

GOVERNMENT OF PAKISTAN
(REVENUE DIVISION)
FEDERAL BOARD OF REVENUE

Islamabad, the 30th June, 2015

NOTIFICATION
(SALES TAX)

S.R.O. 494(I)/2015.— 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 (b) of sub-section (1) of section 8, clause (ii) of sub-section (2) of section 8B, sections 9, 10, 14, 21 and 28, clause (c) of sub-section (1) of section 22, first proviso to sub-section (1) of section 23, section 26, clause (a) of section 27, section 33, sub-section (6) of section 47A, sections 48, 50A, 52, 52A and 66 thereof, the Federal Board of Revenue is pleased to direct that in the Sales Tax Rules, 2006, the following further amendment shall be made, namely:—

In the aforesaid Rules, —

(1) in the preamble,—

(a) for the words and figures “and section 40”, the words and figures “, section 40 and section 45A” shall be substituted;

(b) after the figure “21”, the comma and figure “, 21A” shall be inserted; and

(c) after the figure “33”, the comma, word and figure “, section 40C” shall be inserted;

(2) in rule 2, -

- (i) after clause (xxviii), the following new clause shall be inserted, namely:-

“(xxviii-a) “licensee” means a person authorized by the Board to install, maintain and operate the system under Chapter XIV-B of these rules;”;

- (ii) after clause (xxxv), the following new clause shall be inserted, namely:-

“(xxxv-b) “package” means a packet, bottle or other single retail unit of the goods specified in the Table under rule 150ZF;” and

- (iii) after clause (liv), the following new clause shall be inserted, namely:-

“(liv-a) “system” includes the equipment for electronic monitoring of production or for secure counting and recording of production, stocks and clearances, affixation of the tax stamps, banderoles, stickers, barcodes, labels etc. the related software and hardware and human resources required for electronic monitoring and tracking of taxable goods;”;

- (3) rule 4 shall be omitted;

- (4) for rule 5, the following shall be substituted, namely:-

“5. Application for registration.— (1) A person required to be registered under the Act shall, before making any taxable supplies, apply on the computerized system through owner, authorized member or partner or authorized director, as the case may be, in the Form STR-1, as annexed to these rules. Such application shall specify the RTO in whose jurisdiction the registration is sought, as per criteria given below, namely:--

- (a) in case of listed or unlisted public limited company, the place where the registered office is located;

- (b) in case of other companies—
 - (i) if the company is primarily engaged in manufacture or processing, the place where the factory is situated; and
 - (ii) if the company is primarily engaged in business other than manufacture or processing the place where main business activities are actually carried on;
- (c) in case of a person not incorporated, the jurisdiction where the business is actually carried on; and
- (d) in case of a person not incorporated, having a single manufacturing unit and whose business premises and manufacturing unit are located in different areas, the jurisdiction where the manufacturing unit is located:

Provided that the jurisdiction of Large Taxpayers Units shall remain as specified by the Board:

Provided further that the Board may transfer the registration of any registered person to a jurisdiction where the place of business or registered office or manufacturing unit is located.

(2) The applicant shall submit through the computerized system the following documents, namely:-

- (a) CNIC of all owners, members, partners or directors, as the case may be, and the representative, if any, and in case of non-residents, their passports;
- (b) in case of a company or registered AOP, the Registration or Incorporation Certificate, along with Form III or Form A as prescribed in the Companies Ordinance, 1984 (XLVII of 1984);
- (c) in case of a partnership, the partnership deed;
- (d) bank account certificate issued by the bank in the name of

the business;

- (e) lease or rent agreement, if the premises is on rent, along with CNIC of the owner of the premises;
- (f) ownership documents of the premises, such as registered sale deed or registered transfer deed;
- (g) latest utility bills (electricity, gas, land-line telephone, and post-paid mobile phones, as the case may be);
- (h) list of machinery installed in case of manufacturer;
- (i) distribution certificate from the principal showing distributorship or dealership, in case of distributor or dealer;
- (j) balance sheet/statement of affairs/equity of the business;
- (k) particulars of all branches in case of multiple branches at various locations; and
- (l) particulars of all franchise holders in case of national or international franchise.

(3) The applicant being the owner, authorized member or partner or authorized director, as the case may be, shall visit the concerned RTO for biometric verification along with all those documents specified under sub-rule (2) which have not been submitted through computerized system.

(4) Subject to sub-rule (2) the applicant shall also submit the following to the computerized system through the electronic application prescribed by the Board for the purpose, namely:-

- (a) GPS-tagged photographs of the business premises, office equipment, electricity meter and gas meter;
- (b) in case of manufacturer, in addition to clause (a), GPS-tagged photographs of factory premises, machinery, industrial electricity or gas meter installed; and
- (c) in case of wholesaler, in addition to clause (a), GPS-tagged

photographs of the business premises and godown.

(5) Incomplete applications shall not be entertained by the computerized system.

(6) Where an applicant has unsold or unused stocks of tax-paid inputs on which he desires to claim the benefit of section 59 of the Act, he shall declare such stocks in a statement in the Form set out as STR-4, to be appended with his application for registration.

