

Proposed Draft Amendments in the Sales Tax Act, 1990 for simplification and harmonization through Finance Bill, 2024

() in section 2, -

() clause (3) shall be substituted by the following, namely, -

“(3) “associates (associated persons)” shall have the same meaning as specified in sub-section (1) of section 85 of the Income Tax Ordinance, 2001(XLIX of 2001);”

() after clause (6B) a new clause (6C) shall be inserted, namely, -

“(6C)“Deputy Commissioner” means Deputy Commissioner Inland Revenue as defined in clause (17A) of section 2 of the Income Tax Ordinance, 2001(XLIX of 2001);”

() after clause (11A) a new clause (11AA) shall be added, namely, -

“(11AA) Field office” means, -

- (a) Large Taxpayer Office;
- (b) Medium Taxpayer Office;
- (c) Corporate Tax office;
- (d) Regional Tax Office;

or any office specified as such by the Board”;

() for clause (12), the following shall be substituted, namely, -

“(12) “goods” shall have the same meaning as specified in clause (27A) of section 2 of the Income Tax Ordinance, 2001(XLIX of 2001);”

() clause (37) shall be substituted by the following, namely, -

(37) “tax fraud” means intentional evasion of legally due tax or obtaining of undue refund by submission of false return, statements or false documents or withholding of correct information or documents and includes-

- (a) suppression of sales or receipts that are chargeable to tax or duty under this act;
- (b) false claim of deductions or expenses;
- (c) making taxable supplies of goods or services without issuing any invoice, in violation of the provisions of this Act or the rules made thereunder;

(d) issuance of any invoice or bill without supply of goods or services leading to wrongful availing or utilization of input tax credit, deduction or refund of tax;

(e) availing of input tax credit or deduction using an invoice or bill referred to in clause (d);

(f) evasion of tax by availing undue input tax credit, deduction or obtaining undue refund by any means or method other than that covered under clauses (a) to (e);

(g) collection of any amount as tax but failing to deposit the same in the prescribed manner beyond a period of three months from the date on which such payment becomes due;

(h) falsification or substitution of financial records or production of fake accounts or documents or furnishing of any false information through human, mechanical or electronic means with an intention to evade tax due under this Act;

(h) tampering with or destroying of any material evidence or documents required to be maintained under this Act or the rules made thereunder through human or digital means; or

(i) acquisition, possession, transportation, disposal or in any way removing, depositing, keeping, concealing, supplying, or purchasing or in any other manner dealing with, any goods in respect of which there is reasons to believe that these are liable to confiscation under this Act or the rules made thereunder.

Explanation.- Any act or omission mentioned in this clause shall be treated as intentional unless the person accused of tax fraud proves that he had no intention, motive, knowledge, or reason to believe that he was committing a tax fraud.”

() Section 11 shall be substituted by the following new sections, namely

“11. Best judgment Assessment. — (1) Where a person,

(a) fails to furnish a sales tax return in response to notice under sub-section (2) of section 26; or

(b) fails to produce before the Deputy Commissioner under section 25 or 38A, accounts, documents and records required, or any other relevant document or evidence that may be required by him,

the Deputy Commissioner may, after a notice to show cause to such person, based on any available information or material and to the best of his judgment, make an assessment of tax payable or refund due and also charge penalty and default surcharge.

(2) For the purposes of clause (b) of sub section (1) the Deputy Commissioner may also disallow or reduce a taxpayer's input tax on goods or services if the taxpayer is unable, to provide invoice or other record or evidence of the transaction or circumstances giving rise to such claim.

(3) Where a best judgment assessment has been made due to default of clause (a) of sub-section (1) and the person files the return thereafter and pays the amount of tax payable along with default surcharge and penalty, the notice to show cause and the order of assessment shall abate.

(4) Notwithstanding anything in sub-section (1), where a person required to file a return fails to file such return, the Deputy Commissioner, shall subject to such conditions as specified by the Federal Board of Revenue, determine the minimum tax liability of the registered person.

