OF THE DEALER

NTN

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Collector _____

PART 'A'

(Customer's Particulars)		Manufacturer Invoice Number.	
Sales Order No.		Manufacturer Invoice Date.	
Customer Name.		NTN No.	
Address.		NIC No.	
Customer Phone #		Customer S.Tax Reg.#	
PART 'B' (Vehicle Particulars)			
		DESCRIPTION	
		CHASIS NO	
ENGINE NO:		Registration No. (if applicable)	
COLOUR		(Number Plate)	

PART 'C'

(Invoicing Portion)

- (i) Manufacturer's or importer's Invoice price Rs. _____
 (ii) Amount, if any, charged over and above the manufacturer or importer's invoice Rs. _____
 (iii) Sales tax charged on the amount mentioned in (ii) above Rs. _____

We this day have taken the delivery of the above vehicle (through name of the dealer) detail of which is specified above together with the following items in perfect running condition to our satisfaction.

A) Spare
Wheel

B) Tool Kit

C) Warranty Book

Authorized Signature (Dealer)
Name _____
Title _____
Date _____

Authorized Receiver Signature
Name _____
Date _____
NIC _____

MONTHLY STATEMENT TO BE FURNISHED BY A GINNER

Name of Registered Person _____

S. T. Registration no. _____

(Weight in Kgs)

S. No.	Description of goods	Opening balance at the start of month	Total Qty produced during the month	Total Qty. supplied during the month	Closing balance at the end of the month
(1)	(2)	(3)	(4)	(5)	(6)

Additional Statement to be furnished by a Composite Ginning Unit

(Weight in kgs)

Qty of cottonseed received in the oil mill section	Qty of cottonseed used for extraction of oil	Qty of Oil produced from cottonseed
(1)	(2)	(3)

Name and Signature of Authorized Representative

FINAL STATEMENT BY A GINNER

Name of Registered Person _____

S. T. Registration no. _____

Raw cotton (<i>phutti</i>) purchased (in maunds)	Ginned cotton produced		Ginned cotton supplied		Cottonseed produced (in kgs)	Cottonseed supplied (in kgs)	
	No. of bales	Weight (in kgs)	No. of bales	weight (in kgs)		In-house consumption	Supplied to others
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Oil cake produced (in kgs)	Oil dirt produced (in kgs)	Oil extracted (in kgs)	Oil supplied (in kgs)	Sales tax paid on supply of oil (Rs in '000)
(9)	(10)	(11)	(12)	(13)

Name and Signature of Authorized Representative

[C. No. 3(3)/ST-L&P/07(Pt)]

Musarrat Jabeen
Additional Secretary