(7) The application shall be processed by the computerized system and if found complete in all respects, shall be assigned a risk score. In case the application is found low risk, registration shall be issued by the computer system and certificate shall be sent to the applicant by courier service. The high risk cases shall, for further inquiry and scrutiny of documents, be sent to the Commissioner Inland Revenue, designated in the RTO for the purpose.

(8) Where a person, who has furnished a Form for registration, discovers any omission or wrong statement therein, or notices a subsequent change in any information, particulars, annexures, statements, documents or data already furnished, he may, without prejudice to any liability incurred by him under any provision of the Act, furnish a revised Form for registration.

(9) In case the person applying for registration as manufacturer is sharing the premises, he shall provide evidence of –

- (a) demarcation of manufacturing premises for registration, and
- (b) installation of sub-meter by the relevant utility company, in case he does not have independent industrial utility connection but is using electricity or gas through sub-meter.”;

(5) after rule 5, the following new rule shall be inserted, namely:-

"5A. Temporary registration.— (1) Where a person files application for sales tax registration as a manufacturer without having installed machinery, for the purpose of import of machinery to be installed by him, temporary registration as manufacturer shall be allowed to him for a period of sixty days subject to furnishing of the complete list of machinery to be imported along with Bill of Lading (BL) or Goods Declaration (GDs) in lieu of the requirements prescribed in clause (h) of sub-rule (2) and clause (b) of sub-rule (4) of rule 5.

(2) The temporary registration shall be issued by the computerized system within seventy-two hours of filing of the complete application.

(3) After receiving temporary registration, the person shall be allowed to import plant, machinery and raw materials, etc. as a manufacturer, subject to submission to the customs authorities of a post-dated cheque equal to the difference in duties and taxes to be availed as a manufacturer.

(4) In case the requirements prescribed in clause (h) of sub-rule (2) and clause (b) of sub-rule (4) of rule 5 are not fulfilled within sixty days of issuance of the temporary registration, such temporary registration shall be disabled and the post-dated cheques submitted shall be encashed.

(5) A person holding temporary registration shall file monthly return in the form STR-7, but shall not issue a sales tax invoice and if such invoice is issued, no input tax credit shall be admissible against such invoice.

(6) No sales tax refund shall be paid to the person during the period of temporary registration and the amount of input tax may be carried forward to his returns for subsequent tax periods.";

(6) for rules 6 to rule 11, the following shall be substituted, namely:-

“6. **Compulsory registration.**— (1) if a person, who is required to be registered under the Act, does not apply for registration and the Commissioner Inland Revenue or any other officer, as may be authorized by the Board, after such inquiry as deemed appropriate, is satisfied that such person is required to be registered, he shall issue notice to such person in the Form set out in Form STR-6.

(2) In case the Commissioner receives a written reply from the said person within the time specified in notice under sub-rule (1), contesting his liability to be registered, the Commissioner shall grant such person opportunity of personal hearing, if so desired by the person, and shall thereafter pass an order whether or not such person is liable to be registered compulsorily. Copy of the said order shall invariably be provided to that person. Where the Commissioner passes the order for compulsory registration, he shall cause the said person to be registered through computerized system.

(3) Where the person to whom a notice is given under sub-rule (1), does not respond within the time specified in the notice, the Commissioner shall cause to compulsorily register the said person through computerized system under intimation to the said person through courier service.

(4) A person registered compulsorily under sub-rule (2) or (3) is required to comply with all the provisions of the Act and rules made thereunder from the date of compulsory registration, and in case of failure to do so, the Commissioner Inland Revenue having jurisdiction may issue notice under section 25 of the Act for production of records or documents and appearance in person to assess the amount of sales tax payable under section 11 of the Act, and take any other action as required under the law against such person:

Provided that if it is subsequently established that a person was not liable to be registered but was wrongly registered under this rule due to inadvertence, error or misconstruction, the Commissioner shall cause to cancel his registration through the computerized system. In case of such cancellation of registration, such person shall not be liable to pay any tax, default surcharge or penalty under the Act or rules made thereunder, subject to the conditions, limitations and restrictions prescribed under section 3B of the Act.

7. Change in the particulars of registration. -- (1) In case there is a change in the name, address or other particulars as stated in the registration certificate, the registered person shall notify the change in the Form STR-I to the computerized system, within fourteen days of such change.

(2) The change of business category as 'manufacturer' shall be allowed subject to fulfillment of all applicable requirements as specified in rule 5.

(3) In case of approval of the change applied for, a revised registration certificate shall be issued through computerized system, which shall be effective from the date the person applied for the change.

(4) The Commissioner may, based on available information or particulars and after making such inquiry as he may deem necessary and after providing reasonable opportunity of being heard to a person, by an order in writing, make modifications in registration of the person.

8. Transfer of registration.-- (1) The Board may, in accordance with clauses (a), (b) and (c) of sub-rule (1) of rule 5 or otherwise, by an order, transfer the registration of a registered person

from the jurisdiction of one LTU or RTO to another.

