GOVERNMENT OF PAKISTAN
Revenue Division
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C.No. 3(36)STP/99 Islamabad, the 28th December, 1999

SALES TAX GENERAL ORDER NO. 13/1999

SUBJECT: DOCUMENTATION OF ECONOMY - ADDITION OF SECTION 73 IN THE SALES TAX ACT, 1990, THROUGH THE TAX LAWS (AMENDMENT) ORDINANCE, 1999

In his address to the nation on the 15th December, 1999, the Chief Executive of Pakistan announced the Economic Revival Plan which, inter-alia, emphasized the Government's resolve to lay the foundation of a completely documented economy where the cost of tax evasion will be very high. Sales Tax is the basic tool for documentation of economy. With these ends in view, one of the measures taken is the addition of section 73 in the Sales Tax Act, 1990, through the Tax Laws (Amendment) Ordinance, 1999 (XXII of 1999), which provides that:-

> "73. Certain transactions not admissible:- Notwithstanding anything contained in this Act, or any other law for the time being in force, any transaction in respect of which payment is made on or after the first day of January, 2000, for a sum exceeding fifty thousand rupees otherwise than by a crossed cheque drawn on a bank or by a crossed bank draft or pay order shall not be admissible for the purposes of input tax credit, adjustment or deduction, or refund or drawback or zero-rating etc. of tax under this Act."

2. The provisions of the aforesaid section 73 of the Sales Tax Act, 1990, will apply to all transactions and payments for transactions made on or after the 01st January 2000.

3. In the light of the above legal provisions, all the Sales Tax registered persons are advised to make all payments (against purchases of taxable goods and inputs) exceeding fifty thousand rupees, in the shape of crossed cheque, crossed bank draft or crossed pay order and keep a copy of the same for their record, duly reflected in bank statements (where applicable), to claim input tax adjustments, credits, deduction or zero-rating for the tax paid in such transactions. In case of transactions or payments for transactions (for amounts exceeding Rs. 50,000/-) being not in conformity with the provisions of section 73 of the Sales Tax Act, 1990 effective 1st January, 2000, no input tax credit, adjustment, deduction, refund or zero-rating shall be admissible on such purchase of taxable goods.

4. The threshold of fifty thousand rupees will be inclusive of the amount of sales tax involved.

(MUHAMMAD TAHIR)
Secretary (STP)