GOVERNMENT OF PAKISTAN
REVENUE DIVISION
FEDERAL BOARD OF REVENUE
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C. No. 5/93-STB/2018/85836-R Islamabad, the 12th July, 2018.

SALES TAX GENERAL ORDER No. 144 OF 2018

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. 119 of 2017 dated 2nd August, 2017, 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 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 steel melters") 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 58H 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 under PCT Headings 7204.3000, 7204.4100 and 7204.4990 (hereinafter referred to as "specified scrap categories"). The adjustment shall be allowed only to the extent of sales tax, paid

at import stage on the specified scrap categories allowing 5% wastage.

3. Pakistan Steel Melters Association shall provide to the Board a list of entitled steel melters, as noted above, having single electricity meter including composite units having both remelting and re-rolling facility. The list shall include the particulars such as NTN/STRN, electricity consumer number, name of DISCO, composite or otherwise, etc. Subsequent additions to the list shall be provided by the Association in the same manner. Such lists shall be referred to concerned RTOs/LTUs for post-verification by the Board to identify the nature of the unit i.e. whether composite or stand alone steel melters.

4. An entitled steel melter whose name is available in the list referred in para-3 above, using his e-FBR Login-ID shall select the input GDs of specified scrap categories against which adjustment is sought indicating the amount of adjustment against each.

5. The system shall print an adjustment note indicating sales tax credit available for adjustment. The note shall be presented to relevant DISCO which shall verify the note from e-FBR portal. It shall then allow adjustment/deduction from the sales tax charged through the electricity bill for a particular month against adjustment note.

6. DISCOs shall maintain account of adjustment allowed against a particular adjustment note and the balance shall be carried forward to the subsequent month for adjustment in similar manner.

7. When the credit balance available in the adjustment note is exhausted or near exhaustion, the entitled steel melters may obtain another adjustment note against subsequent imports in the manner indicated above.

8. Copies of adjustment notes shall be made available to respective RTOs/LTUs in the system for monitoring purpose.

9. FBR's computerized system shall maintain proper record of GDs against which adjustment has been allowed.

10. This general order shall be effective from 1st July, 2018.

M. Zaheer

(Muhammad Zaheer Qureshi)
Secretary (ST&FE-Budget)