(2) On transfer of registration,--

- (a) all the records and responsibilities relating to such registered person shall be transferred to the LTU or RTO, in whose jurisdiction the registration has been so transferred;
- (b) notwithstanding the actions already taken, being taken or otherwise pending immediately before the transfer in respect of such registered person under any of the provisions of the Act or the rules made thereunder in the LTU or RTO from where his registration has been transferred, the LTU or RTO, in whose jurisdiction the registration is so transferred shall exercise the jurisdiction over such person in the manner as if it always had such jurisdiction.

(3) In case of transfer of registration under sub-rule (1), the Board shall issue intimation letter to the registered person along with copy to concerned LTU or RTO.

(4) In case a registered person intends to shift his business activity from the jurisdiction of one LTU or RTO to another, or he has any other valid reason for such transfer, he shall apply to the Board for transfer of his registration along with Form STR-I. The Board shall follow the procedure as provided under sub-rules (2) and (3).

9. Option to file application with Commissioner Inland Revenue.—A person who is unable to file application for registration or change in particulars of registration directly in computerized system may submit the prescribed application and required documents to

the concerned Commissioner Inland Revenue at RTO, which shall ensure entry of the application and documents in computerized system within three days.

10. Cancellation of multiple registrations. -- (l) In case a person holds multiple sales tax registrations, he shall retain only one registration and surrender all other registrations under intimation to concerned Commissioner Inland Revenue at RTO.

Provided that the Board may, subject to such conditions as it may deem appropriate, allow or allocate a person separate registration for manufacturing units located in different LTU or RTO.

(2) The tax liabilities against the registration cancelled under sub-rule (1) shall be transferred against the registration retained and in case of such registrations being in different LTU or RTO, the Commissioner having jurisdiction over cancelled registrations shall ensure that tax arrears' files are transferred to the LTU or RTO, having jurisdiction over the registration so retained.

11. De-registration. -- (1) Every registered person who ceases to carry on his business or whose supplies become exempt from tax, or who ceases to remain registered shall apply to the Commissioner Inland Revenue having jurisdiction for cancellation of his registration in Form STR-3, and the Commissioner, on such application or on its own initiative, may issue order of de-registration or cancellation of the registration of such person from such date as may be specified, but not later than ninety days from the date of such application or the date all the dues outstanding against such person are deposited by him, whichever is later and such person shall be caused to be de-registered through computerized system accordingly.

(2) The Commissioner, upon completion of any audit proceedings or inquiry which may have been initiated consequent upon the application of the registered person for de-registration, shall complete the proceedings or inquiry within ninety days from the date of application and direct the applicant to discharge any outstanding liability which may have been raised therein by filing a final return under section 28:

Provided that the person applying for de-registration shall not be de-registered unless he provides record for the purpose of audit or inquiry.

(3) If a registered person fails to file tax return for six consecutive months, the Commissioner, without prejudice to any action that may be taken under any other provision of the Act, after issuing a notice in writing and after giving an opportunity of being heard to such person, shall issue order of de-registration of such person and the computerized system shall be caused to de-register the person accordingly.

(4) The obligations and liabilities of the person whose registration is cancelled under sub-rule (1) relating to the period when he conducted business as a registered person shall not be affected by the fact that his registration has been cancelled or that he has ceased to be a registered person.”;

(5) in rule 12, for the words “the procedure as prescribed by the Board shall be followed”, the following expression shall be substituted, namely:-

“in order to ensure that the LTUs and RTOs follow a uniform policy for suspension and blacklisting of sales tax registered persons under section 21(2) of the Act and for subsequent proceedings in such cases, the following procedure shall be followed, namely:-

(a) **SUSPENSION**

(i) Where a Commissioner, having jurisdiction, is satisfied that a registered person has issued fake invoices, evaded tax or committed tax fraud, registration of such person may be suspended by the Commissioner through the system, without prior notice, pending further inquiry. The basis for such satisfaction may *inter alia* include the following, namely:-

- (A) non-availability of the registered person at the given address;
- (B) refusal to allow access to business premises or refusal to furnish records to an authorized Inland Revenue Officer;
- (C) abnormal tax profile, such as taking excessive input tax adjustments, continuous carry-forwards, or sudden increase in turnover;
- (D) making substantial purchases from or making supplies to other blacklisted or suspended person;
- (E) non-filing of sales tax returns;
- (F) on recommendation of a commissioner of any other jurisdiction;
- (G) any other reason to be specified by the Commissioner;

(ii) the suspension of registration shall take place through a written order of the Commissioner concerned, giving reasons for suspension. This order shall be endorsed to the registered person concerned, all other LTUs/RTOs, the FBR's computer system, the

STARR computer system and the Customs Wing computer system for information and necessary action as per law;