11A. Assessment of Tax & Recovery of Tax not levied or short levied or erroneously refunded.- (1) Where due to any reason any tax or charge has not been levied or short levied or where the Deputy Commissioner suspects on the basis of audit or otherwise that due to any reason a person has;

(a) not paid or short paid due sales tax;

(b) claimed input tax credit or refund which is not admissible; or

(c) has obtained an amount of refund not due,

the Deputy Commissioner after issuing a show cause notice to the person shall pass an order to charge sales tax unpaid or short paid, disallow input tax or refund not admissible or to recover the amount of refund not due and shall also impose penalty and default surcharge in accordance with sections 33 and 34.

(2) For the purposes of sub section (1) the Deputy Commissioner may also disallow input tax on goods or services if the taxpayer is unable, without reasonable cause, to provide a receipt, or invoice or other record or evidence of the transaction or circumstances giving rise to such claim.

(2) Where a tax or charge has not been levied under clause (a) of sub-section (1) the amount of tax shall be recovered as tax fraction of the value of supply.

11B. Failure to withhold sales tax.— Where any person, required to withhold sales tax under sub-section (7) of section 3, fails to withhold the tax or having withheld the tax fails to deposit the same in the prescribed manner, the Deputy Commissioner shall after a notice to such person to show cause pass an order to determine the amount in default and impose penalty and default surcharge under section 33 and 34.

11C. Limitation for Assessment.— (1) The show cause notice under section 11 to 11B shall be issued within five years, from the end of the financial year in which the relevant date falls.

(2) An order under section 11, 11A and 11B shall be made within one hundred and twenty days of issuance of show cause notice or within such extended period as the Commissioner may, for reasons to be recorded in writing, specify provided that such extended period shall in no case exceed ninety days:

Provided 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 registered person not exceeding sixty days shall be excluded from the computation of the period specified in this sub-section.

(3) For the purpose of sections 11 to 11B, the expression “relevant date” means—

(a) the time of payment of sales tax or charge as provided under section 6;

(b) the time of payment for goods or services on which sales tax was to be withheld under sub-section (7) of section 3; and

(c) in a case where sales tax or charge has been erroneously refunded, the date of its refund.”

() the existing sections 11A, 11B and 11C shall be renumbered as section 11D, 11E and 11F respectively;

() for the renumbered section 11E the following shall be substituted, namely,-

“11E. Limitation for issuing orders in certain cases.— For the purposes of issuing an assessment order or any other order in consequence of or to give effect to any order made by the Commissioner (Appeals), Appellate Tribunal, High Court, or Supreme Court, the provisions of section 124 of the Income Tax ordinance, 2001 (XLIX of 2001) shall apply mutatis mutandis.”

() in the renumbered section 11F, the words “officer of Inland Revenue” wherever occurring shall be substituted by the words “Deputy Commissioner”;

() for section 14, the following new sections shall be substituted, namely-

“14. Persons required to be registered.- The following persons shall obtain registration for the purposes of the Act-

(a) every person engaged in making taxable supplies in Pakistan, including zero-rated supplies, except the persons or classes of persons notified by the Board;

(b) every importer;

(c) every exporter; and

(d) every person who is required, under any other Federal law or Provincial law, to be registered for the purpose of any duty or tax collected or paid as if it were a levy of sales tax to be collected under the Act.

14A. Registration.— (1) A person who is required to be registered under section 14 shall register himself using the registration module available on the official website maintained by the Board.

(2) The Board shall assign a registration number to every person who has obtained registration for the purposes of this Act.

(3) A person shall be awarded only one registration number for all economic activities carried on by the person.

14B. Compulsory Registration.— (1) A person, who is required to be registered under section 14, but does not so register and the Deputy Commissioner or any other officer, as may be authorized by the Board, is satisfied that such person is required to be registered, he shall proceed to register that person in the prescribed manner.

(2) If it is subsequently established that a person was not liable to be registered but was wrongly registered under sub-section (1) due to inadvertence, error or misconstruction, the Deputy Commissioner shall cause to cancel his registration in the prescribed manner.

(3) Before proceeding against a person -

- (i) for assessment of any tax leviable under this Act;
- (ii) for recovery of any tax leviable under this Act; or
- (iii) for cognizance of any default of any provision of the Act,

in respect of any tax period prior to the date of registration, the person shall have to be registered under section 15 or sub-section (1) of this section.

