GOVERNMENT OF PAKISTAN
(REVENUE DIVISION)
FEDERAL BOARD OF REVENUE
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C.No. 2(80)Ex/2011 **Islamabad, the 28th December, 2012.**

SALES TAX GENERAL ORDER NO. 70 OF 2012

SUBJECT: EXTENSION IN TIME LIMITATION UNDER SECTION 74 OF THE SALES TAX ACT, 1990 FOR ISSUANCE OF CREDIT NOTES BY COMPANIES MANUFACTURING FOOD ITEMS IN TERMS OF SECTION 9 OF THE ACT READ WITH RULE 22 OF SALES TAX RULES, 2006.

The Board has been approached by National Food Limited through Shekha & Mufti Chartered Accountants with the request that food industry largely deals with perishable items having an expiry term of 2-3 years from the date of manufacturing resulting in return of goods around the date of expiry due to item becoming unfit for consumption. The companies have to accept the rejected stock as a business practice and refund price of such goods including Sales Tax. However they face hardship because they are not able to make corresponding adjustment in Sales Tax Returns in view of stipulation of section of the Sales Tax Act, 1990 read with Rule 22 of Sales Tax Rules, 2006 which provide for issuance of credit or debit notes within one hundred eighthly days of the relevant supply. This period is further extendable by 180 days by the Commissioner. However even this period has been contested to be not sufficient in case of food items.

2. With a view to mitigating the hardship faced by such companies, the Board, in exercise of powers conferred under section 74 of the Sales Tax Act, 1990, is pleased to allow that in case of companies manufacturing perishable food items having an expiry date, if such items are returned on account of becoming unfit for consumption and are then destroyed in accordance within procedure and conditions stipulated in Rule 23 of Sales Tax Rules, 2006, the corresponding Credit Notes may be issued within the tax period in which goods are so destroyed.

3. This is issued with the prior approval of the competent authority.

(Muhammad Khalid Jamil)
Secretary (IR Exemptions)