- (iii) a registered person who does not file sales tax return for six consecutive months shall be caused to be suspended through the system without any notice;
- (iv) in cases, where the buyers and suppliers of any such person, whose registration is being suspended, belongs to another LTU/RTO, and these buyers / suppliers are also required to be suspended, the Commissioner shall intimate the Chief Commissioner of the concerned LTU/RTO in whose jurisdiction such buyers/suppliers fall, in writing explaining the complete facts of the case and the reasons on the basis of which these buyers/suppliers are to be suspended, to initiate proceedings for suspension/blacklisting of the buyers/suppliers;
- (v) no input tax adjustment/refund shall be admissible to the registered person during the currency of suspension. Similarly, no input tax adjustment/refund shall be allowed to any other registered persons on the strength of invoices issued by such suspended person (whether issued prior to or after such suspension), during the currency of suspension;
- (vi) the Commissioner shall, within seven days of issuance of order of suspension, issue a show cause notice (through registered post or courier service) to the registered person to afford an opportunity of hearing with fifteen days of the issuance of such notice clearly indicating that he will be blacklisted, in case—
 - (A) there is no response to the notice;

- (B) he has not provided the required record;
 - (C) he has not allowed access to his business record or premises; and
 - (D) any other reason specified by the Commissioner;
- (vii) in case show cause notice is not issued within seven days of the order of suspension, the order of suspension shall become void *ab-initio*;
- (viii) in case of non-availability of the suspended person at the given address, the notice may be affixed on the main notice Board of the LTU/RTO;
- (ix) on receipt of the reply to the notice and after giving an opportunity of hearing to the registered person, if the Commissioner is satisfied, he may order for revoking of suspension of the registered person;

(b) **BLACKLISTING**

- (i) in case, after giving an opportunity of hearing, the offence is confirmed, the Commissioner shall issue an appealable self-speaking order for blacklisting of the registered person, and shall proceed to take legal and penal action under the relevant provisions of the Act;
- (ii) the order of blacklisting shall contain the reasons for blacklisting, the time period for which any refund or input tax claimed by such person or by any other registered person on the strength of invoices issued by him from the date of his registration shall be inadmissible, any recovery to be paid or penalties to be imposed;

- (iii) the order of blacklisting shall be issued within ninety days of the issuance of the notice of hearing. In case, the order of blacklisting is not issued within this time period the suspension of registered person shall become void *ab-initio*;
- (iv) copies of the order shall be endorsed to the registered person concerned, all other LTUs/RTOs, the FBR/PRAL computer system, the STARR computer system and the Customs Wing computer system. Each LTU/RTO shall circulate all such lists to their refund sections, audit sections and other concerned staff to ensure that the order is implemented in letter and spirit by all concerned;
- (v) all LTUs / RTOs shall further circulate the copies of the order along with a computer system-generated list of invoices issued by the blacklisted persons as referred to in the preceding clause, to all officers of Inland Revenue having jurisdiction over the registered persons who have claimed credit of input tax or refund on the strength of the invoices issued by the said blacklisted persons; and
- (vi) the officer of Inland Revenue receiving the aforesaid list under clause (v) shall issue show-cause notice under section 11 and sub-section (3) of section 21 of the Act to a registered person for rejecting the input tax or refund claimed against the invoices so circulated and further proceed to decide the matter as per law through a self-speaking appealable order and after affording a reasonable opportunity of being heard to such person, in the manner as provided in the said sub-section (3).”;

(6) after rule 12, the following new rules shall be inserted, namely:-

“12A. Non-active taxpayer. – (1) A registered person who does not fulfil any of the conditions prescribed in clause (1) of section 2 of the Act shall automatically become a non-active taxpayer and his name shall be removed from the active taxpayers list maintained by the Board.

(2) A non-active taxpayer shall not be entitled to-

- (a) file Goods Declarations for import or export;
- (b) issue sales tax invoices;
- (c) claim input tax or refund; or
- (d) avail any concession under the Act or rules made thereunder.

(3) No person, including government departments, autonomous bodies and public sector organizations, shall make any purchases from a non-active taxpayer.

(4) In case of entry of an invoice issued by a non-active taxpayer by any registered buyer in Annexure-A of his return, a message shall appear to the effect that the supplier is a non-active taxpayer and no input tax credit shall be admissible against such invoice.

12B. Restoration as an active taxpayer.-- A non-active taxpayer may be restored as active taxpayer, if -

- (a) the registered person files the return or statement along with payment of any tax due under the Act or Income Tax Ordinance, 2001 (XLIX of 2001);
- (b) the RTO or LTU having jurisdiction, on satisfying itself after conducting such audit or other investigation as may be necessary, recommends to the Board for restoration; and

(c) the Board issues an order to such effect.