14C. Change in Particulars of Registration.— A registered person shall, within fifteen days of any change occurring in the particulars of registration including business name or other trading name, address, place or places of business, business bank account, the nature of the economic activity carried on by the person, or any other information prescribed by the Board, notify the Board of a change in such particulars.

14D. Cancellation of registration. — (1) A person who has been registered under the Act shall, within fifteen days of the date on which the person ceases economic activities covered under the Act, apply to the Board to cancel his registration.

(2) The Board may, cancel the registration of a person who has applied for cancellation under sub-section (1) if the Board is satisfied that the person has ceased economic activities covered under this Act.

(3) The Board may, by notice in writing, cancel the registration of a person who has not applied for cancellation if the Board is satisfied that the person is not carrying on an economic activity.

(4) The cancellation of a person’s registration shall take effect from the day set out in the notice of cancellation.

(5) A person whose registration is cancelled shall—

(a) immediately cease to use or issue any documents (including tax invoices, vouchers and receipts) that identify the person as a registered person; and

(b) within fifteen days of cancelation of registration, file a return for the period beginning from the day next to the period for which the return for the latest period has been filed till the date of cessation of economic activity and pay all tax due, unless provided otherwise in the Act.”

() the existing section 14AB shall be renumbered as section 14E;

() for section 21, the following new sections shall be substituted, namely-

“21. Suspension.- (1) Where the Deputy Commissioner, during the course of any proceedings under this Act or otherwise, suspects on the balance of probabilities, that a person registered for the purposes of sales tax is involved in tax fraud, he may in order to prevent the continuation of the suspected tax fraud and to stop the evasion of sales tax by such person or any other person, suspend the registration of such person without any prior notice and with the approval of the Commissioner.

(2) The suspension of registration under sub-section (1) shall take place through a written order of the Deputy Commissioner to the person suspended, giving reasons for suspension, and endorsed to all Field Offices, the FBR’s computer system, and the Customs Wing computer system for information and necessary action as per law.

(3) Where the buyers and suppliers of a person, whose registration is being suspended, belong to another Field Office, and these buyers / suppliers are also required to be suspended, the Commissioner shall intimate in writing the Chief Commissioner of the concerned Field Office in whose jurisdiction such buyers/suppliers fall, explaining the complete facts of the case and

the reasons on the basis of which initiation of proceedings for suspension/blacklisting of the buyers/suppliers is recommended.

(4) No input tax adjustment/refund shall be admissible to the suspended person during the currency of suspension.

(5) The person suspended shall not be authorized to issue tax invoices during the currency of the suspension period and no input tax adjustment/refund shall be allowed to any other person, on the strength of invoices if any issued by such suspended person during the period of his suspension.

(6) The Deputy Commissioner shall, issue a show cause notice to the person, whose registration has been suspended, to afford an opportunity of hearing of fifteen days from the date of issuance of such notice.

(7) The show cause under subsection (6) shall be issued within three days of the day the registration of the person has been suspended under sub section (1).

(8) Where the Deputy Commissioner has suspended the registration of a person under subsection (1), he shall also institute proceedings against such person in respect of the suspected tax fraud under the provisions of this Act in addition to the proceedings under this section.

(9) Where the suspended person has complied with the notice under sub-section (6) and the Deputy Commissioner is satisfied that the person is not involved in tax fraud, he may issue the order for revoking the suspension of the person.

21A. Blacklisting. - (1) Where the person who has been issued a notice under sub-section (6) of section 21, -

- (i) does not submit relevant record
- (ii) does not provide the required record;
- (iii) does not allow access to his business record or premises; or
- (iv) the offence of tax fraud is established against the person,

the Deputy Commissioner, shall issue an appealable self-speaking order for blacklisting of the person, and shall proceed to take legal and penal action under the relevant provisions of the Act.

(2) No input tax or refund claimed by the blacklisted person shall be admissible from the date of registration of the blacklisted person.

(3) No input tax or refund claimed by any other person on the strength of invoices issued by the blacklisted person prior to the date of suspension shall be admissible if the purported transactions of supply and purchase were bogus or otherwise a result of collusive arrangement.

