**GOVERNMENT OF PAKISTAN**
**(REVENUE DIVISION)**
**FEDERAL BOARD OF REVENUE**

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Islamabad, the 1st July, 2016

**NOTIFICATION**
(SALES TAX)

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S.R.O.493(I)/2016- In exercise of the powers conferred by clause (8a) of section 2, sub-sections (1) and (2) of section 4, sub-section (2A) of section 6, sub-section (13) of section 19, section 40 and section 45A 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 clause (9) of section 2, sub-section (2) of section 6, proviso to clause (i) of sub-section (2) of section 7, clauses (b) and (l) of sub-section (1) of section 8, sub-section (2) of section 8, clause (ii) of sub-section (2) of section 8B, sections 9, 10, 14, 21, 21A 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, section 40C, sub-section (6) of section 47A, sections 48, 50A, 52, 52A and 66 thereof, the Federal Board of Revenue is pleased to direct that the following further amendments shall be made in the Sales Tax Rules, 2006, namely:-

in rule 18,---

(a) after sub-rule (1), the following new sub-rules shall be inserted, namely:-

"(2) The proviso to clause (i) of sub-section (2) of section 7 and clause (l) of sub-section (1) of section 8 of the Sales Tax Act, 1990 and sub-section (2A) of section 6 of the Federal Excise Act, 2005 shall be applicable for sales tax and federal excise returns for the tax periods from July, 2016 and onwards.

(3) A registered person shall enter data of supplies in Annexure-C and data of Debit or Credit Notes in Annexure-I and submit the said data by the 10th day of the month following the end of the tax period. As soon as, the registered person (supplier) submits partial or complete data of Annexure-C and Annexure-I, the said data shall be immediately available to the respective registered person (buyer) in his "Purchase Data" and "Debit or Credit Note Data". The registered person (buyer) shall load the data in his Annexure-A from "Purchase Data" and in his Annexure-I from "Debit or Credit Note Data" to prepare his return.

Provided that the data relating to purchases made from un-registered person or from such registered persons as allowed by the Board in this respect, shall be manually entered by the registered person in Annexure-A.

(4) In case registered person's all suppliers have declared their supplies made to him and have filed their monthly sales tax and federal excise returns for the same tax period, he shall be informed by the automated system of the Board that his all suppliers have filed their monthly sales tax and federal excise returns.

(5) In case,---

(i) supplier of the registered person has not filed his monthly sales tax and federal excise return till the filing of his own return, he shall be communicated regarding his supplier who has not so far declared supplies made to him in sales tax and federal excise return. He shall, however, be allowed provisional adjustment of input tax against said invoices but if the supplier fails to file his return by the 10th day of the next month, registered person's said inadmissible input tax credit shall be adjusted or recovered in terms of clause (l) of sub-section (1) of section 8 read with proviso to clause (i) of sub-section (2) of section 7 of the Sales Tax Act, 1990 and sub-section (2A) of section 6 of the Federal Excise Act, 2005. He shall, therefore, be advised by the automated system of the Board to contact the supplier and persuade him to declare said supplies made to him and file return so that registered person could get input tax credit relating to said supplies. In case registered person's supplier declares said supplies and files monthly sales tax and federal excise return for the same tax period, he shall be informed that the objection raised by the automated system of the Board on the invoices of the said supplier stands settled;

(ii) any buyer of the registered person has not declared sales tax withheld amount in the monthly sales tax and federal excise return till the filing of return by the supplier, the supplier shall be allowed provisional reduction in his output tax against the said amount but if the buyer fails to declare the said withheld amount of sales tax by the

10th day of the next month in the monthly sales tax and federal excise return, registered person's said reduction in output tax shall be adjusted or recovered. The registered person shall, therefore, be advised by the automated system of the Board to contact the said buyer and persuade him to declare the said withheld amount of sales tax in the monthly sales tax and federal excise return so that the registered person could get benefit of reduction of output tax. In case the registered person's buyer has declared withheld amount of sales tax for the same tax period in his sales tax and federal excise return, the objection raised, in this regard, shall stand settled and the registered person shall be informed accordingly;

(iii) any buyer of the registered person has not accepted a Credit Note issued by him, the supplier shall be allowed provisional reduction in his output tax against the said Credit Note but if the buyer fails to so accept such Credit Note in the sales tax and federal excise return by the 10th day of the next month, the registered person's said reduction in output tax shall be adjusted or recovered. The registered person shall, therefore, be advised by the automated system of the Board to contact the said buyer and persuade him to accept such Credit Note in the return so that the registered person could get benefit of reduction of output tax. In case registered person's buyer has accepted such Credit Note in his monthly sales tax and federal excise return for the same tax period, the objection raised, in this regard, shall stand settled and the registered person shall be informed accordingly; and

(iv) action required at para (i), (ii) and (iii) is not done, the inadmissible input tax credit in terms of clause (l) of sub-section (1) of section 8 read with proviso to clause (i) of sub-section (2) of section 7 of the Sales Tax Act, 1990 and sub-section (2A) of section 6 of the Federal Excise Act, 2005 and reduction in output tax in respect of withholding of sales tax or Credit Note shall be adjusted or recovered through column 7(a) in the next return of the registered person.

(6) In case,---

(i) registered person's supplier has declared his supplies made to him in his same monthly sales tax and federal excise return, the input tax credit relating to the said supplies shall be allowed to the registered person;

(ii) registered person's buyer has declared sales tax withheld amount in his same monthly sales tax and federal excise return, the reduction in output tax shall be allowed to the registered person;

(iii) registered person's buyer has accepted the Credit Note issued by him, the reduction in output tax shall be allowed to the registered person; and

(iv) the action required at para (i), (ii) and (iii) is done, the input tax credit and reduction of output tax in respect of withholding of sales tax or Credit Note shall be allowed to the registered person through column 7(b) in his next return.

(7) The balance of earlier disallowed input tax credit in terms of clause (l) of sub-section (1) of section 8 read with proviso to clause (i) of sub-section (2) of section 7 of the Sales Tax Act, 1990 and sub-section (2A) of section 6 of the Federal Excise Act, 2005 and disallowed reduction of output tax in respect of withholding of sales tax or Credit Notes shall appear in column 7(c) of the monthly sales tax and federal excise return of the registered person with the advice to contact and persuade the respective supplier or buyer to declare his supplies made to the registered person and file monthly sales tax and federal excise return or to accept relevant Credit Note or to declare sales tax withheld amount as the case may be.

(b) the existing sub-rules (2) and (3) shall be re-numbered as sub-rules (8) and (9) respectively.

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**(Raza Ashfaq Sheikh)**
Secretary IR-ST &FE
(Law, Procedure & Exemptions)