(7) in rule 14,-

(a) in sub-rule (1), for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be inserted, namely:-

“Provided that all registered manufacturers making supply of taxable goods as mentioned in column (2) of the Table below shall furnish, in Annex-J of the monthly return, details of such goods manufactured or produced and goods supplied, using the units mentioned in column (3) of that Table, namely:—

TABLE

S. No.	Product	Unit of measurement
(1)	(2)	(3)
1	Sugar	M. Tons
2	Tea blended	M. Tons
3	Cigarettes	Million Nos.
4	Aerated Waters	"000" Litres
5	Paper	M. Tons
6	Board	M. Tons
7	Chemicals	M. Tons
8	Caustic soda	M. Tons
9	Toilet soap	M. Tons
10	Flakes & Detergent	M. Tons
11	Industrial Gases (Chlorine, Hydrogen, Oxygen etc.)	M. Tons
12	Paints & Varnishes	M. Tons
13	LPG	M. Tons
14	Natural Gas	Million Cu. Meters

15	Cement	"000" M. Tons
16	Ceramic Tiles	'000' Sq. Meters
17	Refrigerators	Nos.
18	Air conditioners (Split/ Window)	Nos.
19	Deep freezers	Nos.
20	T. V. Sets	Nos.
21	Washing machines	Nos.
22	Cables & wire (insulated)	"000" Meters
23	Trucks	Nos.
24	Buses	Nos.
25	Jeeps	Nos.
26	Motor Vehicles of all kind	Nos.
27	LCVs/ LTVs	Nos.
28	Motors cycles	Nos.
29	Tractors	Nos..
30	Ice Cream	"000" Litres
31	Biscuits	M. Tons
32	Fruits/ Vegetable Juices	"000" Litres
33	Syrups/Squashes	"000" Litres
34	Mineral Water	"000" Litres
35	Soda ash	M. Tons
36	Tyre & Tubes (motor car, bus, van, truck etc.)	"000" Nos.
37	Motor Spirit	M. Tons
38	High speed diesel oil	M. Tons
39	Diesel oil	M. Tons
40	Furnace oil	M. Tons
41	Lubricating oil	M. Tons
42	G. I. Pipes and MS Pipes	'000' Meters
43	Yarns (all kinds)	M. Tons

44	Iron & Steel products including stainless steel products	M. Tons
45	Storage Batteries (all kinds)	Nos.
46	Processed Fabrics	“000” Meters
47	Pesticides and insecticides	M. Tons
48	Liquid Glucose	M. Tons
49	Fertilizers	M. Tons
50	Footwear	Nos.
51	Power Transformers	Nos.
52	Filter rod	Nos

”; and

- (b) after sub-rule (2), the following new sub-rule shall be added, namely:-

“(3) In case the return is not filed within a period of six months after the due date, the same shall be filed only after approval of the Commissioner Inland Revenue having jurisdiction.”;

- (8) in rule 26A, in sub-rule (8), for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:-

“Provided that scrutiny of the refund claims processed or sanctioned after the 30th June, 2014 shall be carried out on the basis of risk-based selection through computerized Post Refund Scrutiny (PRS):

Provided further that where the Commissioner Inland Revenue has reasons to believe that a registered person, whose refund claim was processed or sanctioned after the 30th June, 2014, has been paid refund which was not admissible to him, he may direct through order in writing to conduct computerized Post Refund Scrutiny (PRS) of such claim.”;

- (9) in rule 33, after the word “cent” the expression “or at reduced rates under Notification No. S.R.O. 1125(I)/2011, dated the 31st December, 2011” shall be inserted;

- (10) in rule 34, in sub-rule (1), in clause (a), after the word “the”, the expression “persons making supplies under Notification No. S.R.O. 1125(I)/2011, dated the 31st December, 2011,” shall be inserted;
- (11) in rule 36, in sub-rule (1), for full stop at the end, a colon shall be substituted and thereafter the following provisos shall be added, namely:-

“Provided that scrutiny of the refund claims processed or sanctioned after the 30th June, 2014 shall be carried out on the basis of risk-based selection through computerized Post Refund Scrutiny (PRS):

Provided further that where the Commissioner Inland Revenue has reasons to believe that a registered person whose refund claim was processed or sanctioned after the 30th June, 2014 has been paid such refund, which was not admissible to him, he may direct through order in writing to conduct computerized Post Refund Scrutiny (PRS) of such claim.”;

- (12) Chapter VII and rules 45 to 50 shall be omitted;
- (13) after rule 57, the following new Chapter VIII-A shall be inserted namely:-

“CHAPTER VIII-A
IMPORT OR SUPPLY OF EXEMPT GOODS TO ORGANIZATIONS OR
AGENCIES UNDER GRANTS-IN-AID

57A. Application.-- The provisions of this Chapter shall apply to goods imported or supplied in terms of Serial No. 48 of the Sixth Schedule to the Act.

57B. Procedure for availing exemption.-- (1) Any entitled organization or agency desirous of making exempt import or taking exempt supply from a registered person shall make application to the officer of Inland Revenue having

jurisdiction for issuance of exemption certificate to this effect, provided that the application shall be accompanied by an exemption order in original issued by Economic Affairs Division on the format specified by the Board in the name of the organization or agency entitled for such exemption, specifying and certifying-

- (a) the exact description, along with specifications of the goods and their *bonafide* use;
- (b) their quantity and value; and
- (c) relevance of the intended purchase under grant-in-aid.

