

The Sales Tax Act, 1990

(Sales Tax Act, 1990, as on Oct, 28, 2009)

(The amendments through the Finance Act, 2009, have been shown in Red)

And

(The amendments through the Finance (Amendment) Ordinance, 2009, have been shown in Green)

# The Sales Tax Act, 1990

(Act No. III of 1951 as Amended by Act  
VII of 1990)

.....  
Updated vide Finance Act, 2009 and Finance (Amendment) Ordinance, 2009.

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# The Sales Tax Act, 1990

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# The Sales Tax Act, 1990.

(Act No. III of 1951 as Amended by Act VII of 1990)

## Chapter I

### PRELIMINARY

#### 1. Short title, extent and commencement.

- (1) This Act may be called the Sales Tax Act, 1990.
- (2) It extends to the whole of Pakistan.
- (3) It shall come into force on such date as the Federal Government may, by notification in the official Gazette, appoint.

#### 2. Definitions.—

In this Act, unless there is anything repugnant in the subject or context,--

<sup>1</sup>(1) “Appellate Tribunal” means the Appellate Tribunal Inland Revenue established under section 130 of the Income Tax Ordinance 2001 (XLIX of 2001)”

(2) ‘appropriate officer’ means an officer of Inland Revenue authorised by the Board by notification in the official Gazette to perform certain functions under this Act;

(2A) “*arrears*”, in relation to a person, means, on any day, the sales tax due and payable by the person under this Act before that day but which has not yet been paid,

(3) “*associates (associated persons)*” means, –

- (i) subject to sub-clause (ii), where two persons associate and the relationship between the two is such that one may reasonably be expected to act in accordance with the intentions of the other, or both persons may reasonably be expected to act in accordance with the intentions of a third person;
- (ii) two persons shall not be associates solely by reason of the fact that one person is an employee of the other or both persons are employees of a third person;
- (iii) without limiting the generality of sub-clause (i) and subject to sub-clause (iv), the following shall be treated as associates, namely: –

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

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- (a) an individual and a relative of the individual;
- (b) members of an association of persons;
- (c) a member of an association of persons and the association, where the member, either alone or together with an associate or associates under another application of this section, controls fifty *per cent* or more of the rights to income or capital of the association;
- (d) a trust and any person who benefits or may benefit under the trust;
- (e) a shareholder in a company and the company, where the shareholder, either alone or together with an associate or associates under another application of this section, controls either directly or through one or more interposed persons—
  - (i) fifty *per cent* or more of the voting power in the company;
  - (ii) fifty *per cent* or more of the rights to dividends; or
  - (iii) fifty *per cent* or more of the rights to capital; and
- (f) two companies, where a person, either alone or together with an associate or associates under another application of this section, controls either directly or through one or more interposed persons –
  - (i) fifty *per cent* or more of the voting power in both companies;
  - (ii) fifty *per cent* or more of the rights to dividends in both companies; or
  - (iii) fifty *per cent* or more of the rights to capital in both companies.
  - (iv) two persons shall not be associates under sub-clause (a) or (b) of paragraph (iii) where the <sup>1</sup>Commissioner is satisfied that neither person may reasonably be expected to act in accordance with the intentions of the other.
  - (v) In this clause, “relative” in relation to an individual, means—
    - (a) an ancestor, a descendant of any of the grandparents, or an adopted child, of the individual, or of a spouse of the individual; or

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

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- (b) a spouse of the individual or of any person specified in sub-clause (a).

(3A) “*association of persons*” includes a firm, a Hindu undivided family, any artificial juridical person and body of persons formed under a foreign law, but does not include a company;

(3AA) ‘banking company’ means a banking company as defined in the Banking Companies Ordinance, 1962 (LVII of 1962) and includes any body corporate which transacts the business of banking in Pakistan.

(4) “*Board*” means the Federal Board of Revenue established under section 3 of the Federal Board of Revenue Act, 2007;

<sup>1</sup>(4A) “*Chief Commissioner*” means a person appointed as the chief Commissioner Inland Revenue under section 30;”;

<sup>2</sup>“(5) ‘*Commissioner*’ means the Commissioner of Inland Revenue appointed under section 30;”;

(5A) “common taxpayer identification number” means the registration number or any other number allocated to a registered person;

(5AA) “*company*” means—

- (a) a company as defined in the Companies Ordinance, 1984 (XL VII of 1984);
- (b) a body corporate formed by or under any law in force in Pakistan;
- (c) a *modaraba*;
- (d) a body incorporated by or under the law of a country outside Pakistan relating to incorporation of companies;
- (e) a trust, a co-operative society or a finance society or any other society established or constituted by or under any law for the time being in force; or
- (f) a foreign association, whether incorporated or not, which the Board has, by general or special order, declared to be a company for the purposes of the Income Tax Ordinance 2001 (XLIX of 2001);

(5AAA) “computerized system” means any comprehensive information technology system to be used by the Board or any other office as may be notified by the Board, for carrying out the purposes of this Act;

(5AB) “cottage industry” means a manufacturer whose annual turnover from taxable supplies made in any tax period during the last twelve months ending any tax period does not exceed five million rupees or whose annual utility (electricity, gas and telephone) bills during the last twelve months ending any tax period do not exceed seven hundred thousand rupees;

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009.



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(6) 'Customs Act' means the Customs Act, 1969 (IV of 1969), and where appropriate all rules and notifications made under that Act;

(6A) 'defaulter' means a person and, in the case of company or firm, every director, or partner of the company, or as the case may be, of the firm, of which he is a director or partner or a proprietor and includes guarantors or successors, who fail to pay the arrears;

(6B) "*default surcharge*" means the default surcharge levied under section 34;

(7) 'distributor' means a person appointed by a manufacturer, importer or any other person for a specified area to purchase goods from him for further supply and includes a person who in addition to being a distributor is also engaged in supply of goods as a wholesaler or a retailer;

(8) 'document' includes any electronic data, computer programmes, computer tapes, computer disks, micro-films or any other medium for the storage of such data;

(9) 'due date' in relation to the furnishing of a return under section 26 (\*\*\*) and section 26AA means the 15<sup>th</sup> day of the month following the end of the tax period, or such other date as the Board may, by notification in the official Gazette, specify;

(9a) (\*\*\*)

(9A) "e-intermediary" means a person appointed as e-intermediary under section 52A for filing of electronic returns and such other documents as may be prescribed by the Board from time to time, on behalf of a person registered under section 14;

(9aa)(\*\*\*)

(10) 'establishment' means an undertaking, firm or company, whether incorporated or not, an association of persons or an individual;

(11) 'exempt supply' means a supply which is exempt from tax under section 13;

(11A) "*firm*" means the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all;

(12) 'goods' include every kind of movable property other than actionable claims, money, stocks, shares and securities;

(13) 'importer' means any person who imports any goods into Pakistan;

(14) "*input tax*", in relation to a registered person, means—

- (a) tax levied under this Act on supply of goods to the person;
- (b) tax levied under this Act on the import of goods by the person;
- (c) in relation to goods or services acquired by the person, tax levied under the Federal Excise Act, 2005 in sales tax mode as a duty of excise on the manufacture or production of the goods, or the rendering or providing of the services;

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- (d) Provincial sales tax levied on services rendered or provided to the person; and
- (e) levied under the Sales Tax Act, 1990 as adapted in the State of Azad Jammu and Kashmir, on the supply of goods received by the person;

<sup>1</sup>(14A) The expression “KIBOR” means Karachi Inter-Bank offered rate prevalent on the first day of each quarter of the financial year;

<sup>2</sup>(15) ‘Local Sales Tax Office’ means the office of Superintendent of Inland Revenue or such other office as the Board may, by notification in the official Gazette, specify;”;

(16) ‘Manufacture’ or ‘produce’ includes -

- (a) any process in which an article singly or in combination with other articles, materials, components, is either converted into another distinct article or product or is so changed, transformed or reshaped that it becomes capable of being put to use differently or distinctly and includes any process incidental or ancillary to the completion of a manufactured product;
- (b) process of printing, publishing, lithography and engraving; and
- (c) process and operations of assembling, mixing, cutting, diluting, bottling, packaging, repacking or preparation of goods in any other manner;

(17) ‘manufacturer’ or ‘producer’ means a person who engages, whether exclusively or not, in the production or manufacture of goods whether or not the raw material of which the goods are produced or manufactured are owned by him; and shall include—

- (a) a person who by any process or operation assembles, mixes, cuts, dilutes, bottles, packages, repackages or prepares goods by any other manner;
- (b) an assignee or trustee in bankruptcy, liquidator, executor, or curator or any manufacturer or producer and any person who disposes of his assets in any fiduciary capacity; and
- (c) any person, firm or company which owns, holds, claims or uses any patent, proprietary, or other right to goods being manufactured, whether in his or its name, or on his or its behalf, as the case may be, whether or not such person, firm or company sells, distributes, consigns or otherwise disposes of the goods:

Provided that for the purpose of refund under this Act, only such person shall be treated as manufacturer-cum-exporter who owns or has his own manufacturing facility to manufacture or produce the goods exported or to be exported;

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<sup>1</sup> Added vide Finance Act, 2009.

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>1</sup>“(18) “Officer of Inland Revenue” means an officer appointed under section 30;”;

(19) ‘open market price’ means the consideration in money which that supply or a similar supply would generally fetch in an open market;

(20) “*output tax*”, in relation to a registered person, means-

- (a) tax levied under this Act on a supply of goods, made by the person;
- (b) tax levied under the Federal Excise Act, 2005 in sales tax mode as a duty of excise on the manufacture or production of the goods, or the rendering or providing of the services, by the person;
- (c) Provincial sales tax levied on services rendered or provided by the person;

(21) “*person*” means,—

- (a) an individual;
- (b) a company or association of persons incorporated, formed, organized or established in Pakistan or elsewhere;
- (c) the Federal Government;
- (d) a Provincial Government;
- (e) a local authority in Pakistan; or
- (f) a foreign government, a political subdivision of a foreign government, or public international organization;”;

(22) ‘Prescribed’ means prescribed by rules made under this Act;

(22A) “*Provincial sales tax*” means tax levied under.—

- (a) the Balochistan Sales Tax Ordinance, 2000 (I of 2000);
- (b) Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (XLII of 2001);
- (c) the Punjab Sales Tax Ordinance , 2000 (Pb. Ord. II of 2000);
- (d) the North West Frontier Province Sales Tax Ordinance, 2000 (III of 2000); and
- (e) the Sindh Sales Tax Ordinance, 2000 (VIII of 2000);

(23) ‘registered office’ means the office or other place of business specified by the registered person in the application made by him for registration under this Act or through any subsequent application to the <sup>1</sup>Commissioner;

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

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(24) 'registration number' means the number allocated to the registered person for the purpose of this Act;

(25) 'registered person' means a person who is registered or is liable to be registered under this Act:

Provided that a person liable to be registered but not registered under this Act shall not be entitled to any benefit available to a registered person under any of the provisions of this Act or the rules made there under;

(26) \* \* \*

(27) 'retail price', with reference to the Third Schedule, means the price fixed by the manufacturer, inclusive of all duties, charges and taxes (other than sales tax) at which any particular brand or variety of any article should be sold to the general body of consumers or, if more than one such price is so fixed for the same brand or variety, the highest of such price;

(28) 'retailer' means a person, supplying goods to general public for the purpose of consumption:

Provided that any person, who combines the business of import and retail or manufacture or production with retail, shall notify and advertise wholesale prices and retail prices separately, and declare the address of retail outlets, and his total turnover per annum shall be taken into account for the purposes of registration under section 14.

(28A) omitted

(29) 'return' means any return required to be furnished under Chapter-V of this Act;

(29A) "*sales tax*" means—

- (a) the tax, additional tax, or default surcharge levied under this Act;
- (b) a fine, penalty or fee imposed or charged under this Act; and
- (c) any other sum payable under the provisions of this Act or the rules made there under;

(29AA) "sales tax account" means an account representing the double entry recording of sales tax transactions in the books of account;

(30) 'Schedule' means a Schedule appended to this Act;

(31) 'similar supply', in relation to the open market price of goods, means any other supply of goods which closely or substantially resembles the characteristics, quantity, components and materials of the aforementioned goods;

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

(31A) 'special audit' means an audit conducted under section 32A;

(32) 'Special Judge' means the Special Judge appointed under Section 185 of the Customs Act;

(33) "supply" means a sale or other transfer of the right to dispose of goods as owner, including such sale or transfer under a hire purchase agreement, and also includes—

- (a) putting to private, business or non-business use of goods produced or manufactured in the course of taxable activity for purposes other than those of making a taxable supply;
- (b) auction or disposal of goods to satisfy a debt owed by a person;  
and
- (c) possession of taxable goods held immediately before a person ceases to be a registered person:

Provided that the Federal Government, may by notification in the official Gazette, specify such other transactions which shall or shall not constitute supply;

(34) "tax", unless the context requires otherwise, means sales tax;

(35) "*taxable activity*", means any economic activity carried on by a person whether or not for profit, and includes—

- (a) an activity carried on in the form of a business, trade or manufacture;
- (b) an activity that involves the supply of goods, the rendering or providing of services, or both to another person;
- (c) a one-off adventure or concern in the nature of a trade; and
- (d) anything done or undertaken during the commencement or termination of the economic activity,

but does not include—

- (a) the activities of an employee providing services in that capacity to an employer;
- (b) an activity carried on by an individual as a private recreational pursuit or hobby; and
- (c) an activity carried on by a person other than an individual which, if carried on by an individual, would fall within sub-clause (b).

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(36) 'tax fraction' means the amount worked out in accordance with the following formula:-

$$\frac{a}{100 + a}$$

('a' is the rate of tax specified in section 3);

(37) 'tax fraud' means knowingly, dishonestly or fraudulently and without any lawful excuse (burden of proof of which excuse shall be upon the accused) –

- (i) doing of any act or causing to do any act; or
- (ii) omitting to take any action or causing the omission to take any action, including the making of taxable supplies without getting registration under this Act; or
- (iii) falsifying or causing falsification the sales tax invoices,

in contravention of duties or obligations imposed under this Act or rules or instructions issued there under with the intention of understating the tax liability or underpaying the tax liability for two consecutive tax periods or overstating the entitlement to tax credit or tax refund to cause loss of tax;

(38) (\*\*\*)

(39) 'taxable goods' means all goods other than those which have been exempted under section 13;

(40) 'tax invoice' means a document required to be issued under section 23;

(41) 'taxable supply' means a supply of taxable goods made by an importer, manufacturer, wholesaler (including dealer), distributor or retailer other than a supply of goods which is exempt under section 13 and includes a supply of goods chargeable to tax at the rate of zero per cent under section 4;

(42) (\*\*\*)

(43) 'tax period' means a period of one month or such other period as the Federal Government may, by notification in the official Gazette, specify;

(44) "*time of supply*," in relation to,–

- (a) a supply of goods, other than under hire purchase agreement, means the time at which the goods are delivered or made available to the recipient of the supply;
- (b) a supply of goods under a hire purchase agreement, means the time at which the agreement is entered into; and
- (c) services, means the time at which the services are rendered or provided;

(44A) "*trust*", means an obligation annexed to the ownership of property and arising out of the confidence reposed in and accepted by the owner, or declared and accepted by the owner for the benefit of another, or of another and the owner, and includes a unit trust;

(44AA) “unit trust”, means any trust under which beneficial interests are divided into units such that the entitlements of the beneficiaries to income or capital are determined by the number of units held;

(45) (\*\*\*)

(46) ‘value of supply’ means:--

(a) in respect of a taxable supply, the consideration in money including all Federal and Provincial duties and taxes, if any, which the supplier receives from the recipient for that supply but excluding the amount of tax:

Provided that–

(i) in case the consideration for a supply is in kind or is partly in kind and partly in money, the value of the supply shall mean the open market price of the supply excluding the amount of tax;

(ii) in case the supplier and recipient are associated persons and the supply is made for no consideration or for a consideration which is lower than the open market price, the value of supply shall mean the open market price of the supply excluding the amount of tax; and

(iii) in case a taxable supply is made to a consumer from general public on installment basis on a price inclusive of mark up or surcharge rendering it higher than open market price, the value of supply shall mean the open market price of the supply excluding the amount of tax.

(b) in case of trade discounts, the discounted price excluding the amount of tax; provided the tax invoice shows the discounted price and the related tax and the discount allowed is in conformity with the normal business practices;

(c) in case where for any special nature of transaction it is difficult to ascertain the value of a supply, the open market price;

(d) in case of imported goods, the value determined under section 25 of the Customs Act, including the amount of customs-duties and central excise duty levied thereon;

(e) in case where there is sufficient reason to believe that the value of a supply has not been correctly declared in the invoice, the value determined by the Valuation Committee comprising representatives of trade and the <sup>1</sup>Inland Revenue constituted by the <sup>2</sup>Commissioner; and

(f) in case the goods other than taxable goods are supplied to a registered person for processing, the value of supply of such processed goods shall mean the price excluding the amount of sales tax which such goods will fetch on sale in the market:

(g) in case of a taxable supply, with reference to retail tax, the price of taxable goods excluding the amount of retail tax, which a supplier will

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009.

