

GOVERNMENT OF PAKISTAN  
REVENUE DIVISION  
FEDERAL BOARD OF REVENUE  
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Islamabad, the 19<sup>th</sup> September, 2019.

**NOTIFICATION  
(SALES TAX)**

**S.R.O. 1087(I)/2019.**— In exercise of the powers conferred by sub-section (3A) of section 3 and sections 50 and 71 of the Sales Tax Act, 1990, the Federal Board of Revenue, with the approval of the Federal Minister-in-charge, is pleased to specify the ginned cotton in case of supply whereof the liability to pay sales tax as due under the said Act shall be of the person receiving the supply and such liability shall be discharged in the following manner, namely:—

- (a) the recipient of the supply of ginned cotton shall be duly registered under the Sales Tax Act, 1990, and the ginner shall not make any supply of ginned cotton to any person who is not so registered;
- (b) the ginner shall issue a tax invoice on the supply of taxable goods under section 23 of the Sales Tax Act, 1990 indicating the value of taxable supply and the amount of tax due on such supply, alongwith other particulars as prescribed therein. The ginner shall also file the monthly return in accordance with the rules prescribed under the said Act;
- (c) the tax invoice shall be issued of the date on which the ginned cotton was despatched;
- (d) the recipient of ginned cotton shall deposit the tax due thereon under a payment challan indicating the name and registration number of supplier, alongwith the return for tax period in which invoice is issued for the relevant supply;

- (e) if the recipient fails to deposit sales tax payable on ginned cotton purchased by him by the due date for the relevant tax period, besides any other action which may be taken against him under the said Act, he shall not be entitled to claim adjustment or refund of input tax in respect of such purchase unless he pays the amount of additional tax or penalties chargeable on such late deposit under sections 33 and 34 of the said Act;
- (f) in case the ginner fails to declare the supply of ginned cotton in his return and same is detected during the course of an audit or otherwise, the amount due on such supply shall be recoverable from the ginner in accordance with the provisions of the said Act and the rules made thereunder;
- (g) the cases involving non-payment or short-payment of sales tax by a ginner or a recipient on supplies of ginned cotton made under the provisions of this Notification shall be adjudicated by the officer having jurisdiction in the area where the contravention is made; and
- (h) in case a ginner deposits the tax due on the supply of ginned cotton, the same shall absolve the recipient from liability to pay tax on such supply under this notification.

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

  
(Tauqeer Ahmed)  
Secretary (ST&FE-Budget)