(2) The officer of Inland Revenue shall keep the original exemption order of the Economic Affairs Division for office record and after satisfying himself that the intended purchase by the organization or agency is *bonafide*, shall issue an "Authorization for Exempt Supply" in the name of the importer of registered supplier, as the case may be, clearly mentioning that only the sales tax levied on the last transaction shall be exempt:

Provided that the officer of Inland Revenue may deny exemption to any goods or class of goods, as the case may be, for reasons to be recorded in writing, if he has grounds to believe that the intended import or purchase is not under or for grant-in-aid.

(3) On receiving "Authorization for Exempt Supply", the concerned Collector of Customs or registered supplier, as the case may be, shall allow exempt import or make exempt supply respectively and keep a record of the same for presentation to the Inland Revenue department.

(4) In case an entitled organization or agency has made imports or purchases without obtaining "Authorization for Exempt Supply", the Economic Affairs Division shall forward claims for refund of sales tax paid, fulfilling the

conditions in sub-rule (1), to the Board, for processing in terms of the relevant provisions of law.”;

(14) after rule 150Z, the following new Chapters shall be inserted, namely:-

“CHAPTER XIV-A

MONITORING OR TRACKING OF CERTAIN REGISTERED PERSONS BY ELECTRONIC OR OTHER MEANS

150ZA. Application.— The provisions of this Chapter shall be applicable to the registered persons being restaurants, cafes, coffee shops, eateries, snack bars and hotels having any of such business activities for the purpose of monitoring or tracking of taxable activities by electronic or other means.

150ZB. Electronic invoice system.— (1) The registered person specified in rule 150ZA shall provide continuous and full remote as well as on-site access to his computerized system as and when required by the Board for installation, configuration or dove-tailing of his computerized system with the Board’s computerized system.

(2) The registered person specified in rule 150ZA shall, at his own expense, implement changes, if any, required in his computerized system to make it compatible with the Board’s computerized system, as per specifications and timeline specified by the Board.

(3) The registered person specified in rule 150ZA shall, at his own expense, arrange a communication device, as per specifications and timeline provided by the Board, for two-way transmission of data between his computerized system and the Board’s computerized system.

(4) The registered person specified in rule 150ZA shall ensure availability and functionality of his computerized system and communication device at all times.

(5) The registered person specified in rule 150ZA shall issue invoice containing the same particulars as specified under section 23 of the Act and as per the manner or the format provided by the Board, including a unique number issued by the Board's computerized system, in respect of each transaction of taxable goods supplied and services provided by them.

(6) The registered person specified in rule 150ZA shall, after implementation of the Electronic Invoice System by the Board, sign-off a certificate of his acceptance of validity, accuracy and ownership of the data generated by the said system, with the officer of Inland Revenue having jurisdiction.

150ZC. Monitoring.— The registered person specified in rule 150ZA shall provide continuous and full remote as well as on-site access to record, documents and data maintained electronically or otherwise as and when required by the officer of Inland Revenue having jurisdiction.

150ZD. Electronic invoice data.— The Board may use the data of electronic invoices for the purposes of all Acts, Ordinances and rules under its jurisdiction.

150ZE. Failure to meet the conditions for electronic monitoring system. — In case a registered person fails to comply with the provisions of this chapter, he shall be liable to penal action as provided in the Act.

CHAPTER XIV-B

ELECTRONIC MONITORING AND TRACKING OF SPECIFIED GOODS

150ZF. Application.— The provisions of this chapter shall apply to manufacturers or importers of goods specified in the following Table:—

TABLE

S. No.	Specified goods
(1)	(2)
1.	Aerated waters
2.	Cigarettes
3.	Fertilizer
4.	Cement
5.	Sugar

150ZG. Goods to be affixed with tax stamps, banderoles, stickers, labels, barcodes etc.— Every package of the goods whether manufactured or imported shall be affixed or printed with a tax stamp, banderole, sticker, label, barcode, etc. in the manner prescribed under this Chapter:

Provided that such specified goods, which are exempt or meant for export, shall not be required to be affixed with tax stamps, banderoles, stickers, labels, barcodes, etc., but shall be clearly, legibly and indelibly marked as “Exempt Goods” or “For Export”, as the case may be.

150ZH. Security features of the tax stamp, banderole, sticker, label, barcodes etc.— Every tax stamp, banderole, sticker, label, barcode, etc. required to be affixed under these rules shall bear such security features as are approved by the Board in order to—

- (a) prevent counterfeiting;
- (b) enable accounting of production of the specified goods; and

- (c) enable any person in the supply chain or an officer authorized by the Commissioner Inland Revenue to authenticate such tax stamp, banderole, sticker, label, barcode, etc.

150ZI. Appointment of licensee.—The Board may appoint and authorize one or more licensees to—

- (a) prepare and deliver tax stamps, banderoles, stickers, labels, barcodes etc. as per specifications approved by the Board;
- (b) develop a system for counting, recording and reporting of the specified goods; and
- (c) install and operate a system for the affixation or printing of tax stamps, banderoles, stickers, labels, barcodes etc., counting and monitoring of production, clearances and stocks, recording and reporting of data and other allied matters.