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charge at the time of making taxable supply by him, or such other price as the Board may, by a notification in the official Gazette, specify:

Provided that, where the Board deems it necessary it may, by notification in the official Gazette, fix the value of any imported goods or taxable supplies or class of supplies and for that purpose fix different values for different classes or description of same type of imported goods or supplies:

Provided further that where the value at which import or supply is made is higher than the value fixed by the Board, the value of goods shall, unless otherwise directed by the Board, be the value at which the import or supply is made;

- (47) 'wholesaler' includes a dealer and means any person who carries on, whether regularly or otherwise, the business of buying and selling goods by wholesale or of supplying or distributing goods, directly or indirectly, by wholesale for cash or deferred payment or for commission or other valuable consideration or stores such goods belonging to others as an agent for the purpose of sale; and includes a person supplying taxable goods to a person who deducts income tax at source under the Income Tax Ordinance, 2001 (XLIX of 2001) [\*\*\*]; and
- (48) 'zero-rated supply' means a taxable supply which is charged to tax at the rate of zero per cent under section 4.



## Chapter-II

### SCOPE AND PAYMENT OF TAX

#### 3. Scope of tax.—

(1) Subject to the provisions of this Act, there shall be charged, levied and paid a tax known as sales tax at the rate of <sup>1</sup>sixteen per cent of the value of--

- (a) taxable supplies made by a registered person in the course or furtherance of any taxable activity carried on by him; and
- (b) goods imported into Pakistan.

(1A) (\*\*\*)

(2) Notwithstanding the provisions of sub-section (1):--

- (a) taxable supplies specified in the Third Schedule shall be charged to tax at the rate of sixteen per cent of the retail price which along with the amount of sales tax shall be legibly, prominently and indelibly printed or embossed by the manufacturer on each article, packet, container, package, cover or label, as the case may be:

Provided that the Federal Government, may, by notification in the official Gazette, exclude any taxable supply from the said Schedule or include any taxable supply therein; and

- (b) the Federal Government may, subject to such conditions and restrictions as it may impose, by notification in the official Gazette, declare that in respect of any goods or class of goods imported into or produced or any taxable supplies made by a registered person or a class of registered persons, the tax shall be charged, collected and paid in such manner and at such higher or lower rate or rates as may be specified in the said notification.

(3) The liability to pay the tax shall be,--

- (a) in the case of supply of goods, of the person making the supply, and
- (b) in the case of goods imported into Pakistan, of the person importing the goods.

(3A) Notwithstanding anything contained in clause (a) sub-section (3), the Federal Government may, by a notification in the official Gazette, specify the

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<sup>1</sup> Substituted vide Finance Act, 2008.

goods in respect of which the liability to pay tax shall be of the person receiving the supply.

(4) Omitted

(5) The Federal Government may, in addition to the tax levied under sub-section (1), sub-section (2) and sub-section (4), levy and collect such extra amount of tax not exceeding <sup>1</sup>sixteen per cent of the value of such goods or class of goods and on such persons or class of persons, in such mode, manner and at time, and subject to such conditions and limitations as it may, by rules, prescribe.

(6) The Federal Government or the Board may, in lieu of the tax under sub-section (1), by notification in the official Gazette, levy and collect such amount of tax as it may deem fit on any supplies or class of supplies or on any goods or class of goods and may also specify the mode, manner or time of payment of such amount of tax.

(7) The Federal Government may, by notification in the official Gazette, specify any person or class of persons as withholding agent for the purpose of deduction and deposit of tax at the specified rate in such manner and subject to such conditions or restrictions as the Federal Government may prescribe in this behalf.

### **3A. Omitted**

3AA. Omitted

### **3AAA. Omitted**

### **3B. Collection of excess sales tax etc.—**

(1) Any person who has collected or collects any tax or charge, whether under misapprehension of any provision of this Act or otherwise, which was not payable as tax or charge or which is in excess of the tax or charge actually payable and the incidence of which has been passed on to the consumer, shall pay the amount of tax or charge so collected to the Federal Government.

(2) Any amount payable to the Federal Government under sub-section (1) shall be deemed to be an arrear of tax or charge payable under this Act and shall be recoverable accordingly and no claim for refund in respect of such amount shall be admissible.

(3) The burden of proof that the incidence of tax or charge referred to in sub-section (1) has been or has not been passed to the consumer shall be on the person collecting the tax or charge.

### **4. Zero rating.—**

Notwithstanding the provisions of section 3, the following goods shall be charged to tax at the rate of zero per cent:--

- (a) goods exported, or the goods specified in the Fifth Schedule;

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<sup>1</sup> Substituted vide Finance Act, 2008.

## The Sales Tax Act, 1990

- (b) supply of stores and provisions for consumption aboard a conveyance proceeding to a destination outside Pakistan as specified in section 24 of the Customs Act, 1969 (IV of 1969);
- (c) such other goods as the Federal Government may, by notification in the official Gazette, specify:
- (d) such other goods as may be specified by the Federal Board of Revenue through a general order as are supplied to a registered person or class of registered persons engaged in the manufacture and supply of zero-rated goods.

Provided that nothing in this section shall apply in respect of a supply of goods which --

- (i) are exported, but have been or are intended to be re-imported into Pakistan; or
- (ii) have been entered for export under Section 131 of the Customs Act, 1969 (IV of 1969), but are not exported; or
- (iii) have been exported to a country specified by the Federal Government, by Notification in the official Gazette:

provided further that the Federal Government may, by a notification in the official Gazette, restrict the amount of credit for input tax actually paid and claimed by a person making a zero-rated supply of goods otherwise chargeable to sales tax.

### **5. Change in the rate of tax.—**

If there is a change in the rate of tax--

- (a) a taxable supply made by a registered person shall be charged to tax at such rate as is in force at the time of supply;
- (b) imported goods shall be charged to tax at such rate as is in force,--
  - (i) in case the goods are entered for home consumption, on the date on which a goods declaration is presented under section 79 of the Customs Act, 1969 (IV of 1969);
  - (ii) in case the goods are cleared from warehouse, on the date on which a goods declaration for clearance of such goods is presented under section 104 of the Customs Act, 1969 (IV of 1969):

Provided that where a goods declaration is presented in advance of the arrival of the conveyance by which the goods are imported, the tax shall be charged as is in force on the date on which the manifest of the conveyance is delivered:

Provided further that if the tax is not paid within seven days of the presenting of the goods declaration under section 104 of the Customs

Act, the tax shall be charged at the rate as is in force on the date on which tax is actually paid.

**6. Time and manner of payment.—**

(1) The tax in respect of goods imported into Pakistan shall be charged and paid in the same manner and at the same time as if it were a duty of customs payable under the Customs Act, 1969 and the provisions of the said Act including section 31A thereof, shall, so far as they relate to collection, payment and enforcement of tax under this Act on such goods where no specific provision exists in this Act, apply.

(1A) Notwithstanding anything contained in any other law for the time being in force, including but not limited to the Protection of Economic Reforms Act, 1992 (XII of 1992), and notwithstanding any decision or judgment of any forum, authority or court whether passed, before or after the promulgation of the Finance Act, 1998 (III of 1998), the provisions of section 31-A of the Customs Act, 1969 (IV of 1969), referred to in sub-section (1) shall be incorporated in and shall be deemed to have always been so incorporated in this Act and no person shall be entitled to any exemption from or adjustment of or refund of tax on account of the absence of such a provision in this Act, or in consequence of any decision or judgment of any forum, authority or court passed on that ground or on the basis of the doctrine of promissory *estoppel* or on account of any promise or commitment made or understanding given whether in writing or otherwise, by any government department or authority.

(2) The tax in respect of taxable supplies made during a tax period shall be paid by the registered person at the time of filing the return in respect of that period under Chapter-V:

Provided that the Board may, by a notification in the Official Gazette, direct that the tax in respect of all or such classes of supplies (other than zero-rated supplies) of all or such taxable goods, as may be specified in the aforesaid notification, shall be charged, collected and paid in any other way, mode, manner or at time as may be specified therein.

(3) The tax due on taxable supplies shall be paid by any of the following modes, namely:--

- (i) through deposit in a bank designated by the Board; and
- (ii) through such other mode and manner as may be specified by the Board.

**7. Determination of tax liability.—**

(1) Subject to the provisions of section 8B, for the purpose of determining his tax liability in respect of taxable supplies made during a tax period, a registered person shall, subject to the provisions of section 73, be entitled to deduct input tax paid or payable during the tax period for the purpose of taxable supplies made, or to be made, by him from the output tax that is due from him in respect of that tax period and to make such other adjustments as are specified in Section 9:

## The Sales Tax Act, 1990

Provided that where a registered person did not deduct input tax within the relevant period, he may claim such tax in the return for any of the six succeeding tax periods.

(2) A registered person shall not be entitled to deduct input tax from output tax unless,--

- (i) in case of a claim for input tax in respect of a taxable supply made, he holds a tax invoice in his name and bearing his registration number in respect of such supply for which a return is furnished;
- (ii) in case of goods imported into Pakistan, he holds bill of entry or goods declaration in his name and showing his sales tax registration number, duly cleared by the customs under section 79 or section 104 of the Customs Act, 1969 (IV of 1969);
- (iii) in case of goods purchased in auction, he holds a treasury challan, in his name and bearing his registration number, showing payment of sales tax;

(3) Notwithstanding anything in sub-sections (1) and (2), the Federal Government may, by a special order, subject to such conditions, limitations or restrictions as may be specified therein allow a registered person to deduct input tax paid by him from the output tax determined or to be determined as due from him under this Act.

(4) Notwithstanding anything contained in this Act or rules made there under, the Federal Government may, by notification in the official Gazette, subject to such conditions, limitations or restrictions as may be specified therein, allow a registered person or class of persons to deduct such amount of input tax from the output tax as may be specified in the said notification.

### **7A. Levy and collection of tax on specified goods on value addition.—**

(1) Notwithstanding anything contained in this Act or the rules made there under, the Federal Government may specify, by notification in the official Gazette, that sales tax chargeable on the supply of goods of such description or class shall, with such limitations or restrictions as may be prescribed, be levied and collected on the difference between the value of supply for which the goods are acquired and the value of supply for which the goods, either in the same state or on further manufacture, are supplied.

(2) Notwithstanding anything contained in this Act or the rules made there under, the Federal Government may, by notification in the official Gazette, and subject to the conditions, limitations, restrictions and procedure mentioned therein, specify the minimum value addition required to be declared by certain persons or categories of persons, for supply of goods of such description, or class as may be prescribed, and to waive the requirement of audit or scrutiny of records if such minimum value addition is declared.

**8. Tax credit not allowed.—**

(1) Notwithstanding anything contained in this Act, a registered person shall not be entitled to reclaim or deduct input tax paid on --

- (a) the goods or services used or to be used for any purpose other than for taxable supplies made or to be made by him;
- (b) any other goods or services which the Federal Government may, by a notification in the official Gazette, specify;
- (c) the goods under sub-section (5) of section 3:
  - (ca) the goods or services in respect of which sales tax has not been deposited in the Government treasury by the respective supplier;
  - (d) fake invoices; and
  - (e) purchases made by such registered person, in case he fails to furnish the information required by the Board through a notification issued under sub-section (5) of section 26.

(2) If a registered person deals in taxable and non-taxable supplies, he can reclaim only such proportion of the input tax as is attributable to taxable supplies in such manner as may be specified by the Board.

(3) No person other than a registered person shall make any deduction or reclaim input tax in respect of taxable supplies made or to be made by him.

(4) (\*\*\*)

(5) Notwithstanding anything contained in any other law for the time being in force or any decision of any Court, for the purposes of this section, no input tax credit shall be allowed to the persons who paid fixed tax under any provisions of this Act as it existed at any time prior to the first day of December, 1998.

(6) Notwithstanding anything contained in any other law for the time being in force or any provision of this Act, the Federal Government may, by notification in the official Gazette, specify any goods or class of goods which a registered person cannot supply to any person who is not registered under this Act.

(7) (\*\*\*)

**8A. Joint and several liability of registered persons in supply chain where tax unpaid.—**

Where a registered person receiving a taxable supply from another registered person is in the knowledge or has reasonable grounds to suspect that some or all of the tax payable in respect of that supply or any previous or subsequent supply of the goods supplied would go unpaid, such person as well as the person making the taxable supply shall be jointly and severally liable for payment of such unpaid amount of tax:

Provided that the Board may by notification in the official gazette, exempt any transaction or transactions from the provisions of this section.

**8B. Adjustable input tax.**— (1) Notwithstanding anything contained in this Act, in relation to a tax period, a registered person shall not be allowed to adjust input tax in excess of ninety per cent of the output tax for that tax period:

Provided that the tax charged on the acquisition of fixed assets shall be adjustable against the output tax in twelve equal monthly installments [\*\*\*]:

provided further that the Board may, by notification in the official Gazette, exclude any person or class of persons from the purview of sub-section (1).

(2) A registered person, subject to section (1), may be allowed adjustment<sup>1</sup> or refund of input tax not allowed under sub-section (1) subject to the following conditions, namely:—

- (i) in the case of registered persons, whose accounts are subject to audit under the Companies Ordinance, 1984, upon furnishing a statement along with annual audited accounts, duly certified by the auditors, showing value additions less than the limit prescribed under sub-section (1) above; or
- (ii) in case of other registered persons, subject to the conditions and restrictions as may be specified by the Board by notification in the official Gazette.

(3) The adjustment or refund of input tax mentioned in sub-section (2), if any, shall be made on yearly basis in the second month following the end of the financial year of the registered person.

(4) Notwithstanding anything contained in sub-section (1) and (2), the Board may, by notification in the official Gazette, prescribe any other limit of input tax adjustment for any person or class of persons.

(5) Any auditor found guilty of misconduct in furnishing the certificate mentioned in sub-section (2) shall be referred to the Council for disciplinary action under section 20D of Chartered Accountants, Ordinance, 1961 (X of 1961).

## **9. Debit and credit note.—**

Where a registered person has issued a tax invoice in respect of a supply made by him and as a result of cancellation of supply or return of goods or a change in the nature of supply or change in the value of the supply or some such event the amount shown in the tax invoice or the return needs to be modified, the registered person may, subject to such conditions and limitations as the Board may impose, issue a debit or credit note and make corresponding adjustment against output tax in the return.

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<sup>1</sup> Added vide Finance Act, 2009.

**(10) Refund of input tax.** — (1) If the input tax paid by a registered person on taxable purchases made during a tax period exceeds the output tax on account of zero rated local supplies or export made during that tax period, the excess amount of input tax shall be refunded to the registered person not later than forty-five days of filing of refund claim in such manner and subject to such conditions as the Board may, by notification in the official Gazette specify:

Provided that in case of excess input tax against supplies other than zero-rated or exports, such excess input tax may be carried forward to the next tax period, along with the input tax as is not adjustable in terms of sub-section (1) of section 8B, and shall be treated as input tax for that period and the Board may, subject to such conditions and restrictions as it may impose, by notification in the official Gazette, prescribe the procedure for refund of such excess input tax;

Provided further that the Board may, from such date and subject to such conditions and restrictions as it may impose, by notification in the official Gazette, direct that refund of input tax against exports shall be paid along with duty drawback at the rates notified in the said notification.

(2) If a registered person is liable to pay any tax, default surcharge or penalty payable under any law administered by the Board, the refund of input tax shall be made after adjustment of unpaid outstanding amount of tax or, as the case may, default surcharge and penalty.

(3) Where there is reason to believe that a person has claimed input tax credit or refund which was not admissible to him, the proceedings against him shall be completed within sixty days. For the purposes of enquiry or audit or investigation regarding admissibility of the refund claim, the period of sixty days may be extended up to one hundred and twenty days by an officer not below the rank of an Additional <sup>1</sup>Commissioner Inland Revenue and the Board may, for reasons to be recorded in written, extend the aforesaid period which shall in no case exceed nine months.

## **11. Assessment of Tax.—**

(1) Where a person who is required to file a tax return fails to file the return for a tax period by the due date or pays an amount which, for some miscalculation is less than the amount of tax actually payable, an officer of <sup>2</sup>Inland Revenue shall, after a notice to show cause to such person, make an order for assessment of tax, including imposition of penalty and default surcharge in accordance with section 33 and 34:

Provided that where a person required to file a tax return files the return after the due date and pays the amount of tax payable in accordance with the tax return along with default surcharge and penalty, the notice to show cause and the order of assessment shall abate.

(2) Where a person has not paid the tax due on supplies made by him or has made short payment or has claimed input tax credit or refund which is not

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009.



admissible under this Act for reasons other than those specified in sub-section (1), an officer of <sup>1</sup>Inland Revenue shall make an assessment of sales tax actually payable by that person or determine the amount of tax credit or tax refund which he has unlawfully claimed and shall impose a penalty and charge default surcharge in accordance with section 33 and 34.

(3) ( \* \* \* )

(4) No order under this section shall be made by an officer of <sup>2</sup>Inland Revenue unless a notice to show cause is given within five years to the person in default specifying the grounds on which it is intended to proceed against him and the officer of Sales Tax shall take into consideration the representation made by such person and provide him with an opportunity of being heard:

Provided that order under this section shall be made within one hundred and twenty days of issuance of show cause notice or within such extended period as the <sup>3</sup>Commissioner may, for reasons to be recorded in writing, fix provided that such extended period shall in no case exceed <sup>4</sup>sixty days:

<sup>5</sup>Provided further that any period during which the proceedings are adjourned on account of a stay order or Alternative Dispute Resolution proceedings or the time taken through adjournment by the petitioner not exceeding thirty days shall be excluded from the computation of the period specified in the first proviso.

