GOVERNMENT OF PAKISTAN
REVENUE DIVISION
CENTRAL BOARD OF REVENUE
(SALES TAX WING)
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C. No. 3(12)ST-L&P/04 Islamabad, the 30th July, 2007.

SALES TAX GENERAL ORDER NO. 03/2007.

Subject: ISSUES RELATING TO COMMERCIAL IMPORTERS

Under SRO 645(I)/2007 dated 27.06.2007, two percent ad valorem sales tax is to be levied and collected at import stage on goods imported by commercial importers in addition to the tax chargeable under sub-sections (1) and (2) of section 3 of the Sales Tax Act, 1990. The detailed procedure in this respect has been provided in the Sales Tax Special Procedures Rules, 2007, as amended by SRO 678(I)/2007 dated 06.07.2007. Various queries have been received in the Board which are being clarified as under:

(i) The provisions of Chapter X of the Sales Tax Special Procedures Rules, 2007, shall not apply to the persons registered as manufacturers whether or not registered in any other category.

(ii) 2% tax envisaged in the said notification shall be paid on the same value on which 15% sales tax is determined.

(iii) The unsold stocks lying with the commercial importers on 9th June 2007 shall continue to be subject to the provisions of the Sales Tax Special Procedures Rules, 2006. In case such stocks are sold by 30th June 2007, the same shall be accounted for in quarterly return for the period April-June 2007, as prescribed in aforesaid rules. If such stocks are sold thereafter, the differential amount shall be calculated in the same manner as provided on the said return, and this amount shall be reflected against column ‘others’ in the new return being prescribed under the Sales Tax Rules, 2006.

(iv) In respect of stocks imported during the period 9th June 2007 to 30th June 2007 on which no tax on value addition basis was paid, the same shall be deemed to have been imported under the Sales Tax Special Procedures Rules, 2006, and the sales tax due shall be paid as arrears.

(v) Under rule 58C of the Sales Tax Special Procedures Rules, 2007, the registered buyers of goods from the commercial importers shall not be entitled to adjust sales tax in excess of the amount shown on such invoices:

ILLUSTRATION:

Import Value including Customs Duty	Rs. 100
Sales tax paid on import (15% + 2%)	Rs. 17
Invoice to be issued as under:	
Sale Value excluding Sales tax	Rs. 150 (say)
Sales tax charged	Rs. 17

The buyer shall adjust Rs. 17

(vi) If a commercial importer supplies goods at a higher value addition (more than 13.33%), he may issue sales tax invoice showing sales tax chargeable on actual value and discharge his tax liability accordingly.

(vii) The supplies by the commercial importers to withholding agents specified under SRO 660(I)/2007 dated 30.06.2007 shall be subject to withholding one-fifth of sales tax invoiced. The commercial importers shall charge sales tax on actual value of supplies. In case, there is any excess deduction, they will be entitled to refund/ adjustment of the same.

(viii) 2% sales tax payable under SRO 645(I)/2007 is in lieu of sales tax payable on local supplies after value addition. It should not be included in value for calculating withholding income tax.

(ix) The commercial importers, for tax period July 2007 and afterwards, shall file new sales tax return as being prescribed under the Sales Tax Rules, 2006. Only persons who are registered exclusively as commercial importers shall file the said return on quarterly basis.

(Abdul Hameed Memon)
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