(4) The order of blacklisting shall contain-

(a) the reasons for blacklisting;

(b) the time period for which any refund or input tax claimed by such person or by any other person on the strength of invoices issued by him from the date of his registration shall be inadmissible; and

(c) any recovery to be paid or penalties to be imposed.

(5) The order of blacklisting shall be issued within ninety days of the issuance of the notice of hearing under sub-section (6) of section 21. In case, the order of blacklisting is not issued within this time period the suspension under section 21 of the person shall become void ab-initio;

(6) The order under sub-section (1) shall be issued to the blacklisted person and endorsed to all other Field Offices, the Board/PRAL computer system and the Customs computer system.

(7) Each Field Offices shall ensure that the input tax or refund claimed against the invoices issued by the blacklisted person is disallowed and rejected respectively and shall proceed further against the claimants of input tax to decide the matter as per law.”

() the existing section 21A shall be renumbered as section 21B;

() for section 25, the following shall be substituted, namely, -

“25. Audit of sales tax affairs. - (1) The Commissioner on the basis of reasons to be recorded in writing, may direct the Deputy Commissioner to conduct audit of sales tax affairs of any registered person and issue a notice to such registered person intimating him regarding audit of sales tax affairs.

Explanation: For the removal of doubt, it is declared that the powers of the Commissioner to direct conduct of audit and to issue a notice under this sub-section are independent of the powers of the Board under section 72B and nothing contained in section 72B restricts the powers of the Commissioner to direct conduct of audit and to issue notice under this sub-section.

(2) The Commissioner shall communicate the aforesaid reasons to the registered person whose audit is to be conducted through the notice under sub-section (1).

Explanation. - For the removal of doubt it is declared that the Commissioner shall not be and was never required to provide an opportunity of hearing and to pass any order before issuance of notice under sub-section (1).

(3) The reasons referred to in sub-section (1) shall be based on scrutiny by the Commissioner or any other sales tax authority, of the available records including sales tax and federal excise returns, invoices, income tax returns and withholding statements, financial statements and third party information:

Provided that the reasons shall not include the mere verification of input tax, output tax, refund claim and compliance of legal provisions without identifying risk factors that require such verification.

(4) Subsequent to the issuance of notice under sub-section (1), the Deputy Commissioner, may call for any record or documents including record maintained under the Act, the rules made thereunder or any other law for the time being in force for conducting audit of the sales tax affairs of the person and where such record or documents have been kept on electronic data, the registered person shall allow access to the Deputy Commissioner or the sales tax authority authorized by the Deputy Commissioner for the use of machine and software on which such data is kept and the Deputy Commissioner or the authority may obtain duly attested hard copies of such information or data.

Provided that the Deputy Commissioner shall not call for record or documents of the registered person after expiry of six years from the end of the financial year to which they relate.

(5) The Deputy Commissioner may require the person being audited to attend at his office in person or through an authorized representative or to produce, or cause to be produced such accounts, documents or any evidence as the Deputy Commissioner may consider necessary.

(6) The Deputy Commissioner may conduct or cause to be conducted such enquiry and obtain such information from any third party as he considers appropriate.

(7) The Deputy Commissioner shall conduct audit of the sales tax affairs to verify the correctness or otherwise of the declared tax liability, output tax shown, input tax claimed, tax paid, refund claimed, stocks consumed and available and to ascertain compliance or otherwise with the provisions of this Act and the rules made thereunder on the basis of the record and evidence, obtained under sub-sections (5) to (5B) and other documents maintained or furnished under this Act and the rules made thereunder or under any other law.

(8) The Deputy Commissioner may conduct audit proceedings electronically through video links, or any other facility as may be prescribed by the Board.

(9) After completion of the audit, the Deputy Commissioner may, if required pass an order under section 11A, after providing an opportunity of being heard to the taxpayer under sub-section (1) of section 11A.

(10) Notwithstanding anything contained in sub-sections (7) and (9) where a registered person fails to produce before the Deputy Commissioner, any accounts, documents and records, required to be maintained under this Act or the Rules made thereunder or any other relevant document, electronically kept record, electronic machine or any other evidence that may be required by the Deputy Commissioner for the purpose of audit, the Deputy Commissioner may proceed to make best judgment assessment under section 11 of this Act,

(11) Where during the course of audit the Deputy Commissioner suspects that such person is involved in tax fraud, he may with the approval of Commissioner, conduct an investigative audit under section 38.