(5) Notwithstanding anything in sub-section (1), where a registered person fails to file a return, an officer of <sup>6</sup>Inland Revenue, not below the rank of Assistant <sup>7</sup>Commissioner, shall subject to such conditions as specified by the Central Board of Revenue, determine the minimum tax liability of the registered person.

#### **11A.Short paid amounts recoverable without notice. –**

Notwithstanding any of the provisions of this Act, where a registered person pays the amount of tax less than the tax due as indicated in his return, the short paid amount of tax along with default surcharge shall be recovered from such person by stopping removal of any goods from his business premises and through attachment of his business bank accounts, without giving him a show cause notice and without prejudice to any other action prescribed under section 48 of this Act or the rules made thereunder:

Provided that no penalty under section 33 of this Act shall be imposed unless a show cause notice is given to such person.

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>3</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>4</sup> Amended vide Finance Act, 2009.

<sup>5</sup> Added vide Finance Act, 2009.

<sup>6</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>7</sup> Substituted vide Finance (Amended) Ordinance, 2009.

**12. Omitted**

**13. Exemption.—**

(1) Notwithstanding the provisions of section 3, supply of goods or import of goods specified in the Sixth Schedule shall, subject to such conditions as may be specified by the Federal Government, be exempt from tax under this Act.

(2) Notwithstanding the provisions of sub-section (1)–

- (a) the Federal Government may, by notification in the official Gazette, exempt any taxable supplies made or import or supply of any goods or class of goods, from the whole or any part of the tax chargeable under this Act, subject to the conditions and limitations specified therein; and
- (b) the Board may, by special order in each case stating the reasons, exempt any import or supply of goods of such description or class, as may be specified from the payment of the whole or any part of the tax chargeable under this Act.

(3) The exemption from tax chargeable under sub-section (2) may be allowed from any previous date specified in the notification issued under clause (a) or, as the case may be, order made under clause (b) of that sub-section.

(4) (\*\*\*\*\*) Omitted.

**Chapter-III**  
**REGISTRATION**

**14. Registration. –**

Under this Act, registration will be required for such persons and be regulated in such manner and subject to rules as the Board may, by notification in the official Gazette, prescribe.

**15. Omitted**

**16. Omitted**

**17. Omitted**

**18. Omitted**

**19. Omitted**

**20. Omitted**

**21. De-registration, blacklisting and suspension of registration.—**

(1) The Board or any officer, authorized in this behalf, may subject to the rules, de-register a registered person or such class of registered persons not required to be registered under this Act.

(2) Notwithstanding anything contained in this Act, in cases where the <sup>1</sup>Commissioner is satisfied that a registered person is found to have issued fake invoices [\*\*\*] or has otherwise committed tax fraud, he may blacklist such person or suspend his registration in accordance with such procedure as the Board may, by notification in the official Gazette, prescribe.

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

## Chapter-IV

### BOOK KEEPING AND INVOICING REQUIREMENTS

#### 22. Records.—

(1) A registered person making taxable supplies shall maintain and keep at his business premises or registered office in English or Urdu language the following records of goods purchased, imported and supplies (including zero-rated and exempt supplies) made by him or by his agent acting on his behalf in such form and manner as would permit ready ascertainment of his tax liability during a tax period -

- (a) records of supplies made shall indicate the description, quantity and value of goods, name and address of the person to whom supplies were made and the amount of the tax charged;
- (b) records of goods purchased shall show the description, quantity and value of goods, name, address and registration number of the supplier and the amount of the tax on purchases;
- (c) records of goods imported shall show the description, quantity and value of goods and the amount of tax paid on imports;
- (d) records of zero-rated and exempt supplies;
- (da) double entry sales tax accounts;
- (e) invoices, credit notes, debit notes, bank statements, banking instruments in terms of section 73, inventory records, utility bills, salary and labour bills, rental agreements, sale purchase agreements and lease agreements; and
- (f) such other records as may be specified by the Board:

Provided that the persons paying retail tax shall keep such record as may be specified by the Board.

(1A) Notwithstanding anything in any other law for the time being in force, the Board may require, by notification in the official Gazette, a registered person or class of registered persons to declare and use only as many number of business bank accounts as may be specified by the Board in such notification to make or receive payments on account of purchase and sale transactions for the purpose of this Act or rules made there under and to make payment of due tax from such accounts only.

(2) The Board may, by notification in the official Gazette, specify for any class of taxable persons or any other person registered under this Act to keep such other records for the purposes of this Act.

(2A) The Board may, by notification in the Official Gazette, specify for any class of taxable persons registered under this Act to use such electronic fiscal cash registers as are approved by the Board in the manner as may be prescribed.

(3) The Board may, by notification in the official gazette, prescribe the procedure or software for electronically maintenance of records, filing of sales tax returns or refunds and for any other matter or approve any software for electronic maintenance of records and filing of returns or refunds by a person or class of such persons.

(4). The registered persons, whose accounts are subject to audit under the Companies Ordinance, 1984, shall be required to submit a copy of the annual audited accounts, along with a certificate by the auditors certifying the payment of due tax by the registered person.

### **23. Tax Invoices.-**

(1) A registered person making a taxable supply shall issue a serially numbered tax invoice at the time of supply of goods containing the following particulars, namely:-

- (a) name, address and registration number of the supplier;
- (b) name, address and registration number of the recipient;
- (c) date of issue of invoice;
- (d) description and quantity of goods;
- (e) value exclusive of tax;
- (f) amount of sales tax; and
- (ff) (\*\*\*)
- (g) value inclusive of tax:

Provided that the Board may, by notification in the official Gazette, specify such modified invoices for different persons or classes of persons:

Provided further that not more than one tax invoice shall be issued for a taxable supply.

(2) No person other than a registered person or a person paying (\*\*\*) retail tax shall issue an invoice under this section.

(3) A registered person making a taxable supply may, subject to such conditions, restrictions and limitations as the Board may, by notification in the official Gazette, specify, issue invoices to another registered person electronically and to the Board as well as to the <sup>1</sup>Commissioner, as may be specified.

(4) The Board may, by notification in the Official Gazette, prescribe the manner and procedure for regulating the issuance and authentication of tax invoices.

### **24. Retention of record and documents for five years.-**

A person, who is required to maintain any record or documents under this Act, shall retain the record and documents for a period of <sup>2</sup>Six years after the end of

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009.

the tax period to which such record or documents relate <sup>1</sup>or till the final decision in any proceedings including proceedings for assessment, appeal, revision, reference, petition and any proceedings before an alternative Dispute Resolution Committee.

**25. Access to record, documents, etc.-**

(1) A person who is required to maintain any record or documents under this Act or any other law shall, as and when required by an officer of <sup>2</sup>Inland Revenue, produce record or documents which are in his possession or control or in the possession or control of his agent; and where such record or documents have been kept on electronic data, he shall allow access to such officer of <sup>3</sup>Inland Revenue and use of any machine on which such data is kept.

(2) The officer of <sup>4</sup>Inland Revenue, on the basis of the record, obtained under sub-section (1), may, once in a year, conduct audit:

Provided that in case the <sup>5</sup>Commissioner has information or sufficient evidence showing that such registered person is involved in tax fraud or evasion of tax, he may authorize an officer of <sup>6</sup>Inland Revenue, not below the rank of Assistant <sup>7</sup>Commissioner, to conduct an inquiry or investigation under section 38:

Provided further that nothing in this sub-section shall bar the <sup>8</sup>Inland Revenue officer from conducting audit of the records of the registered person if the same were earlier audited by the office of the Auditor-General of Pakistan;

(3) The Assistant <sup>9</sup>Commissioner (Audit), shall issue audit observation pointing out the contraventions of the Act or rules, as the case may be, and the amount of tax evaded therein, on the basis of scrutiny of such records, as prescribed under the Act or rules or in any other manner by the Board. The registered person may, within a period of fifteen days of the receipt of audit observation, submit his point of view in writing.

(4) If, within the period prescribed in sub-section (3), no reply is received or the reply furnished by the registered person is found unsatisfactory, the Assistant <sup>10</sup>Commissioner shall issue an audit report specifying the amount of tax or charge that has not been levied or has been short levied or has been erroneously refunded or any other violation of any provision of Act or rules made there under.

<sup>11</sup>(4A) After completion of the audit under this section or this any other provision of law, the officer of Inland Revenue may, if considered necessary, after obtaining the registered person's explanation on all the issues raised in the audit shall pass an order under section 11 or section 36, as the case may be, imposing the correct amount of tax, charging default surcharge, imposing penalty and recovery amount erroneously refunded”

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.  
<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009.  
<sup>3</sup> Substituted vide Finance (Amended) Ordinance, 2009  
<sup>4</sup> Substituted vide Finance (Amended) Ordinance, 2009.  
<sup>5</sup> Substituted vide Finance (Amended) Ordinance, 2009.  
<sup>6</sup> Substituted vide Finance (Amended) Ordinance, 2009.  
<sup>7</sup> Substituted vide Finance (Amended) Ordinance, 2009.  
<sup>8</sup> Substituted vide Finance (Amended) Ordinance, 2009.  
<sup>9</sup> Substituted vide Finance (Amended) Ordinance, 2009.  
<sup>10</sup> Substituted vide Finance (Amended) Ordinance, 2009.  
<sup>11</sup> Inserted vide Finance (Amended) Ordinance, 2009

(5) Notwithstanding the penalties prescribed in section 33, if a registered person wishes to deposit the amount of tax short paid or amount of tax evaded along with default surcharge voluntarily, whenever it comes to his notice, before receipt of notice of audit, no penalty shall be recovered from him:

Provided if a registered person wishes to deposit the amount of tax short paid or amount of tax evaded along with default surcharge during the audit, or at any time before issuance of show cause notice in lieu of the audit report, he may deposit the evaded amount of tax, default surcharge under section 34, and twenty five per cent of the penalty payable under section 33:

Provided further that if a registered person wishes to deposit the amount of tax short paid or amount of tax evaded along with default surcharge after issuance of show cause notice, he shall deposit the evaded amount of tax, default surcharge under section 34, and full amount of the penalty payable under section 33 and thereafter, the show cause notice, shall stand abated.

### **25A. Drawing of samples.-**

Where an authorized officer of <sup>1</sup>Inland Revenue considers it necessary to take a sample of any goods or raw materials, for the purpose of determining their liability to sales tax or for the purpose of establishing their value or for any other reason, he may remove a minimum quantity of goods or raw materials sufficient to enable a proper examination or analysis to be made. At the time of taking the sample the person in possession of the goods shall be informed and given the opportunity to sign the representative samples, so drawn, and take a corresponding sample for his record. Any sample taken under this section shall be taken against a proper receipt a copy each of which shall be kept in the record by the registered person and the <sup>2</sup>Large Taxpayers Unit or Regional Tax Office, as the case may be:

<sup>3</sup>25 AA. Transactions between associates \_\_\_\_\_The <sup>4</sup>Commissioner or an office of <sup>5</sup>Inland Revenue may, in respect of any transaction between persons who are associates, determine the transfer price of taxable supplies between the persons as is necessary to reflect the fair market value of supplies in an arm's length transaction;

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>3</sup> Inserted vide Finance (Amended) Ordinance, 2009

<sup>4</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>5</sup> Substituted vide Finance (Amended) Ordinance, 2009.

## Chapter-V

### RETURNS

#### 26. (\*\*\*\*) Return.–

(1) Every registered person shall furnish not later than the due date a true and correct return in the prescribed form to a designated bank or any other office specified by the Board, indicating the purchases and the supplies made during a tax period, the tax due and paid and such other information, as may be prescribed:

Provided that the Board may, by notification in the official Gazette, require any person or class of persons to submit return on quarterly basis:

Provided further that the Board may, by notification in the official Gazette, require any person or class of persons to submit such return as may be prescribed annually in addition to the monthly return or quarterly return:

Provided also that the return filed electronically on the web or any magnetic media or any other computer readable media as may be specified by the Board shall also be deemed to be a return for the purpose of sub-section (1) and the Board may, by notification in the official Gazette, make rules for determining eligibility of the data of such returns and e-intermediaries who will digitize the data of such returns and transmit the same electronically under their digital signatures.

(2) If there is a change in the rate of tax during a tax period, a separate return in respect of each portion of tax period showing the application of different rates of tax shall be furnished.

(3) A registered person may, subject to approval of the <sup>1</sup>Commissioner Inland Revenue having jurisdiction, file a revised return within one hundred and twenty days of the filing of return under sub-section (1) or, as the case may be, sub-section (2), to correct any omission or wrong declaration made therein.

(4) Notwithstanding the penalties prescribed in section 33, if a registered person wishes to file revised return voluntarily along with deposit of the amount of tax short paid or amount of tax evaded along with default surcharge, whenever it comes to his notice, before receipt of notice of audit, no penalty shall be recovered from him:

Provided that in case the registered person wishes to deposit the amount of tax as pointed out by the officer of sales tax during the audit, or at any time before issuance of the show cause notice in lieu of the audit report, he may deposit the evaded amount of tax, default surcharge under section 34, and twenty-five per cent of the penalty payable under section 33 along with the revised return:

Provided further that in case the registered person wishes to deposit the amount after issuance of show cause notice, he shall deposit the evaded amount of sales tax, default surcharge under section 34, and full amount of the leviable penalty under section 33 along with the revised return and thereafter, the show cause notice, shall stand abated.

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009



(5) The Board may, by notification in the official Gazette, require any person or class of persons, for any goods of such description or class, to furnish such summary or details or particulars pertaining to the imports, purchases and supplies during any tax period or periods, in such format as may be specified.

**26A. Omitted**

**26AA. Omitted**

**27. Special Returns.--**

In addition to the return specified under section 26--

- (a) a person registered (\*\*\*) under this Act shall furnish special return within such date and in such form indicating information such as quantity manufactured or produced, purchases made, goods supplied or payment of arrears made, etc, for such period as the Board may, by a notification in official gazette, specify; and
- (b) the **commissioner** may require any person whether, registered or not, to furnish a return (whether on his own behalf or as an agent or trustee) in a prescribed form and such person shall furnish the return not later than the date specified in this regard.

**28. Final Return.-**

If a person applies for de-registration in terms of section 21, he shall before such de-registration, furnish a final return to the <sup>1</sup>**commissioner** in the specified form in such manner and at such time as directed by the <sup>2</sup>**commissioner**].

**29. Return deemed to have been made.-**

A return purporting to be made on behalf of a person by his duly appointed representative shall, for all purposes, be deemed to have been made by such person or under his authority unless proved to the contrary.

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009.

## Chapter-VI

### APPOINTMENT OF AUTHORITIES & THEIR POWERS

**<sup>1</sup>30. Appointment of Authorities.—(1)For the purposes of this Act, the board may, by notification in the Authorities Gazette, appoint in relation to any area, any case or class of cases specified in the notification, any person to be-**

- (a) a chief commissioner of Inland Revenue;
- (b) a commissioner of Inland Revenue ;
- (c) a commissioner of Inland Revenue (Appeals);
- (d) an Additional commissioner of Inland Revenue ;
- (e) a Deputy commissioner of Inland Revenue;
- (f) an Assistant commissioner of Inland Revenue;
- (g) a Superintendent of Inland Revenue;
- (h) a Senior Auditor of Inland Revenue;
- (i) an officer of Inland Revenue with any other designation.

(2) The chief Commissioner Inland Revenue and Commissioner Inland Revenue (Appeals) shall be sub--ordinate to the Board and Commissioner Inland Revenue shall be sub---ordinate to the chief commissioner Inland Revenue.

(3) Additional Commissioner Inland Revenue, Deputy Commissioners Inland Revenue, Assistant Commissioner Inland Revenue, Superintendent Inland Revenue, Senior Auditor Inland Revenue and Officer of Inland Revenue with any other designation shall be sub---ordinate to the Commissioner Inland Revenue;

#### **30A. Directorate General, (Intelligence and Investigation) FBR.**

The Directorate General (Intelligence and Investigation) FBR shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board, may by notification in the official Gazette, appoint.

#### **30B. Directorate General Internal Audit.**

The Directorate General Internal Audit shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board, may by notification in the official Gazette, appoint.

#### **30C. Directorate General of Training and Research.**

The Directorate General of Training and Research shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009

Assistant Directors and such other officers as the Board, may by notification in the official Gazette, appoint.

**30D. Directorate General of Valuation.**

The Directorate General of Valuation shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board, may by notification in the official Gazette, appoint.

**30DD. Directorate of Post Clearance Audit.**— The Directorate of Post clearance Audit shall consist of a Director and as many Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.

**30E. Powers and Functions of Directorate etc.**

The Board may, by notification in the official Gazette, specify the functions, jurisdiction and powers of the Directorates General as specified in the preceding sections and their officers by notification in the official Gazette.

**31. Powers.--**

An officer of sales tax appointed under section 30 shall exercise such powers and discharge such duties as are conferred or imposed upon him under this Act; and he shall also be competent to exercise all powers and discharge all duties conferred or imposed upon any officer subordinate to him:

Provided that, notwithstanding anything contained in this Act or the rules, the Board may, by general or special order, impose such limitations or conditions on the exercise of such powers and discharge of such duties as it deems fit.

