

Government of Pakistan
Ministry of Finance, Revenue and Economic Affairs
(Revenue Division)

Islamabad, the 26th February, 2019.

NOTIFICATION
(Sales Tax)

S.R.O. 253(1)/2019.—WHEREAS the Sales Tax (Special Procedures) Rules, 2007 were amended *vide* Notification No. S.R.O. 188(I)/2015, dated the 5th March, 2015 in purported exercise of powers of the Federal Government to provide for a special procedure for payment of sales tax on cottonseed oil and to exempt cottonseed oil cake from payment of sales tax;

WHEREAS the said Notification was declared *ultra vires* by the Lahore High Court and the order of the Lahore High Court was upheld by the Supreme Court of Pakistan *vide* its order, dated the 16th April, 2018, in Civil Petitions No. 1028 to 1121, 1433 to 14558 and 2550 to 2553 of 2017 on the ground that the approval of the Federal Cabinet was not obtained;

AND WHEREAS it is expedient to provide for special procedure in order to ensure smooth and optimum realization of sales tax revenue;

NOW THEREFORE, in exercise of the powers conferred by section 71 of the Sales Tax Act, 1990, read with clauses (9) and (46) of section 2, sections 3 and 4, sub-section (2) of section 6, section 7, section 7A, clause (b) of sub-section (1) of section 8, clause (a) of sub-section (2) of section 13, sub-sections (2A) and (3) of section 22, sections 23 and 60 thereof, the Federal Government is pleased to direct that the following further amendments shall be made in the Sales Tax (Special Procedures) Rules, 2007, and shall be deemed to have been so made with effect from 1st July, 2018, namely:--

In the aforesaid Rules,—

- (a) rules 59 and 60 shall be re-numbered as rules 58U and 58V, respectively; and
- (b) after rule 58V, re-numbered as aforesaid, the following new Chapter XV and rules thereunder shall be added, namely:-

"CHAPTER XV
SPECIAL PROCEDURE FOR SALES TAX ON COTTONSEED OIL
EXPELLED BY OIL EXPELLING MILLS AND COMPOSITE
UNITS OF GINNING AND EXPELLING

58W. Application.— The provisions of this Chapter shall apply in respect of sales tax payable on cottonseed oil and payment of the same by the persons engaged in supply of cottonseed as well as composite units of cotton ginning and expelling of oil from cottonseed.

58X. Scope and levy of tax.— The sales tax payable on supply of cottonseed oil under the Federal Government's Notification No. S.R.O. 213(I)/2013 dated the 15th March, 2013 shall be collected at the time of supply of cottonseed on the basis of quantity of cottonseed supplied or consumed in-house for expelling of oil by composite cotton ginning units.

58Y. Mode, manner and rate applicable for payment of sales tax.— (1) The amount of sales tax chargeable under this Chapter shall be levied and collected at the time of supply of cottonseed by cotton ginners for in-house consumption, or to any other registered or unregistered person for the purpose of oil extraction or expelling, at the rate of —

- (a) Rs. 7 per 40 kg of cottonseed for the period starting from 1st July, 2018 and ending on the 30th June, 2019 (both days inclusive); and
- (b) Rs. 8 per 40 kg of cottonseed for the period starting from the 1st July, 2019.

(2) All cotton ginners, if not already registered or required to be registered, shall obtain sales tax registration for the purpose of these rules.

(3) The amount of sales tax so charged and collected by the cotton ginners shall be declared in the monthly returns and shall be deposited as such without any input tax adjustment.

(4) The suppliers of cottonseed shall mention sales tax charged under this Chapter separately on the sales tax invoice to be issued by them.

(5) The oil expelling units using the cottonseed on which sales tax has been charged and collected in the aforesaid manner shall be exempt from payment of sales tax on the supplies of oil cake produced from such cottonseed.

(6) The ginner shall submit a certificate to the Commissioner having jurisdiction by the 15th day of the month following the tax period for the quantity of cottonseed supplied to the growers for sowing purpose.

58Z. Monthly statement.— Each ginning unit including a composite ginning unit shall submit to the Commissioner of Inland Revenue having jurisdiction monthly statement of production and supply of ginned cotton, cottonseed and cottonseed oil in the format

set out in Annex-I by the 15th day of the month following the tax period.

58ZA. Notice to be given by the ginning unit.— A ginning unit or, as the case may be, a composite ginning unit shall, at the time of commencement of ginning activity and at the time of closure thereof, inform the Commissioner of Inland Revenue having jurisdiction within three days of such commencement or closure, as the case may be.

58ZB. Final statement to be furnished by the ginning unit.— (1) Each ginning unit including a composite ginning unit shall, within fifteen days of the cessation of the ginning activity, furnish to the Commissioner of Inland Revenue having jurisdiction a statement regarding production and supply of ginned cotton, cottonseed, cottonseed oil, oil cake and oil dirt in the format set out in Annex-J.

(2) Where the cotton ginner or the composite cotton ginning unit fails to furnish any statement or certificate as required under this Chapter, he shall be liable for penal action as provided for under serial No. 17 of the Table in section 33 of the Sales Tax Act, 1990."; and

(c) after Annex-H, the following new Annexures shall be added, namely:—

“ANNEX -I
[See rule 58Z]

MONTHLY STATEMENT FOR GINNERS

Name and address _____

Registration No. _____

Tax Period (Month) _____

Purchases (Phutti in Maunds) _____

Production: Cottonseed: _____ Maunds / kg; Cotton Lint: _____ bales

s. No.	Name & Address of Buyer of Cottonseed or In-House Consumption	Sales Tax Invoice No. and date	Quantity of Cottonseed (Kgs)	Value (Rs)	Sales Tax Payable @ Rs. _____ per 40 Kg	Amount of Sales Tax Paid
(1)	(2)	(3)	(4)	(5)	(6)	(7)

ANNEX-J

[See sub-rule (1) of rule 58ZB]

FINAL STATEMENT FOR GINNERS


Name and address _____

Registration No. _____

Season / Year: _____

Phutti purchased (Maunds)	
Cotton Lint produced (Bales)	
Cottonseed produced (Kgs)	
Cottonseed supplied (Kgs)	
Sales Tax Payable @ Rs. _____ per 40 kg	
Amount of Sales Tax Paid	
Cottonseed Oil produced (Kgs)	
Oil Cake produced(Kgs)	
Oil Dirt produced (Kgs)	

[F. No. 1/42-STB/2012]


(Dr. Hamid Ateeq Sarwar)
Additional Secretary