(12) 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 under section 11A he may deposit the evaded amount of tax, default surcharge under section 34, and -- 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 under section 11A, 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.”;

() after section 25 substituted as above the following new section shall be inserted, namely, -

“25A. Investigative Audit. - (1) Where on the basis of information from audit or otherwise, the Deputy Commissioner, on the balance of probabilities, suspects that a registered person is involved in tax fraud, he may with the prior approval of the Commissioner in writing, initiate investigative audit against such person.

(2) The Deputy Commissioner shall conduct investigative audit under sub-section (1) on the basis of the record and evidence, obtained by exercise of powers under sections 37, 37A and 40, within 90 days of the initiation of the investigative audit.

(3) After completion of investigative audit the Deputy Commissioner may take one or more of the following actions:

(a) pass an order under sections 11A, after providing an opportunity of being heard to the registered person under that section on all the issues arising from the investigative audit;

(b) issue a best judgment assessment order under section 11, where the registered person fails to produce, any accounts, documents records or evidence or any other relevant document that may be required by the Deputy Commissioner;

(c) black list the registered person under section 21A; and

(d) impose penalty and cause prosecution of the registered person as provided against Sr. No. 13 of the Table in section 33.

(4) For the purposes of clause (a) and (b) of sub section (3) the Deputy Commissioner may disallow input tax on goods or services if the registered person is unable, without reasonable cause, to provide a receipt, or invoice or other record or evidence of the transaction or circumstances giving rise to such claim.

() the existing sections 25A and 25AA shall be renumbered as sections 25B and 25C respectively,-

() in section 25C renumbered for the words “an office of Inland Revenue” shall be substituted by the words “Deputy Commissioner”;

() in section 26, after sub-section (1) the following new sub-section (2) shall be inserted, namely,-

“(2) The Deputy Commissioner may, by notice in writing, require any person who, in his opinion, is required to file a return under this section for a tax period or tax periods but who has failed to do so, to furnish the return or returns within fifteen days from the date of service of such notice or such longer or shorter period as may be specified in such notice or as the Deputy Commissioner may allow.

Provided that the notice under this sub-section shall only be issued within five years, from the end of the financial year in which the return was to be filed.”

() for section 30, the following shall be substituted, namely,-

“30. Sales Tax Authorities.- (1) There shall be the following Sales Tax authorities for the purposes of this Act and rules made thereunder, namely,-

- (a) Board;
- (b) Chief Commissioner Inland Revenue;
- (c) Commissioner Inland Revenue;
- (d) Commissioner Inland Revenue (Appeals);
- (e) Additional Commissioner Inland Revenue;
- (f) Deputy Commissioner Inland Revenue;
- (g) Assistant Commissioner Inland Revenue;
- (h) Inland Revenue Officer;
- (i) Inland Revenue Audit Officer;
- (j) District Taxation Officer Inland Revenue;
- (k) Assistant Director Audit.
- (l) Superintendent Inland Revenue;
- (m) Inspector Inland Revenue; and
- (n) Auditor Inland Revenue.

(2) The provisions of sections 207, 208 and 209 of the Income Tax Ordinance, 2001 (XLIX of 2001) in so far as these relate to appointment, jurisdiction, subordination and exercise of powers and functions by the income tax authorities shall mutatis mutandis apply in respect of the sales tax authorities specified in sub-section (1).”

() in section 32, in sub-section (1), -

(i) in clause (b) the words “or Assistant Commissioner Inland Revenue’ shall be omitted;

(ii) clauses (c) and (d) shall be omitted;

() in section 32A, in sub-section (3) for the words “an officer of Inland Revenue under sections 25, 37 and 38” the expression “Deputy Commissioner under sections 25 and 40” shall be substituted;

() in section 33, in sub-section (1) in the Table, against Sr. No. 5 in Column No. 2 for the words “an officer of Inland Revenue, not below the rank of Assistant Commissioner Inland Revenue” the words “Deputy Commissioner” shall be substituted;

() in section 37,-

(i) for sub-section (1) the following shall be substituted, namely,-

“(1) The Deputy Commissioner conducting the investigative audit shall have powers to summon any person whose attendance he considers necessary either to tender evidence or to produce documents or any other thing.”