150ZJ. Installation of system.— (1) The system for the affixation or printing of tax stamps, banderoles, stickers, labels, barcodes, etc., counting and monitoring of production, clearances and stocks, recording and reporting of data and other allied matters shall include all devices and equipments required for—

- (a) affixing, printing, authentication and validation of tax stamps, banderoles, stickers, labels, barcodes etc.;
- (b) proper identification of packages and affixation of corresponding tax stamps, banderole, stickers, labels, barcodes etc;
- (c) counting of goods manufactured or produced;
- (d) recording and reporting of data of the specified goods to the Board; and
- (e) any other function as required by the Board.

(2) The system shall be installed on all production lines and packaging machines at the manufacturing premises as may be necessary.

(3) The system for imported goods shall be installed in a designated area at the port of importation or a customs bonded warehouse, as the case may be, declared by the importer for this purpose:

Provided that the Board may allow tax stamps, banderoles, stickers, labels, barcodes etc. to be affixed on any specified goods to be imported in a production facility in the exporting country, subject to such conditions as the Board may specify.

(4) After installation of the system in each case, the licensee shall provide details of the system to the manufacturer as well as to the Board.

150ZK. Fee for purchase of tax stamps, banderole, stickers, labels, etc.—The manufacturer or importer shall pay to the licensee a fee fixed by the Board from time to time which shall cover the costs of installation, operation and maintenance of the system and printing or affixation of tax stamps, banderoles, stickers, labels, barcodes etc.

150ZL. Functions and responsibilities of the licensee.— The licensee shall-

- (a) ensure timely delivery of tax stamps, banderoles, stickers, labels, barcodes etc. in the quantities as per requirement, to manufacturers or importers of specified goods;
- (b) install the system in the manner specified in rule 150ZJ under the supervision of the officer of Inland Revenue authorized in this behalf;
- (c) ensure proper operation, repair and maintenance of the system.
- (d) convey production data to the Board, while maintaining its security.

150ZM. Functions and responsibilities of the manufacturer or importer of specified goods.—(1) The manufacturer or importer of specified goods shall-

- (a) make all production facilities available for installation of the system and allow access to the licensee for routine operations, inspection and maintenance;
- (b) not supply any goods without routing them through the system and without affixation of tax stamps, banderoles, stickers, labels, barcodes etc. procured from the licensee;
- (c) be responsible to pay the fee approved by the Board for the affixation or printing of the tax stamps, banderoles, stickers, labels, barcodes etc.
- (d) require a licensee to provide the requisite quantities of tax stamps, banderoles, stickers, labels, barcodes etc. at least thirty days in advance, under intimation to the Board;
- (e) be responsible for smooth functioning, protection and security of the system;
- (f) report to the Board and concerned Commissioner Inland Revenue within twenty-four hours of any operational failure, damage, disruption or tampering of the system:

Provided that any damage to the system found to be due to carelessness, negligence or deliberate action of the manufacturer will be repaired at the expense of the manufacturer, without prejudice to any legal action that may

be taken for recovery of evaded tax and imposition of penalty;

- (g) maintain proper inventory of the tax stamps, banderoles, stickers, labels, barcodes etc.;
- (h) not print over, hide or deface a tax stamp, banderole, sticker, label, barcodes etc. affixed on a package;
- (i) allow unhindered access to the licensee and officer of Inland Revenue, authorized in this behalf;
- (j) give a notice to the Board, at least thirty days in advance, from the date of start of production of new brands of goods, any change in the graphic art of existing goods together with the corresponding packages and labels or closure, expansion, modification or any other changes in the production line;
- (k) return, under intimation to the authorised officer, any tax stamps, banderoles, stickers, labels, barcodes etc. to the licensee in case the manufacturing is stopped, import is not made or the tax stamps, banderole, stickers, labels, etc. are defective or do not conform to the required specifications;
- (l) make available the damaged tax stamps, banderoles, stickers, labels, barcodes etc. for inspection by the officer authorized by Commissioner Inland Revenue;

150ZN. Functions of the Commissioner Inland Revenue- (1) The Commissioner, having jurisdiction, shall monitor proper and uninterrupted

operation of the system through periodic visits by an officer of Inland Revenue authorized in this behalf.

(2) Where a manufacturer or importer cannot account for the tax stamps, banderoles, stickers, labels, barcodes etc. issued to him by the licensee, the officer authorized by Commissioner Inland Revenue shall compute duties and taxes on the goods related to the unaccounted tax stamps, banderoles, stickers, labels, barcodes etc. and recover the same under the law.

150ZO. Inoperative production lines:- (1) The manufacturer shall report any inoperative production lines within twenty-four hours of occurrence to the concerned Commissioner Inland Revenue and the officer authorized by Commissioner Inland Revenue shall immediately proceed to secure such lines using a security seal and register the action in the system.

(2) Production lines sealed under sub-rule (1) shall not be de-sealed to resume operation except with the permission of the Commissioner Inland Revenue.

