GOVERNMENT OF PAKISTAN
REVENUE DIVISION
FEDERAL BOARD OF REVENUE
(Inland Revenue)
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C.No.3(5)ST-L&P/2007 (Pt) Vol-III./12147-R          Islamabad, the 9th February, 2016.

# SALES TAX GENERAL ORDER NO. 18 OF 2016.

Subject:- **PROCEDURE FOR ADJUSTMENT OF SALES TAX BY STEEL MELTERS UNDER SUB-RULE (2C) OF RULE 58H OF THE SALES TAX SPECIAL PROCEDURES RULES, 2007.**

In supersession of Sales Tax General Order No. 01 of 2013 dated 3rd January, 2013, and in exercise of the power conferred under sub-rule (2C) of rule 58H of the Sales Tax Special Procedures Rules, 2007, the Federal Board of Revenue is pleased to direct that the following procedure shall be followed for adjustment by steel melters of the sales tax paid at import stage on the specified categories of remeltable iron and steel scrap, namely:-

1. The adjustment procedure under sub-rule (2C) of rule 58H of the Sales Tax Special Procedure Rules, 2007 shall be applicable only to such steel melting units (hereinafter referred to as "entitled units") which are paying sales tax through their electricity bills in the manner prescribed in sub-rule (2) of rule 58H ibid. (Steel mills operated by sugar mills or other persons using self-generated electricity under rule 58Hb of the said Rules and steel melting and re-rolling units which have opted to pay sales tax on ad valorem basis under rule 58Ma ibid shall not be entitled to this adjustment procedure).

2. Adjustment shall be admissible/allowed only on import of re-meltable iron and steel scrap falling under PCT Headings 7204.3000, 7204.4100 and 7204.4990 (hereinafter referred to as "specified scrap categories") along. The adjustment shall be allowed only to the extent of sales tax, paid at import stage on the specified scrap categories and which has actually been consumed in the production of steel products. The said consumption shall be determined on the basis of consumption of 800 electricity units for the production of one metric ton of ingots/billets.

3. An entitled unit shall, on the basis of sales tax paid on import of any specified scrap category, make an application to the Commissioner Inland Revenue having jurisdiction for issuance of Adjustment Certificate, attaching therewith copies of the following documents, namely:-

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(iv) Good Declaration (GDs) in his name, showing import of the specified scrap categories against payment of sales tax;

(v) Monthly production and stock position of steel ingots/billets and specified scrap categories; and

(v) Electricity bills for the last three months, showing that the steel melting unit is operational and paying sales tax under the Special Procedure.

4. The Commissioner Inland Revenue, after satisfying himself as to correctness of the adjustment claim and keeping in view the imported quantities of specified scrap categories shall issue an Adjustment Certificate for the amount of sales tax paid against the GDs, within Seven days of submission of a complete application clearly specifying the amount of sales tax to be adjusted from the sales tax charged through the electricity bill for a particular month on the basis of actual consumption units of electricity.

5. A copy of the Adjustment Certificate shall be endorsed to the concerned electric power distribution company. The concerned DISCO or K-Electric, as the case may be, on receipt such Adjustment Certificate, shall reduce the amount of sales tax specified therein from the amount of sales tax charged in the electricity bill for the same month to the extent of the amount specified in the referred certificate.

6. The entitled unit shall maintain record of Adjustment Certificate obtained and shall furnish quarterly statements to the Commissioner Inland Revenue having jurisdiction showing the monthly adjustments made in the electricity bills on the basis of such Adjustment Certificate vis-à-vis production for those months.

**RAZA ASHFAQ SHEIKH**
Secretary IR –ST&FE
(Law, Procedure & Exemptions)

Copy to:

1. All Chief Commissioners Inland Revenue, LTUs/RTOs.
2. The Director General, Intelligence & Investigation (Inland Revenue), Federal Board of Revenue, Islamabad.
3. Member (FATE), FBR, Islamabad.
4. The Director General (Law), Federal Board of Revenue, Islamabad.
5. The Director General (Internal Audit), Federal Board of Revenue, Islamabad.
6. All Pakistan Steel Melters Association,
7. All Pakistan Steel Re-rollers Association.