(ii) in sub-section (2) for the words “the officer of inland revenue” the words “Deputy Commissioner” shall be substituted;

(iii) in sub-section (3) for the words “an officer of inland revenue” the words “ a Deputy Commissioner” shall be substituted;

() in section 37A,-

(i) in sub-section (1) for the words “An officer of Inland Revenue not below the rank of an Assistant Commissioner of Inland Revenue or any other officer of equal rank authorised by the Board in this behalf” the words “A Deputy Commissioner authorized by the Commissioner” shall be substituted;

(ii) in sub-section (5) for the words “authorised officer” the words “Deputy Commissioner” shall be substituted;

() in section 37B,-

(i) in sub-section (1) for the words “an officer of Inland Revenue authorized in this behalf” the words “Deputy Commissioner” shall be substituted;

(ii) in sub-section (5) for the words “an officer of Inland Revenue” the words “the Deputy Commissioner” shall be substituted, after the word “holding” the words “investigative audit or” shall be inserted and for the word “investigation” the words “investigative audit” shall be substituted;

(iii) in sub-section (6) for the words “an officer of Inland Revenue” the words “the Deputy Commissioner” shall be substituted and after the word “inquiry” the words “or investigative audit” shall be inserted;

(iv) in sub-section (7) after the word “inquiry” occurring for the first time the words “or investigative audit” shall be inserted and for the words “an officer of Inland Revenue” the words “the Deputy Commissioner” shall be substituted;

(v) in sub-section (8) for the words “an officer of Inland Revenue” the words “the Deputy Commissioner” shall be substituted and after the word “inquiry” the words “or investigative audit” shall be inserted;

(vi) in sub-section (9) after the word “inquiry” the words “or investigative audit” shall be inserted;

(vii) in sub-section (10) for the words “an officer of Inland Revenue” the words “the Deputy Commissioner” shall be substituted and after the word “inquiry” occurring twice the words “or investigative audit” shall be inserted;

(viii) in sub-section (11) after the word “inquiry” the words “or investigative audit” shall be inserted and for the words “an officer of Inland Revenue” the words “the Deputy Commissioner” shall be substituted;

(ix) in sub-section (13) for the words “an officer of Inland Revenue” the words “the Deputy Commissioner” shall be substituted;

() in section 37D, in sub-section (1) in clause (a) for the words “an officer of Inland Revenue” the words “the Deputy Commissioner” shall be substituted;

() for section 38, the following section shall be substituted, namely,-

“38. Search and seizure.— (1) The Deputy Commissioner conducting investigative audit of a registered person, may after obtaining written approval from the Commissioner enter, inspect and search-

(a) the business or manufacturing premises belonging to the registered person under investigative audit;

(b) registered office belonging to the taxpayer under investigative audit; or

(c) any other place where any stocks, business records or documents required for the purposes of investigative audit are kept or maintained.

(2) The Deputy Commissioner after entering the premises may inspect the goods, stocks, machinery, 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.

(3) The Deputy Commissioner may also make an inventory of the stock or raw materials, semi-finished and finished products.

(4) The Deputy Commissioner for the purposes of inspection, search and seizure under this section shall have the power to seal or break open the door of any premises or to break open any cupboard, electronic devices, box, receptacle in which any goods, accounts, registers or documents of the person are suspected to be concealed, where access to such premises, cupboard, electronic devices, box or receptacle is denied.

(5) The Deputy Commissioner may take into his custody such records, statements, diskettes, documents, articles or any part thereof, in original or copies thereof in such form as the Deputy Commissioner may deem fit against a signed receipt.

(5) Where the Deputy Commissioner, has reasons to believe that any goods may be useful for the purposes of investigative audit, he may seize such goods or samples thereof against a signed receipt.