150ZP. Effective date for commencement of the system.- The Board shall, by notification in the official Gazette, and through public notice in at least three national daily newspapers of wide circulation, declare the date after which the specified goods shall not be supplied without routing through the system.

150ZQ. Responsibility of persons involved in the supply chain.- A distributor, wholesaler, dealer, retailer or any other person involved in the supply chain of specified goods, shall verify the tax stamps, banderoles, stickers, labels, barcodes etc. affixed on the specified goods before taking any supply.

(15) in Form STR-7,--

(a) for Annex-A and Annex-C, the following shall respectively be substituted, namely: –

“

DOMESTIC PURCHASE INVOICES (DPI)																		Annex-A		
	NTN :	9999999-9	***** Name of the Registered Person *****															Tax Period:		MMM-YYYY
S. No.	Particulars of Supplier					Document					Purchase Type	Rate	Quantity / Electricity Units	UoM	Value of Purchases Excluding Sales Tax	Sales Tax/ FED in ST Mode	Input Credit not allowed	Extra Tax	FED Payable	ST Withheld as WH Agent
	NTN	CNIC	Name	Province	Type	Type *	Number	Date	HS Code	Description of Goods										
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
1																				
2																				
3																				
4																				
5																				
Purchases made from registered persons													-		-	-	-	-		-
Purchases made from un-registered persons													-		-	-	-	-		-

”

Details of Production and Supplies

NTN STRN Tax Period MM-YYYY

Name of Registered Person

S. No.	Description	Unit of Measure	Installed Monthly Capacity	Quantity in Opening Balance	Quantity Produced	Quantity Supplied, including exempt supplies and exports	Value of Qty. Supplied (Rs.)	Quantity in Closing Balance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

”;and

(16) after Form STR-20, the following new Forms STR-21 and STR-22 shall be added, namely:--

“STR-21
[See rules 57A & 57B]

AUTHORIZATION FOR EXEMPT SUPPLY

S.NO. _____ Date: _____

M/s. _____ has applied for exempt supply
(Name of buyer)
under chapter VIII-A of sales Tax Rules, 2006, on the basis of the following documents:-

1. Economic Affairs Division’s Exemption Order No. _____
2. Other _____

The claim for exempt supply has been found in order and the formalities specified in the said rules have been fulfilled by this office.

M/s _____ is / are, therefore, authorized to deliver the
(Name & National Tax Number of registered supplier)

following goods to the said applicant against an invoice showing tax exemption (for the last transaction):--

S.No.	Description	Quantity	Value
1.			
2.			
3.			
4.			
5.			
6.			

[Officer of Inland Revenue]
(Signature, name and official seal)

STR-22
[See rules 57A & 57B]

EXEMPTION ORDER FOR EXEMPT SUPPLIES UNDER GRANT IN AID

[Under serial No. 48 of the Sixth Schedule to the Sales Tax Act 1990]

Economic Affairs Division Progressive No. _____ dated _____

1. DETAIL OF THE ORGANIZATION SEEKING EXEMPT SUPPLY		2. REFERENCE TO AGREEMENT AUTHORIZING EXEMPTIONS	
i.	Title/Name of Organisation/Agency: _____	i.	Name of Agreement: _____
ii.	Address: _____ _____	ii.	Date of Signing of Agreement with GOP: _____
3. PROJECT DETAILS:		4. NO. & DATE OF FBR's CONSENT (under S.No.48 of Sixth Schedule to the Sales Tax Act,1990)	
i.	Title/Name of the Project: _____	_____	
ii.	Start Date of the Project: _____		
iii.	Terminal Date of the Project: _____		
5. DETAILS Of IMPORT / SUPPLY (as the case may be)			
A. Import			
i	IGM No. & Date		
ii	Bill of Lading / Airway Bill No.		
iii	Good's declaration No. & date if any		
iv	Packing List No. & Date		
v	Commercial Invoice No. & Date		
vi	Any other documents / forms used for Customs clearance		

vii	Name & Particulars of Customs Clearing Agent, if any	
B. Local Supply		
i	Name of the Local Supplier	
ii	Sales Tax Registration No. / National Tax Number	
iii	Address	
6.DETAILS OF GOODS ALLOWED IMPORT / PURCHASE (LOCAL SUPPLY)		
Description of goods		
Specification of goods		
Total quantity		
Unit Value		

CERTIFICATE: It is certified that goods are for *bona fide* use by the organization/agency and are relevant with the project under Grant-in-Aid.

Signature and name of Head of the Organization/Agency

(The officer authorized to sign for and on Behalf of the Organization/Agency)

Copy to:

1. Chairman, Federal Board of Revenue, Islamabad
2. The [Name of Head/ Representative], [Name of Organization/Agency].”.

Signature, Name and official seal of authorized officer of EA

[C. No. 3 (2)ST&FE/L&P&E/15]

Shaukat Hayat Cheema
Secretary IR-ST & FE
(Law, Procedure & Exemptions)