**32. Delegation of powers.--**

(1) The Board may, by notification in the official Gazette and subject to such limitations or conditions as may be specified therein, empower by name or designation -

- (a) any <sup>1</sup>Additional Commissioner Inland Revenue or Deputy Commissioner Inland Revenue to exercise any of the powers of a Commissioner Inland Revenue under this Act; and
- (b) any <sup>2</sup>Deputy Commissioner Inland Revenue or Assistant Commissioner Inland Revenue to exercise any of the powers of an Additional Commissioner Inland Revenue under this Act; and

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009.

- (c) any <sup>1</sup>Assistant Commissioner Inland Revenue to exercise any of the powers of a <sup>2</sup>Deputy Commissioner Inland Revenue under this Act; and
- (d) any other officer of <sup>3</sup>Inland Revenue to exercise any of the powers of an <sup>4</sup>Assistant Commissioner Inland Revenue under this Act.

(2) Unless the Board in any case otherwise directs, the <sup>5</sup>Commissioner Inland Revenue may authorize an officer subordinate to him to exercise within any specified area, any of the powers of the <sup>6</sup>Commissioner Inland Revenue or of any other <sup>7</sup>officer of Inland Revenue under this Act.

(3) The officer to whom any powers are delegated under this section shall not further delegate such powers.

**32A. Special Audit by Chartered Accountants or Cost Accountants** (1) The Board may, by notification in the official Gazette, appoint a Chartered Accountant as defined under Chartered Accountants Ordinance, 1961 (X of 1961) or a firm of Chartered Accountants or a Cost and Management Accountant within the meaning of the Cost and Management Accountants Act, 1966 (XIV of 1966) or a firm of Cost and Management Accountants, for conducting special audit of records of registered person:

Provided that the Board may, by notification in the official Gazette, appoint a firm of Chartered Accountants as defined under the Chartered Accountants Ordinance, 1961 (X of 1961), or a Cost and Management Accountant within the meaning of the Cost and Management Accountants Act, 1966 (XIV of 1966), or a firm of Cost and Management Accountants to conduct audit of refund claims.

(2) Notwithstanding that records of a registered person have been audited by an officer appointed under section 30, the Board or a Commissioner may direct an auditor appointed under sub-section (1) to audit the records of any registered person.

(3) An auditor appointed under sub-section (1), shall have the powers of an officer of sales tax under sections 25, 37 and 38.

**32AA. Omitted.**

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>3</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>4</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>5</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>6</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>7</sup> Substituted vide Finance (Amended) Ordinance, 2009.

**Chapter-VII**

**OFFENCES AND PENALTIES**

**33. Offences and penalties.—**

[\*\*\*] Whoever commits any offence described in column (1) of the Table below shall, in addition to and not in derogation of any punishment to which he may be liable under any other law, be liable to the penalty mentioned against that offence in column (2) thereof:—

**TABLE**

<b>Offences</b>	<b>Penalties</b>	<b>Section of the Act to which offence has reference</b>
(1)	(2)	(3)
1. Where any person fails to furnish a return within the due date.	Such person shall pay a penalty of five thousand rupees:  Provided that in case a person files a return within fifteen days of the due date, he shall pay a penalty of one hundred rupees for each day of default.	26
2. Any person who fails to issue an invoice when required under this Act.	Such person shall pay a penalty of five thousand rupees or three <i>per cent</i> of the amount of the tax involved, whichever is higher.	23
3. Any person who un-authorizedly issues an invoice in which an amount of tax is specified.	Such person shall pay a penalty of ten thousand rupees or five <i>per cent</i> of the amount of the tax involved, whichever is higher.	3, 7 and 23

The Sales Tax Act, 1990

<p>4. Any person who fails to notify the changes of material nature in the particulars of registration of taxable activity.</p>	<p>Such person shall pay a penalty of five thousand rupees.</p>	<p>14</p>
<p>5. Any person who fails to deposit the amount of tax due or any part thereof in the time or manner laid down under this Act or rules or orders made there under.</p>	<p>Such person shall pay a penalty of ten thousand rupees or five <i>per cent</i> of the amount of the tax involved, whichever is higher:          Provided that, if the amount of tax or any part thereof is paid within fifteen days from the due date, the defaulter shall pay a penalty of five hundred rupees for each day of default:          Provided further that no penalty shall be imposed when any miscalculation is made for the first time during a year:          Provided further that if the amount of tax due is not paid even after the expiry of a period of sixty days of issuance of the notice for such payments by an officer of <sup>1</sup>Inland Revenue, not below the rank of Assistant <sup>2</sup>Commissioner Inland Revenue, the defaulter shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to three years, or with fine which may extend to amount equal to the amount of tax involved, or with both.</p>	<p>3, 6, 7 and 48</p>

<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009.

The Sales Tax Act, 1990

<p>6. Any person who repeats erroneous calculation in the return during a year whereby amount of tax less than the actual tax due is paid.</p>	<p>Such person shall pay a penalty of five thousand rupees or three <i>per cent</i> of the amount of the tax involved, whichever is higher.</p>	<p>7 and 26</p>
<p>7. Any person who is required to apply for registration under this Act fails to make an application for registration before making taxable supplies.</p>	<p>Such person shall pay a penalty of ten thousand rupees or five <i>per cent</i> of the amount of tax involved, whichever is higher:          Provided that such person who is required to get himself registered under this Act, fails to get registered within sixty days of the commencement of taxable activity, he shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to three years, or with fine which may extend to an amount equal to the amount of tax involved, or with both.</p>	<p>14</p>
<p>8. Any person who fails to maintain records required under this Act or the rules made there under.</p>	<p>Such person shall pay a penalty of ten thousand rupees or five <i>per cent</i> of the amount of tax involved, whichever is higher.</p>	<p>22 and 24</p>

The Sales Tax Act, 1990

<p>9. Where a registered person who, without any reasonable cause, in non compliance with the provisions of section 25,—</p> <p>(a) fails to produce the record on receipt of first notice;</p> <p>(b) fails to produce the record on receipt of second notice; and</p> <p>(c) fails to produce the record on receipt of third notice.</p>	<p>such person shall pay a penalty of five thousand rupees;</p> <p>such person shall pay a penalty of ten thousand rupees; and</p> <p>such person shall pay a penalty of fifty thousand rupees.</p>	<p>25</p>
<p>10. Any person who fails to furnish the information required by the Board through a notification issued under sub-section (5) of section 26.</p>	<p>Such person shall pay a penalty of ten thousand rupees.</p>	<p>26</p>
<p>11. Any person who,—</p> <p>(a) submits a false or forged document to any officer of sales tax; or</p> <p>(b) destroys, alters, mutilates or falsifies the records including a sales tax invoice; or</p> <p>(c) Knowingly or fraudulently makes false statement, false declaration, false representation, false personification, gives any false information or issues or uses a document which is forged or false.</p>	<p>Such person shall pay a penalty of twenty five thousand rupees or one hundred <i>per cent</i> of the amount of tax involved, whichever is higher. He shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to five years, or with fine which may extend to an amount equal to the loss of tax involved, or with both.</p>	<p>2(37) and General</p>



The Sales Tax Act, 1990

<p>12. Any person who denies or obstructs the access of an authorized officer to the business premises, registered office or to any other place where records are kept, or otherwise refuses access to the stocks, accounts or records or fails to present the same when required under section 25, 38<sup>1</sup> <b>38A or 40B.</b></p>	<p>Such person shall pay a penalty of twenty five thousand rupees or one hundred per cent of the amount of tax involved, whichever is higher. He shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to three years, or with fine which may extend to an amount equal to the amount of tax involved, or with both.</p>	<p>25, 38<sup>1,2</sup> <b>38A and 40B</b>"</p>
<p>13. Any person who commits, causes to commit or attempts to commit the tax fraud, or abets or connives in commissioning of tax fraud.</p>	<p>Such person shall pay a penalty of twenty five thousand rupees or one hundred <i>per cent</i> of the amount of tax involved, whichever is higher. He shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to five years, or with fine which may extend to an amount equal to the loss of tax involved, or with both.</p>	<p>2(37)</p>
<p>14. Where any person violates any embargo placed on removal of goods in connection with recovery of tax.</p>	<p>Such person shall pay a penalty of twenty five thousand rupees or ten <i>per cent</i> of the amount of the tax involved, whichever is higher. He shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to one year, or with fine which may extend to amount equal to the amount of tax involved, or with both.</p>	<p>48</p>

<sup>1</sup> Amended vide Finance Act, 2009.

<sup>2</sup> Amended vide Finance Act, 2009.

The Sales Tax Act, 1990

15. Any person who obstructs the authorized officer in the performance of his official duties.	Such person shall pay a penalty of twenty five thousand rupees or one hundred <i>per cent</i> of the amount of tax involved, whichever is higher.	31 and General
16. Any person who fails to make payment in the manner prescribed under section 73 of this Act.	Such person shall pay a penalty of five thousand rupees or three <i>per cent</i> of the amount of tax involved, whichever is higher.	73
17. Any person who fails to fulfil any of the conditions, limitations or restrictions prescribed in a Notification issued under any of the provisions of this Act.	Such person shall pay a penalty of five thousand rupees or three <i>per cent</i> of the amount of tax involved, whichever is higher.	71 and General
18. Where any officer of Sales Tax authorized to act under this Act, acts or omits or attempts to act or omit in a manner causing loss to the sales tax revenue or otherwise abets or connives in any such act.	Such officer of <sup>1</sup> Inland Revenue shall be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to three years, or with fine which may extend to amount equal to the amount of tax involved, or with both.	General
19. Any person who contravenes any of the provision of this Act for which no penalty has, specifically, been provided in this section.	Such person shall pay a penalty of five thousand rupees or three <i>per cent</i> of the amount of tax involved, whichever is higher.	General

<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

The Sales Tax Act, 1990

20. Omitted		
21. Where any person repeats an offence for which a penalty is provided under this Act	Such person shall pay twice the amount of penalty provided under the Act for the said offence	General.
<p>22. Any person who,-</p> <p>(a) knowingly and without lawful authority gains access to or attempts to gain access to the computerized system; or</p> <p>(b) unauthorizedly uses or discloses or publishes or otherwise disseminates information obtained from the computerized system; or</p> <p>(c) falsifies any record or information stored in the computerized system; or</p> <p>(d) knowingly or dishonestly damages or impairs the computerized system; or</p> <p>(e) knowingly or dishonestly damages or impairs any duplicate tape or disc or other medium on which any information obtained from the computerized system is kept or stored; or</p> <p>(f) unauthorizedly uses unique user identifier of any other registered user to authenticate a transmission of information to the computerized system; or</p> <p>(g) fails to comply with or contravenes any of the conditions prescribed for security of unique user identifier.</p>	Such person shall pay a penalty of twenty-five thousand rupees or one hundred <i>per cent</i> of the amount of tax involved, whichever is higher. He shall, further be liable, upon conviction by the Special Judge, to imprisonment for a term which may extend to one year, or with fine which may extend to an amount equal to the loss of tax involved, or with both.”;	50A

### 34. Default Surcharge.—

(1) Notwithstanding the provisions of section 11, if a registered person does not pay the tax due or any part thereof, whether wilfully or otherwise, in time or in the manner specified under this Act, rules or notifications issued thereunder or claims a tax credit, refund or makes an adjustment which is not admissible to him, or incorrectly applies the rate of zero *per cent* to supplies made by him, he shall, in addition to the tax due, pay default surcharge at the rate mentioned below:—

- (a) [\*\*\*] the person liable to pay any amount of tax or charge or the amount of refund erroneously made, shall pay default surcharge at the rate of <sup>1</sup>KIBOR plus three per cent per annum of the amount of tax due or the amount of refund erroneously made; and
- (b) Omitted
- (c) in case, the default is on account of tax fraud, the person who has committed tax fraud shall pay default surcharge at the rate of two *per cent* per month, of the amount of tax evaded or the amount of refund fraudulently claimed, till such time the entire liability including the amount of default surcharge is paid.

(2) For the purpose of calculation of default surcharge,—

- (a) in the case of inadmissible input tax credit or refund, the period of default shall be reckoned from the date of adjustment of such credit or, as the case may be, refund is received; and
- (b) in the case of non-payment of tax or part thereof, the period of default shall be reckoned from the 16<sup>th</sup> day of a month (following the due date of the tax period to which the default relates) to the day preceding the date on which the tax due is actually paid.

*Explanation.*— For the purpose of this section tax due does not include the amount of penalty.

### 34A. Exemption from penalty and default surcharge.--

The Federal Government may, by a notification in the official Gazette, or the Board by a special order published in Gazette for reasons to be recorded in writing, exempt any person or class of persons from payment of the whole or part of the penalty and default surcharge imposed under sections 33 and 34 subject to such conditions and limitations as may be specified in such notification or, as the case may be, special order.

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<sup>1</sup> Amended vide Finance Act, 2009.

**35. Omitted.**

**35A. Omitted.**

**36. Recovery of tax not levied or short-levied or erroneously refunded.--**

(1) Where by reason of some collusion or a deliberate act any tax or charge has not been levied or made or has been short-levied or has been erroneously refunded, the person liable to pay any amount of tax or charge or the amount of refund erroneously made shall be served with a notice, within five years of the relevant date, requiring him to show cause for payment of the amount specified in the notice.

(2) Where, by reason of any inadvertence, error or misconstruction, any tax or charge has not been levied or made or has been short-levied or has been erroneously refunded, the person liable to pay the amount of tax or charge or the amount of refund erroneously made shall be served with a notice within three years of the relevant date, requiring him to show cause for payment of the amount specified in the notice:

Provided that, where a tax or charge has not been levied under this sub-section, the amount of tax shall be recovered as tax fraction of the value of supply.

(3) The officer of <sup>1</sup>Inland Revenue empowered in this behalf shall, after considering the objections of the person served with a notice to show cause under sub-section (1) or sub-section (2), determine the amount of tax or charge payable by him and such person shall pay the amount so determined.

Provided that order under this section shall be made within one and twenty hundred days of issuance of show cause notice or within such extended period as the <sup>2</sup>Commissioner [\*\*\*] may, for reasons to be recorded in writing, fix, provided that such extended period shall in no case exceed <sup>3</sup>sixty days:

<sup>4</sup>“Provided further that any period during which the proceedings are adjourned on account of a stay order or Alternative Dispute Resolution proceedings or the time taken through adjournment by the petitioner not exceeding thirty days shall be excluded from the computation of the periods specified in the first proviso”. [\*\*\*]

(4) For the purpose of this section, the expression "relevant date" means--

- (a) the time of payment of tax or charge as provided under section 6; and
- (b) in a case where tax or charge has been erroneously refunded, the date of its refund.

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>3</sup> Amended vide Finance bill 2009.

<sup>4</sup> Inserted vide Finance bill 2009.

**37. Power to summon persons to give evidence and produce documents in inquiries under the Act.**-(1) Any officer of <sup>1</sup>Inland Revenue shall have powers to summon any person whose attendance he considers necessary either to tender evidence or to produce documents or any other thing in any inquiry which such officer is making for any of the purposes of this Act.

(2) Any person summoned under sub-section (1) shall be bound to attend either in person or by an authorised agent, as the officer of sales tax may direct;

Provided that a person who is exempted from personal appearance in a court under section 132 and 133 of the Code of Civil Procedure (V of 1908), shall not be required to appear in person.

(3) Any inquiry before an officer of sales tax shall be deemed to be a judicial proceeding within the meaning of section 193 and 228 of the Pakistan Penal Code (Act XLV of 1860).

**37A. Power to arrest and prosecute.--**

(1) An officer of <sup>2</sup>Inland Revenue, not below the rank of an <sup>3</sup>Assistant Commissioner of Inland Revenue or any other officer of equal rank authorised by the Board in this behalf, who on the basis of material evidence has reason to believe that any person has committed a tax fraud or any offence warranting prosecution under this Act] [\*\*\*], may cause arrest of such person.

(2) All arrests made under this Act shall be carried out in accordance with the relevant provisions of the Code of Criminal Procedure, 1898 (Act V of 1898).

(3) [\*\*\*]

(4) Notwithstanding anything contained in sub-section (1) to subsection (3) or any other provision of this Act, where any person has committed a tax fraud or any offence warranting prosecution under this Act, the <sup>4</sup>Commissioner may, either before or after the institution of any proceedings for recovery of tax, compound the offence if such person pays the amount of tax due along with such default surcharge and penalty as is determined under the provisions of this Act.

(5) Where the person suspected of tax fraud or any offence warranting prosecution under this Act is a company, every director or officer of that company whom the authorised officer has reason to believe is personally responsible for actions of the company contributing the tax fraud or any offence warranting prosecution under this Act shall be liable to arrest; provided that any arrest under this sub-section shall not absolve the company from the liabilities of payment of tax, default surcharge and penalty imposed under this Act.

**37B. Procedure to be followed on arrest of a person.--**

(1) When a <sup>5</sup>Officer of Inland Revenue authorised in this behalf arrests a person under Section 37A, he shall immediately intimate the fact of the arrest of that

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>3</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>4</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>5</sup> Substituted vide Finance (Amended) Ordinance, 2009.

person to the Special Judge who may direct such Officer to produce that person at considers such time and place and on such date as the Special Judge expedient and such Officer shall act accordingly.

