

GOVERNMENT OF PAKISTAN
REVENUE DIVISION
FEDERAL BOARD OF REVENUE

Islamabad, the 22nd February, 2012.

NOTIFICATION

(Sales Tax)

S.R.O. 167(I)/2012.— In exercise of the powers conferred by sub-section (1) of section 4 and section 40 of the Federal Excise Act, 2005, section 219 of the Customs Act, 1969 (IV of 1969), section 50 of the Sales Tax Act, 1990, read with sub-section (2) of section 8, clause (ii) of sub-section (2) of section 8B, section 9, 10, 14, 21 and 28, clause (c) of sub-section (1) of section 22, section 26, sub-section (6) of section 47A, sections 48, 50A, 52, 52A and 66 thereof, the Federal Board of Revenue is pleased to make the following further amendments in the Sales Tax Rules, 2006, namely:-

In the aforesaid Rules, after Chapter VII, the following new Chapter shall be inserted, namely:-

“Chapter VIIA

SUPPLIES AGAINST INTERNATIONAL TENDER

50A. **Application.-** The provisions of this Chapter shall apply to supply of locally produced taxable goods by sales tax registered persons against International Tender contracts awarded by the Federal and Provincial Departments, Local Governments, autonomous and semi-autonomous bodies and public sector organizations.

50B. **Procedure and conditions for making zero-rated supplies.-** In terms of clause (a) of section 4 read with serial No. 4 of Fifth Schedule to the Act, supplies of locally produced goods against international tender contracts shall be charged to tax at the rate of zero per cent subject to the following procedure and conditions, namely:—

(a) the supply shall be made against International Tender issued by the Federal and Provincial Departments, Local Governments, autonomous and semi-autonomous bodies and public sector organizations (hereinafter referred to as ‘the contract awarding person’);

(b) the zero rated supply of goods against International Tender shall be to the extent of foreign grant, aid or loan component of the tender. The foreign component of the International Tender

shall be received in foreign currency which shall be surrendered by the contract awarding person to the State Bank as per State Bank procedure and foreign exchange regulations;

(c) the invitation of bids for International Tender shall be published in reputed newspapers or journals of international circulation and on website of the contract awarding person for International Competitive Bidding;

(d) the contract awarding person or the successful bidder shall apply to the Board to avail the benefit of zero-rating of supplies against the International Tender along with the following documents, namely:-

- (i) application giving full particulars of the applicant viz name, address, telephone numbers, e-mail address, NTN, STRN (if applicable) and any other information that he wants to submit;
- (ii) a certificate from the contract awarding person that Public Procurement Regulatory Authority Rules, 2006 have been complied with during the process of International Competitive Bidding or International Tender;
- (iii) a certificate from the respective bank or authorized dealer of foreign exchange in proof of deposit of foreign exchange with the State Bank of Pakistan;
- (iv) tender amount of foreign exchange and equivalence in Pak rupees;
- (v) tentative list of goods required for the execution of tender and particulars of the supplier in the following format:-

S.No.	STRN of Supplier	Name and Address of Supplier	Description of goods to be supplied	Value of goods to be supplied	Applicable rate of sales tax	Sales Tax involved
(1)	(2)	(3)	(4)	(5)	(6)	(7)

; and

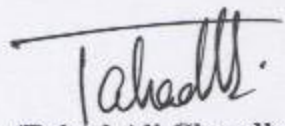
- (vi) any other document that may be required by the Board;

(e) the contract awarding person or the bidder may submit revised list of goods as required under clause (d)(v) anytime during the currency of the execution of the project;

- (f) the Board, subject to satisfaction, shall issue a provisional authorization for zero-rated supply of goods and shall endorse one copy of such authorization to each supplier and to the respective RTOs or LTUs;
- (g) after having provisional authorization of the Board, the supplier shall issue zero-rated invoice for each supply, mentioning full particulars of the buyer, a contract number, besides particulars required in section 23 of the Act;
- (h) after conclusion of the contract, the contract awarding person or the bidder shall submit a complete and final list of goods in the format prescribed in clause (d)(v). Subject to satisfaction, the Board shall issue final authorization certificate for zero-rated supply of goods and shall endorse one copy to each supplier and to the respective RTO or LTU;
- (i) each registered person shall keep the copy of final authorization certificate as a lawful authorization of supply of zero-rated goods to the extent given in the final certificate; and
- (j) in case, the goods are found not to be supplied against International Tender, the sales tax involved on such goods shall be recoverable from the supplier, besides legal or penal action under appropriate provisions of the Act.

50C. **Miscellaneous.-** In cases, where authorization for zero-rated supplies has already been granted, any future supply of locally produced goods against International Tender shall be governed under the provisions of this Chapter, and the contract awarding person or the successful bidder shall apply afresh for provisional authorization of zero-rated supply under this Chapter.”.

[C.No. 1(45)STT/2001(Pt)]


(Fahad Ali Chaudhary)
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