(6) Where it is not practicable to seize any goods, or documents or books or electronic devices or things the Deputy Commissioner may serve on the owner or the custodian of the goods or documents or books or electronic devices or things, an order that he shall not remove, part with, or otherwise deal with the goods or documents or books or electronic devices or things except with the previous permission of the Deputy Commissioner:

(7) The goods or documents or books or electronic devices or things seized under this section shall be retained by the Deputy Commissioner only for so long as may be necessary for their examination and for investigative audit or any proceedings under this Act.

(8) The person from whose custody any documents are seized under this section shall be entitled to make copies thereof or take extracts therefrom in the presence of the Deputy Commissioner at such place and time as he may indicate in this behalf except where making such copies or taking such extracts may, in the opinion of the Deputy Commissioner, prejudicially affect the investigative audit.

(7) The goods seized under this section shall be released, on a provisional basis, upon execution of a bond and furnishing of a security, in such manner and of such quantum, respectively, as may be prescribed or on payment of tax, penalty and default surcharge payable, as the case may be.

(8) The Commissioner may, having regard to the perishable or hazardous nature of any goods, depreciation in the value of the goods with the passage of time, constraints of storage space for the goods or any other relevant considerations, specify the goods or class of goods which shall, as soon as may be after its seizure, be disposed of by the Deputy Commissioner in such manner as may be prescribed.

(9) Where any goods, being goods specified under sub-section (8), have been seized by the Deputy Commissioner, he shall prepare an inventory of such goods in such manner as may be prescribed.

(10) The provisions of the Code of Criminal Procedure, 1898, relating to search and seizure, in so far as these are not inconsistent with this section shall, apply to search and seizure under this section.

(11) The Deputy Commissioner or an Inland Revenue Authority authorised by him may cause purchase of any goods or services or both the business premises of any person, to check the issue of tax invoices or bills of supply by such person, and on return of goods so purchased by Deputy Commissioner, such person or any person in charge of the business premises shall refund the amount so paid towards the goods after cancelling any tax invoice or bill of supply issued earlier.”

() for section 38A, the following section shall be substituted,-

“38A. Power to summon any person in investigative audit.— (1) The Deputy Commissioner conducting the investigative audit shall have powers to summon any person whose attendance he considers necessary either to tender evidence or to produce documents or any other thing.

(2) Any person summoned under sub-section (1) shall be bound to attend either in person or by an authorised agent, as the Deputy Commissioner 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 (Act V of 1908), shall not be required to appear in person.

(3) Any investigative audit before an officer of Inland Revenue 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).”

() for section 40, the following new section shall be substituted,-

“40. Powers to enter premises and to obtain information or evidence.- For the purposes of sales tax or any amount leviable under this Act, the Deputy Commissioner or any other officer authorized by the Commissioner shall have the same powers as are available under sections 175 and 176 of the Income Tax Ordinance, 2001(XLIX of 2001).”

() in section 45B,

(i) in sub-sections (1) after the digits “11” digits and commas “,11A, 11B” shall be inserted and for the words “an officer of Inland Revenue” the words “deputy Commissioner” shall be substituted;

(ii) in sub-section (1C) for the words “an officer of Inland Revenue” the words “deputy Commissioner” shall be substituted

(ii) In sub-section (5) for the words “Officer Inland Revenue” occurring twice, the words “Deputy Commissioner” shall be substituted;

() in section 46, in sub-section (1) for the words “an officer of Inland Revenue, not below the rank of Assistant Commissioner Inland Revenue” the words “Deputy Commissioner” shall be substituted;

() in section 48, in sub-section (1), in clause (f) for the words “officer of Inland Revenue” the words “deputy Commissioner” shall be substituted;

() in section 50B, in sub-section (3) for the words “officer of Inland Revenue” the words “deputy Commissioner” shall be substituted;

() in section 57, in sub-sections (1) and (3) for the words “officer of Inland Revenue” the words “deputy Commissioner” shall be substituted;

() in section 72B, after sub-section (3) the following Explanation shall be added, namely,-

“Explanation.— For the removal of doubt, it is declared that the powers of the Commissioner to direct conduct of audit and issue a notice under section 25 are independent of the powers of the Board under this section and nothing contained in this section restricts the powers of the Commissioner to direct conduct of audit and issue a notice under section 25.”