(2) Notwithstanding anything contained in the sub-section (1), any person arrested under this Act shall be produced before the Special Judge or, if there is no Special Judge within a reasonable distance, to the nearest Judicial Magistrate within twenty-four hours of such arrest, excluding the time necessary for the journey from the place of arrest to the Court of the Special Judge or, as the case may be, of such Magistrate.

(3) When any person is produced under sub-section (2) before the Special Judge, he may, on the request of such person, after perusing the record, if any and after giving the prosecution an opportunity of being heard, admit him to bail on his executing a bond, with or without sureties, or refuse to admit him to bail and direct his detention at such place as he deems fit:

Provided that nothing herein contained shall preclude the Special Judge from cancelling the bail of any such person at a subsequent stage if, for any reason, he considers such cancellation necessary, but before passing such order he shall afford such person an opportunity of being heard, unless for reasons to be recorded he considered that the affording of such opportunity shall defeat the purpose of this Act.

(4) When such person is produced under sub-section (2) before a Judicial Magistrate, such Magistrate may, after authorising his detention in such custody at such place and for such period as he considers necessary or proper for facilitating his earliest production before the Special Judge, direct his production before the Special Judge on a date and time to be fixed by him or direct such person to be forthwith taken to, and produced before, the Special Judge and he shall be so taken.

(5) Nothing in sub-section (3) or sub-section (4) shall preclude the Special Judge or the Judicial Magistrate from remanding any such person to the custody of the <sup>1</sup>officer of Inland Revenue holding inquiry against that person if such officer makes a request in writing to that effect, and the Special Judge or the Judicial Magistrate, after perusing the record, if any, and hearing such person, is of the opinion that for the completion of inquiry or investigation it is necessary to make such order:

Provided that in no case the period of such custody shall exceed fourteen days.

(6) When any person is arrested under this Act, the Sales Tax Officer shall record the fact of arrest and other relevant particulars in the register specified in sub-section (10) and shall immediately proceed to inquire into the charge against such person and if he completes the inquiry within twenty-four hours of his arrest, excluding the time necessary for journey as aforesaid, he may, after producing such person before the Special Judge or the nearest Judicial Magistrate, make a request for his further detention in his custody.

(7) While holding an inquiry under sub-section (6), the <sup>2</sup>officer of Inland Revenue shall exercise the same powers as are exercisable by an officer in charge of a

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009.

police station under the Code of Criminal Procedure, 1898 (Act V of 1898), but such officer shall exercise such powers subject to the foregoing provisions of this section while holding an inquiry under this Act.

(8) If the <sup>1</sup>Officer of Inland Revenue, after holding an inquiry as aforesaid, is of the opinion that there is no sufficient evidence or reasonable ground for suspicion against such person, he shall release him on his executing a bond, with or without sureties, and shall direct such person to appear, as and when required, before the Special Judge, and make a report to the Special Judge for the discharge of such person and shall make a full report of the case to his immediate superior.

(9) The Special Judge to whom a report has been made under sub-section (8) may, after the perusal of record of the inquiry, and hearing the prosecution, agree with such report and discharge the accused or, if he is of the opinion that there is sufficient ground for proceedings against such person, proceed with his trial and direct the prosecution to produce evidence.

(10) The Sales Tax Officer empowered to hold inquiry under this section shall maintain a register to be called "Register of Arrests and Detentions" in the prescribed form in which he shall enter the name and other particulars of every person arrested under this Act, together with the time and date of arrest, the details of the information received, the details of things, goods or documents, recovered from his custody, the name of the witnesses and the explanation, if any, given by him and the manner in which the inquiry has been conducted from day to day; and, such register or authenticated copies of its aforesaid entries shall be produced before the Special Judge, whenever such Officer is so directed by him.

(11) After completing the inquiry, the <sup>2</sup>Officer of Inland Revenue shall, as early as possible, submit to Special Judge a complaint in the same form and manner in which the officer in charge of a police station submits a report, before a court.

(12) Any Magistrate of the first class may record any statement or confession during inquiry under this Act, in accordance with the provisions of Section 164 of the Code of Criminal Procedure, 1898 (Act V of 1898).

(13) Without prejudice to the foregoing provisions to this section, the Federal Government may, by notification in the official Gazette, authorise any other officer working under the Board to exercise the powers and perform the functions of a Sales Tax Officer under this section, subject to such conditions, if any, that it may deem fit to impose.

### **37C. Omitted.**

### **38. Authorised officers to have access to premises, stocks, accounts and records.--**

(1) Any officer authorised in this behalf by the Board <sup>3</sup>[\*\*\*] shall have free access to business or manufacturing premises, registered office or any other place where any stocks, business records or documents required under this Act are kept or maintained belonging to any registered person or a person liable for

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>3</sup> Omitted vide Finance Act, 2009.



registration or whose business activities are covered under this Act or who may be required for any inquiry or investigation in any tax fraud committed by him or his agent or any other person; and such officer may, at any time, inspect the goods, stocks, records, data, documents, correspondence, accounts and statements, utility bills, bank statements, information regarding nature and sources of funds or assets with which his business is financed, and any other records or documents, including those which are required under any of the Federal, Provincial or local laws maintained in any form or mode and may take into his custody such records, statements, diskettes, documents or any part thereof, in original or copies thereof in such form as the authorised officer may deem fit against a signed receipt.

(2) The registered person, his agent or any other person specified in sub-section (1) shall be bound to answer any question or furnish such information or explanation as may be asked by the authorised officer.

(3) The department of direct and indirect taxes or any other Government department, local bodies, autonomous bodies, corporations or such other institutions shall supply requisite information and render necessary assistance to the authorised officer in the course of inquiry or investigation under this section.

### **38A. Power to call for information.—**

The <sup>1</sup>Commissioner may, by notice in writing, require any person, including a banking company, to furnish such information or such statement in connection with any investigation or inquiry in cases of tax fraud, as may be specified in such notice:

provided that the Collector may require any regulatory authority to provide information concerning the licenses and authorizations issued by it.

### **38B. Obligation to produce documents and provide information.—**

(1) Notwithstanding anything contained in this Act or any other law for the time being in force, any person required to maintain the record under the Act, on demand by an officer, not below the rank of a Deputy <sup>2</sup>Commissioner Inland Revenue, by notice in writing, as and when specified in the notice, shall,—

- (a) produce for examination, such documents or records which the officer of <sup>3</sup>Inland Revenue considers necessary or relevant to the audit, inquiry or investigation under the Act;
- (b) allow the officer of <sup>4</sup>Inland Revenue to take extracts from or make copies of such documents or records; and

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>3</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>4</sup> Substituted vide Finance (Amended) Ordinance, 2009.

(c) appear before the officer of <sup>1</sup>Inland Revenue and answer any question put to him concerning the documents and records relating to the audit or inquiry or investigation referred to in clause (a) above.

(2) An officer of <sup>2</sup>Inland Revenue conducting an audit, inquiry or, as the case may be, an investigation under the Act, may require in writing any person, department, company or organization to furnish such information as is held by that person, department, company or organization, which, in the opinion of the officer of <sup>3</sup>Inland Revenue, is relevant to such audit, inquiry or investigation.

(3) The Board may require, in writing, any person, department, company or organization, as the case may be, to provide any information or data held by that person, department, company or organization, which, in the opinion of the Board, is required for purposes of formulation of policy or administering the Customs, Sales Tax, Federal Excise or Income Tax.

(4) Every person, department, company or organization shall furnish the information requisitioned by the Board or the officer of Sales Tax under sub-section (2) or (3), within the time specified in the notice issued by the Board or, as the case may be, the officer of <sup>4</sup>Inland Revenue.

### **39. Omitted**

### **40. Searches under warrant-**

(1) Where any officer of <sup>5</sup>Inland Revenue has reason to believe that any documents or things which in his opinion, may be useful for, or relevant to, any proceedings under this Act are kept in any place, he may after obtaining a warrant from the magistrate, enter that place and cause a search to be made at any time.

(2) The search made under sub-section (1) shall be carried out in accordance with the relevant provisions of the Code of Criminal Procedure, 1898 (V of 1898).

### **40A. Omitted.**

### **40B. Posting of <sup>6</sup>Inland Revenue Officer. —**

Subject to such conditions and restrictions, as deemed fit to impose, the Board, may post Officer of <sup>7</sup>Inland Revenue to the premises of registered person or class of such persons to monitor production, sale of taxable goods and the stock position:

Provided that if a <sup>8</sup>Commissioner, on the basis of material evidence, has reason to believe that a registered person is involved in evasion of sales tax

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>3</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>4</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>5</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>6</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>7</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>8</sup> Substituted vide Finance (Amended) Ordinance, 2009.

or tax fraud, he may, by recording the reason in writing, post an <sup>1</sup>officer of Inland Revenue to the premises of such registered person to monitor production or sale of taxable goods and the stocks position.

**41. Omitted.**

**42. Omitted.**

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<sup>1 1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

## Chapter-VIII

### APPEALS

**43. Omitted.**

**44. Omitted.**

**<sup>1</sup>45. Omitted.**

**45A. Power of the Board and <sup>2</sup>Commissioner to call for records.**

(1) The Board may, of its own motion, call for and examine the record of any departmental proceedings under this Act or the rules made there under for the purpose of satisfying itself as to the legality or propriety of any decision or order passed therein by an **Officer of Inland Revenue**, it may pass such order as it may think fit:

Provided that no order imposing or enhancing any penalty or fine requiring payment of a greater amount of **Inland Revenue** than the originally levied shall be passed unless the person affected by such order has been given an opportunity of showing cause and of being heard.

(2) No proceeding under this section shall be initiated in a case where an appeal under Section 45B or Section 46 is pending.

(3) No order shall be made under this Section after the expiry of five years from the date of original decision or order of the sub-ordinate officer referred to in sub-section (1).

(4) The <sup>3</sup>**Commissioner** may, *suo moto*, call for and examine the record of any proceeding under this Act or the rules made thereunder for the purpose of satisfying himself as to the legality or propriety of any decision or order passed by an officer of <sup>4</sup>**Inland Revenue** subordinate to him, and pass such order as he may deem fit.

**45B. Appeals.—**

<sup>5</sup>(1) Any person, other than the **Sales Tax Department**, aggrieved by any decision or order passed under sections 10, 11, 25, 36, or 66, by an officer of **Inland Revenue** may, within thirty days of the date of receipt of such decision or order, prefer appeal to the **Commissioner Inland Revenue (Appeals)**:

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<sup>1</sup> Omitted vide Finance (Amended) Ordinance, 2009.

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>3</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>4</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>5</sup> Substituted vide Finance (Amended) Ordinance, 2009.

Provided that an appeal preferred after the expiry of thirty days may be admitted by the Commissioner Inland Revenue (Appeals) if he is satisfied that the appellant has sufficient cause for not preferring the appeal within the specified period:

Provided further that the appeal shall be accompanied by a fee of one thousand rupees to be paid in such manner as the Board may prescribe.

(2) The <sup>1</sup>Commissioner Inland Revenue (Appeals) may, after giving both parties to the appeal an opportunity of being heard, pass such order as he thinks fit, confirming, varying, altering, setting aside or annulling the decision or order appealed against:

Provided that such order shall be passed not later than one hundred and twenty days from the date of filing of appeal or within such extended period as the <sup>2</sup>Commissioner Inland Revenue (Appeals) may, for reasons to be recorded in writing fix:

Provided further that such extended period shall, in no case, exceed <sup>3</sup>[Sixty] days:

<sup>4</sup>”Provided further that any period during which the proceedings are adjourned on account of a stay order or Alternative Dispute Resolution proceedings or the time taken through adjournment by the petitioner not exceeding thirty days shall be excluded from the computation of aforesaid periods”.

(3) In deciding an appeal, the <sup>5</sup>Commissioner of Inland Revenue (Appeals) may make such further inquiry as may be necessary provided that he shall not remand the case for *denovo* consideration.

<sup>6</sup>(4) (\*\*\*\*) omitted

#### **46. Appeals to Appellate Tribunal.–**

(1) Any person including an officer of <sup>7</sup>Inland Revenue (not below the rank of an <sup>8</sup>Additional Commissioner, aggrieved by any order passed by–

- (a) the <sup>9</sup>Commissioner Inland Revenue (Appeals) under section 45B,

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009

<sup>3</sup> Amended vide Finance Act, 2009

<sup>4</sup> Inserted vide Finance Act, 2009

<sup>5</sup> Substituted vide Finance (Amended) Ordinance, 2009

<sup>6</sup> Omitted vide Finance Act, 2006.

<sup>7</sup> Substituted vide Finance (Amended) Ordinance, 2009

<sup>8</sup> Substituted vide Finance (Amended) Ordinance, 2009

<sup>9</sup> Substituted vide Finance (Amended) Ordinance, 2009

The Sales Tax Act, 1990

- (b) the <sup>1</sup>Commissioner Inland Revenue through adjudication or under any of the provisions of this Act or rules made thereunder,
- (c) the Board under section 45A, may, within sixty days of the receipt of such decision or order, prefer appeal to the Appellate Tribunal.

<sup>2</sup> (2) The Appellate Tribunal may admit, hear and dispose of the appeal as per procedure laid down in sections <sup>3</sup>131 and 132 of the Income tax Ordinance,2001(XLIX of 2001, and rules made thereunder.

<sup>4</sup>(3) [\*\*\*\*\*] omitted

<sup>5</sup>(4) [\*\*\*\*\*] omitted

<sup>6</sup>(5) [\*\*\*\*\*] omitted

<sup>7</sup>(6) [\*\*\*\*\*] omitted

<sup>8</sup>(7) [\*\*\*\*\*] omitted

<sup>9</sup>(8) [\*\*\*\*\*] omitted

<sup>10</sup>(9) [\*\*\*\*\*] omitted

<sup>11</sup>(2A) All appeals and proceedings under this Act pending before the customs, Excise and Sales Tax Appellate Tribunal Constituted under section 194 of the customs Act 1969(IV of 1969) shall stand transferred to the Appellate Tribunal constituted under section 130 of the Income Tax Ordinance 2001 (XLIX of 2001) with effect from the date promulgation of the Finance (Amendment) Ordinance, 2009

**47. Reference to the High Court.—**

(1) Within ninety days of the communication of the order of the Appellate Tribunal under sub-section (5) of section 46, the aggrieved person or any officer of <sup>12</sup>Inland Revenue not below the rank of an <sup>13</sup>Additional <sup>14</sup>Commissioner, authorized by the <sup>14</sup>Commissioner may prefer an application in the prescribed form along with a statement of the case to the High Court, stating any question of law arising out of such order.

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009

<sup>2</sup> Inserted vide Finance Act, 2009

<sup>3</sup> Substituted vide Finance (Amended) Ordinance, 2009

<sup>4</sup> Omitted vide Finance Act, 2009.

<sup>5</sup> Omitted vide Finance Act, 2009.

<sup>6</sup> Omitted vide Finance Act, 2009.

<sup>7</sup> Omitted vide Finance Act, 2009.

<sup>8</sup> Omitted vide Finance Act, 2009.

<sup>9</sup> Omitted vide Finance Act, 2009.

<sup>10</sup> Omitted vide Finance Act, 2009.

<sup>11</sup> Substituted vide Finance (Amended) Ordinance, 2009

<sup>12</sup> Substituted vide Finance (Amended) Ordinance, 2009

<sup>13</sup> Substituted vide Finance (Amended) Ordinance, 2009

<sup>14</sup> Substituted vide Finance (Amended) Ordinance, 2009

(2) The statement to the High Court referred to in sub-section (1), shall set out the facts, the determination of the Appellate Tribunal and the question of law, which arises out of its order.

(3) where, on an application made under sub-section (1), the High Court is satisfied that a question of law arises out of the order referred to in sub-section (1), may proceed to hear the case.

(4) A reference to the High Court under this section shall be heard by a bench of not less than two judges of the High Court and, in respect of the reference, the provisions of section 98 of the Code of Civil Procedure, 1908 (V of 1908) shall apply, so far as may be, notwithstanding anything contained in any other law for the time being in force.

(5) The High Court upon hearing a reference under this section shall pass the question of law raised by the reference and deliver judgment thereon specifying the grounds on which such judgment is based and the order of the Tribunal shall stand modified accordingly. The Court shall send a copy of the judgment under the seal of the Court to the Appellate Tribunal.

(6) The cost of any reference to the High Court shall be in the discretion of the Court.

(7) Notwithstanding that a reference has been made to the High Court, the tax shall be payable in accordance with the order of the Appellate Tribunal:

Provided that, if the amount of tax is reduced as a result of the judgment in the reference by the High Court, and amount of tax found refundable by the High Court, the High Court may on application by an Additional <sup>1</sup>Commissioner authorized by the <sup>2</sup>Commissioner within thirty days of the receipt of the judgment of the High Court that he intends to seek leave to appeal to the Supreme Court, make an order authorizing the Collector to postpone the refund until the disposal of the appeal by the Supreme Court.

(8) Where recovery of tax has been stayed by the High Court by an order, such order shall cease to have effect on the expiration of a period of six months following the day on which it is made unless the reference is decided, or such order is withdrawn, by the High Court earlier.

(9) Section 5 of the Limitation Act, 1908 (IX of 1908), shall apply to an application made to the High Court under sub-section (1).

