GOVERNMENT OF PAKISTAN
FEDERAL BOARD OF REVENUE
(INLAND REVENUE POLICY WING)

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C. No. 2/3-STB/2020/6596-R

Islamabad, the 16th January, 2020

SALES TAX GENERAL ORDER NO. 01 OF 2020

SUBJECT: **PROVISION OF SECTION 73(4) OF THE SALES TAX ACT, 1990 – SUPPLIES BY REGISTERED MANUFACTURERS TO SALES TAX REGISTERED PERSONS**

Section 73 of the Sales Tax Act, 1990 has been amended through the Tax Laws (Second Amendment) Ordinance, 2019 to provide for manufacturers to make all the supplies to a registered person excluding supplies not exceeding value of one hundred million rupees in a financial year / ten million rupees in a month, failing which the supplier shall not be entitled to claim input tax attributable to such excess supplies to unregistered persons.

02. Queries have been received from manufacturers regarding supplies to persons making purchases beyond the threshold as given in Section 73(4) but are not likely to make taxable supplies and are also not liable to be registered under the Act. In the wake of such queries and in order to remove difficulty arising from aforesaid new insertion, in exercise of powers under section 55 of the Sales Tax Act, 1990, the FBR is pleased to provide that the provisions of sub-section (4) of section 73 shall not apply to supplies made to:

(a) Federal/provincial/local Government departments, authorities, etc. not engaged in making of taxable supplies'
(b) Foreign Missions, diplomats and privileged persons;
(c) All other persons not engaged in supply of taxable goods.

03. Moreover it is clarified that the threshold of 10 million per month / 100 million per year is applicable on goods supplied to one specific person by the ~~registered~~ manufacturer.

(Tauqeer Ahmed)
Secretary (ST&FE-Budget)