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009

(10) An application under sub-section (1) by a person other than the Additional<sup>1</sup> Commissioner authorized by the<sup>2</sup> Commissioner shall be accompanied by a fee of one hundred rupees.

(11) Notwithstanding anything contained in any provision of this Act, where any reference or appeal was filed with the approval of<sup>3</sup> Commissioner by the officer of lower rank than the<sup>4</sup> Commissioner, and the reference or appeal is pending before an appellate forum or the Court, such reference or appeal shall always be deemed to have been so filed by the<sup>5</sup> Commissioner.

#### **47A Alternative dispute resolution.—**

(1) Notwithstanding any other provisions of this Act, or the rules made there under, any registered person aggrieved in connection with any dispute pertaining to:—

- (a) The liability of tax against the registered person, or admissibility of refunds, as the case may be;
- (b) The extent of waiver of default surcharge and penalty;
- (c) The quantum of input tax admissible in terms of sub-section (3) of section 7;
- (d) Relaxation of any procedural or technical irregularities and condonation of any prescribed time limitation; and
- (e) any other specific relief required to resolve the dispute,

may apply to the Board for the appointment of a committee for the resolution of any hardship or dispute mentioned in detail in the application, which is under litigation in any Court of Law or an Appellate authority, except in the cases where first information reports (FIRs) have been lodged under the Act or criminal proceedings initiated or where interpretation of question of law having larger revenue impact in the opinion of the Federal Board of Revenue is involved, may apply to the Federal Board of Revenue for the appointment of a committee for the resolution of dispute in appeal and only such application may be entertained for dispute resolution under the provisions of this section.

(2) The Board may, after examination of the application of a registered person, appoint a committee within thirty days of receipt of such application in the Board, consisting of an officer of<sup>6</sup> Inland Revenue not below the rank of an Additional<sup>7</sup> Commissioner and two persons from the notified panel consisting of retired Judges not below District and Sessions Judge, chartered or cost

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009

<sup>3</sup> Substituted vide Finance (Amended) Ordinance, 2009

<sup>4</sup> Substituted vide Finance (Amended) Ordinance, 2009

<sup>5</sup> Substituted vide Finance (Amended) Ordinance, 2009

<sup>6</sup> Substituted vide Finance (Amended) Ordinance, 2009

<sup>7</sup> Substituted vide Finance (Amended) Ordinance, 2009



accountants, advocates, representatives of trade bodies or associations, or any other reputable taxpayers, for the resolution of dispute.

<sup>1</sup>(3) The committee constituted under sub-section (2) shall examine the issue and may if it deems fit, conduct inquiry, seek expert opinion, direct any officer of the <sup>2</sup>Inland Revenue or any other person to conduct an audit and shall make recommendations within ninety days of its constitution in respect of the dispute. If the committee fails to make recommendations with the said period the Board shall dissolve the committee and constitute a new committee which shall decide the matter within a further period of ninety days. If after the expiry of that period the dispute is not resolved the matter shall be taken up by the appropriate forum for decision.

(4) The Board may, on the recommendation of the committee, pass such order, as it may deem appropriate <sup>3</sup> within forty-five days of the receipt of the recommendations of the Committee.

(4A) Notwithstanding anything contained in sub-section (4) <sup>4</sup>or under sub-section (4A) the Chairman may on the application of an aggrieved person, for reasons to be recorded in writing, and on being satisfied that there is an error in order or decision may pass such order may be deemed just and equitable.

(5) The registered person may make payment of sales tax and other duty and taxes as determined by the Board in its order under sub-section (4), and such order of the Board shall be submitted before the forum, tribunal or the Court where the matter is *subjudice* for consideration of orders as deemed appropriate.

(6) The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this section.

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<sup>1</sup> Inserted vide Finance Act, 2009

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009

## Chapter-IX

### RECOVERY OF ARREARS

#### 48. Recovery of arrears of tax.-

(1) Subject to sub-section (1A), where any amount of tax is due from any person, the officer of <sup>1</sup>Inland Revenue may:-

- (a) deduct the amount from any money owing to person from whom such amount is recoverable and which may be at the disposal or in the control of such officer or any officer of Income Tax, Customs or Federal Excise Department;
- (b) require by a notice in writing any person who holds or may subsequently hold any money for or on account of the person from whom tax may be recoverable to pay to such officer the amount specified in the notice;
- (c) stop removal of any goods from the business premises of such person till such time the amount of tax is paid or recovered in full;
- (ca) require by a notice in writing any person to stop clearance of imported goods or manufactured goods or attach bank accounts;
- (d) seal the business premises till such time the amount of tax is paid or-recovered in full;
- (e) attach and sell or sell without attachment any movable or immovable property of the registered person from whom tax is due; and
- (f) recover such amount by attachment and sale of any moveable or-immovable property of the guarantor, person, company, bank or financial institution where a guarantor or any other person, company, bank or financial institution fails to make payment under such guarantee, bond or instrument.

(1A) If any arrears of tax, default surcharge, penalty or any other amount which is adjudged or payable by any person and which cannot be recovered in the manner prescribed above, the Board or any officer authorized by the Board, may, write off the arrears in the manner as may be prescribed by the Board.

(2) For the purpose of recovery of tax, penalty or any other demand raised under this Act, the officer of <sup>2</sup>Inland Revenue shall have the same powers which under the Code of Civil Procedure 1908 (V of 1908), a Civil Court has for the purpose of recovery of an amount due under a decree.

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009.

## Chapter-X

### MISCELLANEOUS

#### 49. Sales of taxable activity or transfer of ownership.--

(1) In case of termination of taxable activity or part thereof or its sale or transfer of ownership to a non-registered person, the possession of taxable goods or part thereof by the registered person shall be deemed to be a taxable supply and the registered person shall be required to account for and pay the tax on the taxable goods held by him:

Provided that if the tax payable by such registered person remains unpaid, the amount of unpaid tax shall be the first charge on the assets of the business and shall be payable by the transferee of business

(2) In the case of sale or transfer of ownership of a taxable activity or part thereof to another registered person as an ongoing concern, sales tax chargeable on taxable goods or part thereof shall be accounted for and paid by the registered person to whom such sale is made or ownership is transferred.

#### 49A. Liquidators.-

(1) Every person (hereinafter referred to as a "liquidator") who is-

- (a) a liquidator of a company;
- (b) a receiver appointed by a Court or appointed out of Court;
- (c) a trustee for a bankrupt; or
- (d) a mortgagee in possession,

shall, within fourteen days of being appointed or taking possession of an asset in Pakistan, whichever occurs first, give written notice thereof to the <sup>1</sup>Commissioner.

(2) The C shall, within three months of being notified under sub-section (1), notify the liquidator, <sup>2</sup>Commissioner. in writing, of the amount which appears to the <sup>3</sup>Commissioner. to be sufficient to provide for any sales tax which is or will become payable by the person whose assets are in the possession of the liquidator.

(3) A liquidator shall not, without leave of the <sup>4</sup>Commissioner. Part with any asset held as liquidator until the liquidator has been notified under sub-section (2).

(4) A liquidator-

- (a) shall set aside, out of the proceeds of sale of any asset by the liquidator, the amount notified by the <sup>5</sup>Commissioner under sub-

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009

<sup>3</sup> Substituted vide Finance (Amended) Ordinance, 2009

<sup>4</sup> Substituted vide Finance (Amended) Ordinance, 2009

<sup>5</sup> Substituted vide Finance (Amended) Ordinance, 2009

section (2), or such amount as is subsequently agreed to by the Collector; and

- (b) shall be liable to the extent of the amount set aside for the <sup>1</sup>Inland Revenue liability of the person who owned the asset.

(5) A liquidator shall be personally liable to the extent of any amount required to be set-aside under sub-section (4) for the tax referred to in sub-section (2) if, and to the extent that, the liquidator fails to comply with the requirements of this section.

(6) Where the proceeds of sale of any asset are less than the amount notified by the <sup>2</sup>Commissioner. under sub-section (2), the application of sub-section (4) and (5) shall be limited to the proceeds of sale.

(7) This section shall have effect notwithstanding anything contained in any other law for the time being in force.

#### **50. Power to make rules.--**

(1) The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this Act including rules for charging fee for processing return, claims and other documents and for preparation of copies thereof.

(2) All rules made under sub-section (1) or any other provisions of this Act, shall be collected, arranged and published along with general orders and departmental instructions and rulings, if any, at appropriate intervals and sold to the public at reasonable price

#### **50A. Computerized system.—**

(1) The Board may prescribe the use of computerized system for carrying out the purposes of this Act, including the receipt of applications for registration, returns and such other declarations or information required to be provided under this Act and the rules made thereunder, from such date and for such registered persons or class of persons as the Board may, by notification in the official Gazette, specify.

(2) The Board may make rules for regulating the conduct and transaction of business in relation to the submission of returns or other information to the Board by the persons required to transmit or receive any information through the computerized system, including matters such as grant of authorization, suspension and cancellation of authorization and for security of the information transmitted or received through the computerized system.

(3) Unless otherwise proved, the information received in the computerized system from or on behalf of any registered person shall, for all official and legal purposes, be deemed to have been furnished by and received from such registered person.

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009

(4) The business information gathered through computerized system shall be confidential to be used only for official and legal purposes and no unauthorized person shall claim for any access to such information.

**51. Bar of suits, prosecution and other legal proceedings.--**

(1) No suit shall be brought in any Civil Court to set aside or modify any order passed, any assessment made, any tax levied, any penalty imposed or collection of any tax made under this Act.

(2) No suit, prosecution or other legal proceeding shall lie against the Federal Government or against any public servant in respect of any order passed in good faith under this Act.

(3) Notwithstanding anything in any other law for the time being in force, no investigation or inquiry shall be undertaken or initiated by any governmental agency against any officer or official for anything done in his official capacity under this Act, rules, instructions or direction made or issued thereunder without the prior approval of the Board.

**52. Appearance by authorised representative.--**

A registered person required to appear before the Appellate Tribunal or an officer of <sup>1</sup>Inland Revenue in connection with any proceedings under this Act may, in writing, authorise any person<sup>1</sup>[having such qualification as may be prescribed] to represent him or appear on his behalf.

**52A. e-intermediaries to be appointed.—**

(1) Subject to such conditions, limitations and restrictions, the Board may, by a notification in the official Gazette, appoint a person to electronically file return under Chapter V and such other documents electronically, as may be prescribed from time to time, on behalf of a person registered under section 14.

(2) A person registered under section 14 may authorize an e-intermediary to electronically file return or any other documents, as specified in sub-section (1).

(3) The return or such other documents filed by an e-intermediary on behalf of a registered person shall be deemed to have been filed by that registered person.

(4) Where this Act requires anything to be done by the registered person and if such thing is done by an e-intermediary authorized by the registered person under sub-section (2), unless the contrary is proved, shall be deemed to have been done with the knowledge and consent of such registered person so that in any proceedings under this Act, the registered person shall be liable as if the thing has been done by him.

(5) Where an e-intermediary, authorized by a registered person under sub-section (2) to act on his behalf, knowingly or wilfully submits a false or incorrect information or document or declaration with an intent to avoid payment of tax due or any part thereof or claiming a tax credit or a refund that is not due to the registered person, such e-intermediary shall be jointly and severally responsible

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009

for recovery of the amount of tax short paid or the amount refunded in excess as a result of such incorrect or false information or document or declaration, without prejudice to any other action that may be taken against him under the relevant provisions of the law.

(6) The Board may, by notification in the official Gazette, prescribe rules for the conduct and transaction of business of e- intermediaries, including their appointment, suspension and cancellation of appointment, subject to such conditions as specified therein.

### **53. Estate of deceased person.--**

The tax liability of a deceased registered person under the Act shall be the first charge on his estate in the hands of his successors.

### **54. Estate in bankruptcy.--**

(1) If a registered person is declared bankrupt, the tax liability under this Act shall pass on to the estate in bankruptcy if it continues to operate the business.

(2) If tax liability is incurred by an estate in bankruptcy, the tax is deemed to be a current expenditure in the operations of the estate in bankruptcy and shall be paid before the claims preferred by other creditors are settled.

### **55. Removal of difficulties.--**

If any difficulty arises in giving effect to the provisions of this Act or the rules made or notifications issued there under, the Board may through a general order or otherwise, issue instructions or directions, not inconsistent with the provisions of this Act, for such actions to be taken by an officer of <sup>1</sup>Inland Revenue or any other person as it considers necessary or expedient for the purpose of removing the difficulty.

<sup>2</sup>56. Service of orders; decisions etc\_\_\_(1) subject to this Act , any notice, order or requisition required to be served on a resident individual, other than in a representative capacity for the purposes of this Act shall be treated as properly served on the individual if\_\_\_

(a) personally served on the individual or, in the case of an individual under a legal disability or a non-residents individual" the representative of the individual;

(b) sent by register post or courier service specified in clause (b) of sub--section (2) or to the individual's usual or last known address in Pakistan, or(c) Served on the individual in the manner prescribed for service of a summons under the code of civil procedure, 1908(v of 1908)

(2) subject to this Act, any notice order or requisition required to be served on any person, other than a resident individual to whom sub-section (1)applies, for the

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009

<sup>2</sup> Inserted vide Finance (Amended) Ordinance, 2009

purposes of this Act, shall be treated as properly served on person if\_\_\_\_(a)  
**Personally served on the representative of the person;**

(b) sent by registered post or courier service to the person's registered office or address for service of notices under this Act in Pakistan or where the person does not have such office or address, the notice is sent by registered to any office or place of business of the person in Pakistan; or

(c) Served on the manner prescribed for service of a summons under the code of civil procedure, 1908(v of 1908)

(3) Where an association of persons is dissolved, any notice, order or requisition required to be served under this Act, on the association or a member of the association may be served on any person's who was the principal officer or a member of the association immediately before such dissolution,

(4) Where, business stands discontinued any notice order or requisition required to be served under this Act, on the person discontinuing the business may be served on the person personally or on any individual who was the person's representative at the time of discontinuance.

(5) The validity of any notice issued under this Act or the validity any service of a notice under this Act Shall not be called into question after the notice has been complied with in any manner;

#### **57. Correction of clerical errors, etc.--**

Clerical or arithmetical errors in any assessment, adjudication, order or decision may, at any time, be corrected by the officer of <sup>1</sup>Inland Revenue who made the assessment or adjudication or passed such order or decision or by his successor in office :

Provided that before such correction, a notice shall be given to the registered person or to a person affected by such correction.

58. Liability for payment of tax in the case of private companies or business enterprises.--

Notwithstanding anything contained in the Companies ordinance 1984 (XLVII of 1984), where any private company or business enterprise is wound up and any tax chargeable on the company or business enterprise, whether before, or in the course, or after its liquidation, in respect of any tax period cannot be recovered from the company or business enterprise, every person who was a owner of, or partner in, or director of, the company or business enterprise during the relevant period shall, Jointly and severally with such persons be liable for the payment of such tax.

**58A. Representatives.**—(1) For the purpose of this Act and subject to sub-sections (2) and (3), the expression “representative” in respect of a registered person, means—

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009

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- (a) where the person is an individual under a legal disability, the guardian or manager who receives or is entitled to receive income on behalf, or for the benefit of the individual;
- (b) where the person is a company (other than a trust, a Provincial Government, or local authority in Pakistan), a director or a manager or secretary or agent or accountant or any similar officer of the company;
- (c) where the person is a trust declared by a duly executed instrument in writing whether testamentary or otherwise, any trustee of the trust;
- (d) where the person is a Provincial Government, or local authority in Pakistan, any individual responsible for accounting for the receipt and payment of money or funds on behalf of the Provincial Government or local authority;
- (e) where the person is an association of persons, a director or a manager or secretary or agent or accountant or any similar officer of the association or, in the case of a firm, any partner in the firm;
- (f) where the person is the Federal Government, any individual responsible for accounting for the receipt and payment of moneys or funds on behalf of the Federal Government; or
- (g) where the person is a public international organization, or a foreign government or political sub-division of a foreign government, any individual responsible for accounting for the receipt and payment of moneys or funds in Pakistan on behalf of the organization, government, or political subdivision of the government.

(2) Where the Court of Wards, the Administrator General, the Official Trustee, or any receiver or manager appointed by, or under, any order of a Court receives or is entitled to receive income on behalf, or for the benefit of any person, such Court of Wards, Administrator General, Official Trustee, receiver, or manager shall be the representative of the person for the purposes of this Act.

(3) Subject to sub-section (4), where a person is a non-resident person, the representative of the persons for the purpose of this Act for a tax year shall be any person in Pakistan—

- (a) who is employed by, or on behalf of, the non-resident person;
- (b) who has any business connection with the non-resident person;
- (c) from or through whom the non-resident person is in receipt of any income, whether directly or indirectly;
- (d) who holds, or controls the receipt or disposal of any money belonging to the non-resident person;
- (e) who is the trustee of the non-resident person; or



- (f) who is declared by the <sup>1</sup>Commissioner by an order in writing to be the representative of the non-resident person.

(4) No person shall be declared as the representative of a non-resident person unless the person has been given an opportunity by the <sup>2</sup>Commissioner of being heard.

**58B. Liability and obligations of representatives.**—(1) Every representative of a person shall be responsible for performing any duties or obligations imposed by or under this Act on the person, including the payment of tax.

(2) Subject to section 58 and sub-section (5) of this section, any tax that, by virtue of sub-section (1), is payable by a representative of a registered person shall be recoverable from the representative only to the extent of any assets of the registered person that are in the possession or under the control of the representative.

(3) Every representative of a registered person who pays any tax owing by the registered person shall be entitled to recover the amount so paid from the registered person or to retain the amount so paid out of any moneys of the registered person that are in the representative's possession or under the representative's control.

(4) Any representative, or any person who apprehends that he may be assessed as a representative, may retain out of any money payable by him to the person on whose behalf he is liable to pay tax (hereinafter in this section referred to as the "principal"), a sum equal to his estimated liability under this Act, and in the event of disagreement between the principal and such a representative or a person as to the amount to be so retained, such representative or person may obtain from the Commissioner a certificate stating the amount to be so retained pending final determination of the tax liability, and the certificate so obtained shall be his authority for retaining that amount.

(5) Every representative shall be personally liable for the payment of any tax due by the representative in a representative capacity if, while the amount remains unpaid, the representative—

- (a) alienates, charges or disposes of any moneys received or accrued in respect of which the tax is payable; or
- (b) disposes of or parts with any moneys or funds belonging to the registered person that is in the possession of the representative or which comes to the representative after the tax is payable, if such tax could legally have been paid from or out of such moneys or funds.

(6) Nothing in this section shall relieve any person from performing any duties imposed by or under this Act on the person which the representative of the person has failed to perform.

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009.

**59. Tax paid on stocks acquired before registration.--**

The tax paid on goods purchased by a person who is subsequently required to be registered under section 14 due to new liabilities or levies or gets voluntary registration under this Act or the rules made thereunder, shall be treated as input tax, provided that such goods were purchased by him from a registered person against an invoice issued under section 23 during a period of thirty days before making an application for registration and constitute his verifiable unsold stock on the date of compulsory registration or on the date of application for registration or for voluntary registration:

Provided that where a person imports goods, the tax paid by him thereon during a period of ninety days before making an application for registration shall be treated as an input tax subject to the condition that he holds the bill of entry relating to such goods and also that these are verifiable unsold or un-consumed stocks on the date of compulsory registration or on the date of application for registration or for voluntary registration.

**60. Powers to deliver certain goods without payment of tax.--**

Subject to such conditions, limitations or restrictions as it thinks fit Federal Government may authorise the import of goods or class of goods, without payment of the whole or any part of the tax payable thereon to the following persons, namely:-

- (i) registered importers importing such goods temporarily with a view to subsequent exportation;
- <sup>1</sup>(ii) registered manufacturer-cum-exporters who import raw materials and intermediary products for further manufacture of goods meant for export;
- <sup>2</sup>(iii) (\* \* \*)

**61. Repayment of tax in certain cases.--**

Subject to such conditions, limitations or restrictions as it thinks fit to impose, the Board may authorise the repayment in whole or in part of the tax paid on any goods of such class or description as it may determine, which have been used in the production, manufacture, processing, repair or refitting in Pakistan of goods of such class or description as it may determine.

**61A. Repayment of tax to persons registered in Azad Jammu and Kashmir.**—Subject to such conditions, limitations or restrictions as it may deem fit to impose, the Board may authorize the repayment in whole or in part of the input tax paid on any goods acquired in or imported into Pakistan by the persons registered in Azad Jammu and Kashmir as are engaged in making of zero-rated supplies.”;

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<sup>1</sup> Substituted vide Finance Act, 1999.

<sup>2</sup> Omitted vide Finance Act, 1999.

**62. Drawback allowable on re-export.--**

When any goods which have been imported into Pakistan and on which tax has been paid on importation are re-exported outside Pakistan and such goods are capable of being identified, seven-eighth of such tax shall, except as otherwise hereinafter provided, be repaid as drawback, and the provisions of Customs Act, 1969 (IV of 1969), relating to drawback of customs duties shall, so far as may apply to such tax, as they apply for the purposes of that Act:

Provided that no such drawback shall be repaid unless the re-export is made within a period of two years from the date of importation as shown in the records of the Custom House:

Provided further that the Board may, on sufficient cause being shown, in any case extend the said period by a further period of one year.

**63. Drawback on goods taken into use between importation and re-exportation.**

Notwithstanding anything contained in section 62, the repayment of sales tax as drawback in respect of goods which have been taken into use between importation and re-exportation shall be subject to such orders, conditions or limitations as may be passed or imposed by the Board in each case -

- (a) modifying the amount of tax which shall be repaid as drawback on any such goods or class of goods; or
- (b) prohibiting the repayment of tax as drawback on any such goods or class of goods; or
- (c) varying the condition for the grant of drawback on any such goods or class of such goods by restricting the period after importation within which the goods must be re-exported.

**64. Power to declare what goods are identifiable and to prohibit drawback in case of specified foreign territory.--**

The Federal Government may, from time to time, by notification in the official Gazette, prohibit the payment of drawback upon the exportation of goods or any specified goods or class of goods to any specified foreign port or territory.

**65. Exemption of tax not levied or short levied as a result of general practice.--**

Notwithstanding anything contained in this Act, if in respect of any supply the Federal Government is satisfied that inadvertently and as a general practice:-

- (a) tax has not been charged in any area on any supply which was otherwise taxable, or according to the said practice the amount charged was less than the amount that should have actually been charged;
- (b) the registered person did not recover any tax prior to the date it was discovered that the supply was liable to tax; and
- (c) the registered person started paying the tax from the date when it was found that the supply was chargeable to tax;

It may, by a notification in the official Gazette, direct that the tax not levied or short levied as a result of that inadvertent practice, shall not be required to be paid for the period prior to the discovery of such inadvertent practice.

**66. Refund to be claimed within one year.--**

No refund of tax claimed to have been paid or over paid through inadvertence, error or misconstruction or refund on account of input adjustment not claimed within the relevant tax period, shall be allowed, unless the claim is made within one year of the date of payment:

Provided that in a case where a registered person did not deduct input tax within the relevant tax period, the <sup>1</sup>Commissioner may, after satisfying himself that input tax adjustment is due and admissible, allow the registered person to take such adjustment in the tax period as specified by the <sup>2</sup>Commissioner:

Provided further that in a case where the refund has become due on account of any decision or judgement of any officer of <sup>3</sup>Inland Revenue or court or the Tribunal, the period of one year shall be reckoned from the date of judgement or decision of such officer, court or Tribunal:

Provided further that the application or claim filed under this section shall be disposed of within a period not exceeding ninety days from the date of filing of such application or claim.

**67. Delayed Refund.--**

Where a refund due under section 10 is not made within the time specified in this behalf, there shall be paid to the claimant in addition to the amount of refund due to him, a further sum equal to <sup>4</sup>KIBOR per annum of the amount of refund due, from the date following the expiry of the time specified as aforesaid, to the day preceding the day of payment of refund:

Provided that where there is reason to believe that a person has claimed the refund which is not admissible to him, the provision regarding the payment of such additional amount shall not apply till the investigation of the claim is completed and the claim is either accepted or rejected.

**68. Liability of the registered person for the acts of his agent.--**

When any person is expressly or impliedly authorised by a registered person to be his agent for all or any of the purposes of this Act, the registered person shall be responsible for the act done by his agent.

**69. Issuance of duplicate of sales tax documents.—**An officer of <sup>5</sup>Inland Revenue not below the rank of Assistant <sup>6</sup>Commissioner may, on payment of one hundred rupees, issue an attested duplicate of any <sup>7</sup>Inland Revenue

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>3</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>4</sup> Amended vide Finance bill 2009

<sup>5</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>6</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>7</sup> Substituted vide Finance (Amended) Ordinance, 2009.

document as is available with the department or has been filed under this Act or rules made thereunder to a relevant registered person applying for the same.

**70. Computation of limitation period.--**

In computing the period of limitation prescribed for any appeal or application under this Act, the day on which the order complained of was served and, if the concerned person was not furnished with a copy of the order, the time requisite for obtaining a copy of such order shall be excluded.

**71. Special procedure.—**

(1) Notwithstanding anything contained in this Act, the Federal Government may, by notification in the official Gazette, prescribe special procedure for scope and payment of tax, registration, book keeping and invoicing requirements and returns, etc. in respect of such supplies as may be specified therein.

(2) \* \* \*

(3) Notwithstanding anything contained in this Act or any other law for the time being in force or any decision of any court the trade enrolment Certificate Schemes immediately in force before the commencement of the Finance Act, 1999, shall be deemed to be validly made under this Act.

**72. Officers of sales tax to follow Board's orders, etc.--**

All officers of <sup>1</sup>Inland Revenue and other persons employed in the execution of this Act shall observe and follow the orders, instructions and directions of the Board:

Provided that no such orders, instructions or directions shall be given so as to interfere with the discretion of officers of <sup>2</sup>Inland Revenue in the exercise of their quasi-judicial functions.

<sup>3</sup>“72A. *Reference to the authorities.* — **Any reference to the Collector, Additional Collector, Deputy Collector, Assistant Collector, Superintendent, Senior Auditor and an officer of Sales Tax wherever occur in this Act and rules, notifications, clarifications general orders or order made or issued there under, shall be construed as reference to the Commissioner Inland Revenue, Additional Commissioner Inland Revenue,” Deputy Commissioner Inland Revenue, Assistant Commissioner Inland Revenue, Superintendent Inland Revenue, Senior Auditor Inland Revenue and an officer of Inland Revenue, respectively.”;**

**73. Certain transactions not admissible.—**

(1) Notwithstanding anything contained in this Act or any other law for the time being in force, payment of the amount for a transaction exceeding value of fifty thousand rupees, excluding payment against a utility bill, shall be made by a

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>3</sup> Inserted vide Finance (Amended) Ordinance, 2009.

crossed cheque drawn on a bank or by crossed bank draft or crossed pay order or any other crossed banking instrument showing transfer of the amount of the sales tax invoice in favour of the supplier from the business bank account of the buyer:

Provided that online transfer of payment from the business account of buyer to the business account of supplier as well as payments through credit card shall be treated as transactions through the banking channel, subject to the condition that such transactions are verifiable from the bank statements of the respective buyer and the supplier.

(2) The buyer shall not be entitled to claim input tax credit, adjustment or deduction, or refund, repayment or draw-back or zero-rating of tax under this Act if payment for the amount is made otherwise than in the manner prescribed in sub-section (1), provided that payment in case of a transaction on credit is so transferred within one hundred and eighty days of issuance of the tax invoice.

(3) The amount transferred in terms of this section shall be deposited in the business bank account of the supplier, otherwise the supplier shall not be entitled to claim input tax credit, adjustment or deduction, or refund, repayment or draw-back or zero-rating of tax under this Act.

Explanation— For the purpose of this section, the term “business bank account” shall mean a bank account utilized by the registered person for business transactions, declared to the <sup>1</sup>Commissioner in whose jurisdiction he is registered.

#### **74. Condonation of time-limit.—**

Where any time or period has been specified under any of the provisions of the Act or rules made thereunder within which any application is to be made or any act or thing is to be done, the Board may, in any case or class of cases, permit such application to be made or such act or thing to be done within such time or period as it may consider appropriate:

Provided that the Board may, by notification in the official Gazette, and subject to such limitations or conditions as may be specified therein, empower any <sup>2</sup>Commissioner to exercise the powers under this section in any case or class of cases.

#### **75. Application of the provisions of Act IV of 1969 to Sales Tax.—**

The Federal Government may, by notification in the official Gazette, declare that any of the provision of the Customs Act, 1969 (IV of 1969), relating to the levy of, and exemption from, customs duties, draw-back of duty, warehousing, confiscation, and procedure relating to offences and appeals shall, with such modifications and alterations as it may consider necessary or desirable to adapt them to the circumstances, be applicable in regard to like matters in respect of the tax imposed by section 3.

### **SCHEDULES**

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<sup>1</sup> Substituted vide Finance (Amended) Ordinance, 2009.

<sup>2</sup> Substituted vide Finance (Amended) Ordinance, 2009.

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**THE FIRST SCHEDULE**

The First Schedule omitted vide Finance Supplementary (Amendment) Act, 1997, with effect from March 28, 1997.

**THE SECOND SCHEDULE**

The Second Schedule omitted vides Finance Supplementary (Amendment) Act, 1997, with effect from March 28, 1997.

**THE THIRD SCHEDULE**

*See clause (a) of sub-section (2) of section 3*

<b>Serial No.</b>	<b>Description</b>	<b>Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
1	Fruit juices and vegetable juices	20.09
2	Ice Cream.	21.05
3	Aerated waters or beverages.	22.01 and 20.02
4	Syrups and squashes.	Respective headings
5	Cigarettes.	2402.2000
6	Toilet soap	3401.1100 and 3401.2000
7	Detergents	3402.2000
8	Shampoo	3305.1000
9	Toothpaste	3306.1010
10	Shaving cream	3307.1000
11	Perfumery and cosmetics	Respective sub-headings of 33.03 and 33.04.
12	Omitted	
13	Omitted	
14	Tea	Respective sub-headings of 09.02
15	Powder drinks	21.06
16	Milky drinks	2106.9090
17	Toilet paper and tissue paper	4818.1000 and 4818.2000
18.	Spices sold in retail packing bearing brand names and trade marks	09.04, 09.06, 09.08 and 09.10
19.	Omitted	
20.	Omitted	
21.	Shoe polish and shoe cream	3405.1010

**THE FOURTH SCHEDULE**

(OMITTED)

**THE FIFTH SCHEDULE**

*See section 4*

<b>Serial No.</b>	<b>Description</b>
(1)	(2)
1.	(i) Supply, repair or maintenance of any ship which is neither; (a) a ship of gross tonnage of less than 15 LDT; nor (b) a ship designed or adapted for use for recreation or pleasure. (ii) Supply, repair or maintenance of any aircraft which is neither; (a) an aircraft of weight-less than 8000 kilograms; nor (b) an aircraft designed or adapted for use for recreation or pleasure. (iii) Supply of spare parts and equipment for ships and aircraft falling under (i) and (ii) above. (iv) Supply of equipment and machinery for pilot age, salvage or towage services. (v) Supply of equipment and machinery for air navigation services. (vi) Supply of equipment and machinery for other services provided for the handling of ships or aircraft in a port or Customs Airport.
2.	Supply to diplomats, diplomatic missions, privileged persons and privileged organizations which are covered under various Acts, Orders, Rules, Regulations and Agreements passed by the Parliament or issued or agreed by the Government of Pakistan.
3.	Supplies to duty free shops, provided that in case of clearance from duty free shops against various baggage rules issued under the Customs Act, 1969, (IV of 1969), the supplies from duty free shops shall be treated as import for the purpose of levy of sales tax.
4.	Supplies against international tenders.
5.	Supplies of raw materials, components and goods for further manufacture of goods in the Export Processing Zone. Supplies of such locally manufactured plant and machinery to the Export Processing Zones and to petroleum and gas sector Exploration and
6.	Production companies, their contractors and sub-contractors as may be specified by the Federal Government, by notification in the official Gazette, subject to such conditions and restrictions as may be specified in such



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notification.

7. Supplies made to exporters under the Duty and Tax Remission Rules, 2001 subject to the observance of procedures, restrictions and conditions prescribed therein.
8. Imports or supplies made to Gawadar Special Economic Zone, excluding vehicles falling under heading 87.02 of the Pakistan Customs Tariff, subject to such conditions, limitations and restrictions as the Central Board of Revenue may impose.

**THE SIXTH SCHEDULE**

**[See section 13(1)]  
Table-1 (Imports or Supplies)**

Serial No	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)
(1)	(2)	(3)
1.	Live Animals and live poultry.	0101.1000, 0101.9000, 0102.1010, 0102.1020, 0102.1030, 0102.1040, 0102.1090, 0102.9010, 0102.9020, 0102.9030, 0102.9040, 0102.9090, 0104.1000, 0104.2000, 0105.1100, 0105.1200, 0105.1900, 0105.9400, 0105.9900, 0106.1100, 0106.1200, 0106.1900, 0106.2000, 0106.3110, 0106.3190, 0106.3200, 0106.3900 and 0106.9000
2.	Meat of bovine animals, sheep and goat, excluding poultry and offal, whether or not fresh, frozen or otherwise, preserved.	02.01, 02.02 and 02.04
3.	Fish and crustaceans excluding live fish whether or not fresh, frozen or otherwise preserved.	03.02, 03.03, 03.04, 03.05 and 03.06
4.	(****)	(****)
5.	(****)	(****)
6.	(****)	(****)
7.	(****)	(****)
8.	(****)	(****)
9.	(****)	(****)
10.	(****)	(****)
11.	Eggs including eggs for hatching	0407.0010 and 0407.0090
12.	Live plants including bulbs, roots and the like.	0601.1010, 0601.1090, 0601.2000, 0602.1000, 0602.2000, 0602.3000, 0602.4000, 0602.9010 and 0602.9090
13.	Edible vegetables including roots and tubers, <sup>1</sup> [except ware potato and onions] whether fresh, frozen or otherwise preserved (e.g. in cold storage) but excluding those bottled or canned [***].	0701.1000, [***], 0702.0000, [***], 0703.2000, 0703.9000, 0704.1000, 0704.2000, 0704.9000, 0705.1100, 0705.1900, 0705.2100, 0705.2900, 0706.1000, 0706.9000, 0707.0000, 0708.1000, 0708.2000, 0708.9000, 0709.1000, 0709.2000, 0709.3000,

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		0709.4000, 0709.5100, 0709.5910, 0709.5990, 0709.6000, 0709.7000, 0709.9000, 0710.1000, 0710.2100, 0710.2200, 0710.2900, 0710.3000, 0710.4000, 0710.8000, 0710.9000, 0712.2000, 0712.3100, 0712.3200, 0712.3300, 0712.3900 and 0712.9000.
14.	Pulses.	0713.1000, <sup>1</sup> [713.2010, 0713.2020, 0713.2090], 0713.3100, 0713.3200, 0713.3300, 0713.3910, 0713.3920, 0713.3990, 0713.4010, 0713.4020, 0713.5000, 0713.9010, 0713.9020 and 0713.9090.
15.	Edible fruits excluding imported fruits (except fruits imported from Afghanistan) whether fresh, frozen or otherwise preserved but excluding those bottled or canned [***].	0803.0000, 0804.1010, 0804.1020, 0804.2000, 0804.3000, 0804.4000, 0804.5010, 0804.5020, 0804.5030, 0805.1000, 0805.2010, 0805.2090, 0805.4000, 0805.5000, 0805.9000, 0806.1000, 0806.2000, 0807.1100, 0807.1900, 0807.2000, 0808.1000, 0808.2000, 0809.1000, 0809.2000, 0809.3000, 0809.4000, 0810.1000, 0810.2000, [***], 0810.4000, 0810.5000, 0810.6000, 0810.9010, 0810.9090, 0811.1000, 0811.2000, 0811.9000, 0813.1000, 0813.2000, 0813.3000, 0813.4010, 0813.4020 and 0813.4090.
16.	Red chillies excluding those sold in retail packing bearing brand names and trademarks.	0904.2010 and 0904.2020
17.	Ginger excluding those sold in retail packing bearing brand names and trademarks.	0910.1000
18.	Turmeric excluding those sold in retail packing bearing brand names and trademarks.	0910.3000
19.	Cereals and products of milling industry.	1001.1000, 1001.9000, 1002.0000, 1003.0000, 1004.0000, 1005.1000, 1005.9000, <sup>2</sup> [1006.1010, 1006.1090], 1006.2000, 1006.3010, 1006.3090, 1006.4000, 1007.0000, 1008.1000, 1008.2000, 1008.3000, 1008.9000, 1101.0010, 1101.0020, 1102.1000, 1102.2000, 1102.3000, 1102.9000, 1103.1100, 1103.1300, 1103.1900, 1104.2200, 1104.2300, 1104.2900 and 1104.3000

<sup>1</sup> Amended vide Finance Act, 2009

<sup>2</sup> Amended vide finance Act, 2009.

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20.	Seeds, fruit and spores of a kind used for sowing.	1209.1000, 1209.2100, 1209.2200, 1209.2300, 1209.2400, 1209.2500, [***], 1209.2900, 1209.3000, 1209.9110, 1209.9120, 1209.9130, 1209.9190 and 1209.9900.
21.	Cinchona bark.	1211.9000
22.	Sugar beet.	1212.9100
<sup>3</sup> 23.	Sugar cane.	<sup>1</sup> [1212.9990]
24.	Edible oils and vegetable ghee, including cooking oil, on which Federal Excise Duty is charged, levied and collected by a registered manufacturer or importer as if it were a tax payable under section 3 of the Act.  <i>Explanation.</i> — Exemption of this entry shall not be available to distributors, wholesalers or retailers.	1507.9000, 1508.9000, 1509.1000, 1509.9000, 1510.0000, [***], 1511.9020, 1511.9030, 1512.1900, 1513.1900, 1513.2900, 1514.1900, 1514.9900, 1515.2900, 1515.5000, 1516.2010, 1516.2020, 1517.1000, 1517.9000 and 1518.0000.
25.	Milk preparations obtained by replacing one or more of the constituents of milk by another substance, whether or not packed for retail sale.	1901.1000, 1901.9020 and 1901.9090
26.	Fruit juices, whether fresh, frozen or otherwise preserved but excluding those bottled, canned or packaged.	2009.1100, 2009.1200, 2009.1900, 2009.2100, 2009.2900, 2009.3100, 2009.3900, 2009.4100, 2009.4900, 2009.5000, 2009.6100, 2009.6900, 2009.7100, 2009.7900, 2009.8000 and 2009.9000.
27.	Ice and waters excluding those for sale under brand names or trademarks.	2201.1010
28.	Poultry feed and Cattle feed including their all ingredients except soyabean meal of PCT heading 2304.0000 and oil-cake of cottonseed falling under PCT heading 2306.1000.	2301.2090, 2305.0000, 2306.2000, 2306.3000, 2306.4100, 2306.5000, 2309.9010, 2309.9020, 2309.9090, 2936.2100, 2936.2200, 2936.2300, 2936.2400, 2936.2500, 2936.2600, 2936.2700 and 2936.2800
29.	Table salt including iodized salt excluding salt sold in retail packing bearing brand names and trademarks.	2501.0010
29A.	Surgical tapes	30.05
29B.	Ultrasound gel	3006.7000
29C.	Glass bangles	7020.0090
30.	Diapers for adults (patients)	4818.4010

<sup>1</sup> Amended vide finance Act, 2009

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31.	Holy Quran, complete or in parts, with or without translation; Quranic Verses recorded on any analogue or digital media; other Holy books.	4901.9910, 8523.2100, 8523.2910, 8523.2990, 8523.4010, 8523.4030, 8523.4090, 8523.5100, 8523.5200, 8523.5910, 8523.5990, 8523.8010, 8523.8020 and 8523.8090
<sup>1</sup> [32.	<b>Newsprint, newspapers</b> , journals, periodicals, books [***] but excluding directories.	<b>4801.0000</b> , 4901.9100, 4901.9990, <b>4902.1000</b> , <b>4902.9000</b> , and 4903.0000 ]
33.	Currency notes, bank notes, shares, stocks and bonds.	4907.0000
34.	Bricks.	6901.0000
35.	Building blocks of cement including ready mix concrete blocks.	6810.1100
36.	Silver, in unworked condition.	7106.1000, 7106.9110 and 7106.9190
37.	Gold, in un-worked condition.	7108.1100, 7108.1210 and 7108.1290
38.	Monetary gold.	7108.2000 and 7108.2090
39.	Incinerators of disposal of waste management, motorized sweepers and snow ploughs.	8417.8000, 8430.2000 and 8479.8990
40.	(****)	(****)
41.	Computer software.	8523.2990, 8523.4010, 8523.4090, 8523.5990 and 8523.8090
42.	Ambulances, fire fighting vehicles, waste disposal trucks, brake down lorries, special purposes vehicles for the maintenance of streetlights and overhead cables.	87.02, 87.03, 8704.2200, 8704.2300, 8705.3000 and 8705.9000
43.	Aircrafts	8802.2000, 8802.3000 and 8802.4000
44.	Ships of gross tonnage exceeding 15 LDTs, excluding those for recreational or pleasure purpose.	8901.2000, 8901.3000 and 8901.9000
45.	Dextrose and saline infusion giving sets [***] along with empty non-toxic bags for infusion solution, Dextrose and saline infusion giving sets, Artificial parts of the body, Intra-Ocular lenses and Glucose testing equipment.	9018.3910, 9018.3920, 9021.3100, 9021.3900 and 9027.8000
46.	Goods imported by various agencies of the United Nations, diplomats, diplomatic missions, privileged persons and privileged organizations which are covered under various Acts and, Orders, rules and regulations made	99.01, 99.02, 99.03 and 99.06

<sup>1</sup> Amended vide Finance Act, 2009.

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	thereunder; and agreements by the Federal Government provided that such goods are charged to zero-rate of customs duty under Customs Act, 1969 (IV of 1969), and the conditions laid therein	
47.	Import of articles of household and personal effects including vehicles and also the goods for donation to projects established in Pakistan imported by any of the rulers of Gulf Sheikhdoms who is in possession of residential accommodation in Pakistan and goods including vehicles by the United Arab Emirates dignitaries as are listed in column (2) against heading No. 99.05 in column (1) of the First Schedule to the Customs Act, 1969 (IV of 1969) for their personal use and for donation to welfare projects established in Pakistan subject to the similar conditions as are envisaged for the purposes of applying zero-rate of customs duty on such goods under the said Act.	99.05
48.	Goods imported or supplied under grants-in-aid for which a specific consent has been obtained from the Board; supplies and imports under agreements signed by the Government of Pakistan before the 30th June, 1996, provided the agreements contained the provision for exemption of tax at the time of signing of agreement.	99.03
49.	Import of all goods received, in the event of a natural disaster or other catastrophe, as gifts and relief consignments, including goods imported for the President's Fund for Afghan Refugees, relief goods donated for Afghan Refugees, gifts for President's Fund for Assistance of Palestine and gifts received by Pakistani organizations from Church World Services or the Catholic Relief Services subject to the similar conditions as are envisaged for	99.07, 99.08 and 99.11

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	the purposes of applying zero-rate of customs duty under the Custom Act.	
50.	Articles imported through post as unsolicited gifts, subject to the same conditions as are envisaged for the purposes of applying zero-rate of customs duty under the Customs Act, 1969.	99.09
51.	Imported samples, subject to the same conditions as are envisaged for the purposes of applying zero-rate of customs duty under the Customs Act, 1969.	99.10
52.	Goods imported by or donated to hospitals run by the Federal Government or a Provincial Government; and non-profit making educational and research institutions subject to the similar restrictions, limitations, conditions and procedures as are envisaged for the purpose of applying zero-rate of customs duty on such goods under the Customs Act, 1969 (IV of 1969).	99.13, 99.14, 99.15 and 99.15
52-A	Goods supplied to hospitals run by the Federal or Provincial Governments or charitable operating hospitals of fifty beds or more or the teaching hospitals of statutory universities of two hundred or more beds.	Respective headings
53.	Import of all such gifts as are received, and such equipment for fighting tuberculosis, leprosy, AIDS and cancer and such equipment and apparatus for the rehabilitation of the deaf, the blind, crippled or mentally retarded as are purchased or otherwise secured by a charitable non-profit making institution solely for the purpose of advancing declared objectives of such institution, subject to the similar conditions as are envisaged for the purposes of applying zero-rate of customs duty under the Customs Act, 1969 (IV of 1969).	99.12, 99.13 and 99.14
54.	Educational, scientific and cultural	99.15

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	material imported from a country signatory to UNESCO Agreement or a country signatory to bilateral commodity exchange agreement with Pakistan, subject to the same conditions as are envisaged for the purposes of exemption under the Customs Act, 1969 (IV of 1969).	
55.	Import of replacement goods supplied free of cost in lieu of defective goods imported, subject to similar conditions as are envisaged for the purposes of applying zero-rate of customs duty under the Customs Act, 1969.	99.16
56.	Re-importation of foreign origin goods which were temporarily exported out of Pakistan subject to similar conditions as are envisaged for the purposes of applying zero-rate of customs duty under the Customs Act, 1969.	99.18
57.	Goods (including dry fruits imported from Afghanistan) temporarily imported into Pakistan, meant for subsequent exportation charged to zero-rate of customs duty subject to the similar restrictions, limitations, conditions and procedures as are envisaged for the purpose of applying zero-rate of customs duty on such goods under the Customs Act, 1969 (IV of 1969).	99.19, 99.20 and 99.21
58.	Import of ship stores, subject to the procedures, conditions and restrictions as may be specified by the Collector of Customs in this behalf including those consignments of such stores that have been released without charging sales tax since the 1 <sup>st</sup> July, 1998, but excluding such consignments of ship stores as have been cleared on payment of sales tax.	99.22
59.	Artificial kidneys, eye cornea, hemodialysis machines, hemodialyzers, A.V. fistula needles, hemodialysis fluids and	99.24, 99.25 and 99.38



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	powder, blood tubing tines for dialysis and reverse osmosis plants for dialysis, double lumen catheter for dialysis, catheter for renal failure patient and peritoneal dialysis solution and angioplasty equipment (balloons, catheters, wires and stents), subject to the similar conditions and procedures as are envisaged for the purpose of applying zero-rate of customs duty on these goods under the Customs Act, 1969 (IV of 1969).	
60.	Contraceptives and accessories thereof.	3926.9020 and 4014.1000
61.	Goods produced or manufactured in and exported from Pakistan which are subsequently imported in Pakistan within one year of their exportation, provided conditions of section 22 of the Customs Act, 1969 (IV of 1969), are complied with.	Respective headings
62.	Defence stores, whether manufactured locally or imported by the Federal Government against foreign exchange allocation for defence, including trucks, trailers and vehicles falling under PCT heading 87.04 of the First Schedule to the Customs Act, 1969 (IV of 1969), specially modified for mounting defence equipments, their parts and accessories for supply to Armed Forces.	Respective headings
63.	Personal wearing apparel and bonafide baggage imported by overseas Pakistanis and tourists, if imported under various baggage rules and is exempt from Customs duties.	Respective headings
64.	Spare parts and equipment for aircraft and ships covered by serial number 43 and 44 above.	Respective headings
65.	Equipment and Machinery for pilotage, salvage or towage for use in ports or airports.	Respective headings
66.	Equipment and Machinery for air navigation.	Respective headings
67.	Equipment and machinery used	Respective headings

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	for services provided for handling of ships or aircrafts in a customs port or Customs airport.	
68.	Such plant and machinery as is notified by the Federal Government in the official Gazette but if imported, these shall be entitled to exemption from sales tax on importation if these are not manufactured in Pakistan.	Respective headings
<sup>1</sup> 69.	<sup>1</sup> [Tractors, bulldozers and combined harvesters; and components (which include sub-components, components, sub-assemblies an assemblies but exclude consumables) imported in any kit form and direct materials or assembly or manufacture thereof, subject to the same conditions as are envisaged for the purposes of exemption under the Customs Act, 1969 (IV of 1969).]	Respective headings
70.	Import and supply of fully dedicated CNG Euro-2 buses whether in CBU or CKD condition.	8702.9010 and 8702.9090
71.	Goods and services purchased by non-resident entrepreneurs and in trade fairs and exhibitions subject to reciprocity and such conditions and restrictions as may be specified by the Board.	Respective headings

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<sup>1</sup> Amended vide Finance Act, 2009.

**Table 2**  
**(Local Supplies only)**

<b>Serial No</b>	<b>Description</b>	<b>Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
1.	Supply of cottonseed exclusively meant for sowing purposes, subject to such conditions as the Board may specify.	1207.2000.
2.	Supply of locally produced crude vegetable oil obtained from the locally produced seeds [***], except cooking oil, without having undergone any process except the process of washing.	Respective headings.
3.	Supplies made by (a) cottage industry; and (b) retailers whose annual turnover from supplies, whether taxable or otherwise, made in any tax period during the last twelve months ending any tax period does not exceed rupees five million.	Respective headings.
4.	Raw material and intermediary goods manufactured or produced, and services provided or rendered, by a registered person, consumed in-house for the manufacture of goods subject to sales tax.	Respective headings.
5.	Supply of other such agricultural implements as may be specified in a notification to be issued by the Federal Government in the official Gazette.	Respective headings.
6.	Supply of fixed assets against which input tax adjustment is not available under a notification issued in terms of clause (b) of sub-section (1) of section 8 of the Sales Tax Act, 1990.	Respective headings.
7.	Breads prepared in <i>tandoors</i> and bakeries, vermicillies, <i>nans</i> , <i>chapattis</i> , <i>sheer mal</i> , bun, rusk.	Respective headings.
8.	Foodstuff cooked or prepared in-house and served in messes run on the basis of mutuality and industrial canteens for workers.	Respective headings.
9.	Foodstuff and other eatables	Respective headings.

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	prepared in the flight kitchens and supplied for consumption on-board in local flights.	
10.	Agricultural produce of Pakistan, not subjected to any further process of manufacture.	Respective headings.
<sup>1</sup> 11.	[Supply of ware potato and onions	0701.9000 and 0703.1000]

**NOTES:**

1. For the purpose of this Schedule, for entries against which classification of headings or sub-headings has been specified, exemption shall be admissible on the basis of description of goods as mentioned in column 2 of the Schedule Pakistan Customs Tariff classification of headings is provided for ease of reference and commodity classification purposes only.

2. For the purposes of determining classification of any goods, the general rules for interpretation of the First Schedule to the Customs Act, 1969 (IV of 1969) and Explanatory Notes to the Harmonized Commodity Description and Coding System (relevant version) as amended from time to time shall be considered authentic source of interpretation.

3. For the purposes of exemption of sales tax under serial numbers 46, 47, 49, 50, 51, 52, 53, 56, 57, 59, 60 and 62 of this Schedule, the definitions, restrictions, limitations, conditions and procedures and all the provisions of Chapter 99 of the First Schedule to the Customs Act, 1969 (IV of 1969), for the purposes of applying zero-rate of customs duty shall, *mutatis mutandis*, apply and shall be deemed and construed to be part of this Schedule

**THE SEVENTH SCHEDULE**

The Seventh Schedule omitted vide **Finance Act, 1997**.

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<sup>1</sup> Added vide Finance Act, 2009.