

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

Islamabad, the 24th August, 2021.

**NOTIFICATION
(SALES TAX)**

S.R.O. 1063(I)/2021.— In exercise of the powers conferred by section 50 of the Sales Tax Act, 1990, the Federal Board of Revenue is pleased to direct that the following further amendments shall be made in Sales Tax Rules, 2006, namely:—

In the aforementioned Rules, after rule 150ZQZG, the following shall be inserted, namely:—

“CHAPTER XIV-BB

INTEGRATION OF TIER-I RETAILERS AND LICENSING THEREOF

150ZQZH. Licensing.— (1) No person shall carry out integration of the retailers through software unless he has obtained a licence under these rules.

(2) No licensee under these rules shall maintain or operate system or provide any other service, which is not authorized under these rules.

(3) Every payment counter whether fixed or portable and generates invoices for receipt of payment either in cash or through debit or credit card shall be connected as per rule 150ZEB.

(4) Every licensee shall be bound to integrate the payment counter in the manner as prescribed under sub rule (4), (5), (16) and (17) of rule 150ZEB.

150ZQZI. Functions of the licensing committee.— (1) The licensing committee shall function in accordance with the provisions of these rules or any other instructions, procedures, issued by the Board.

(2) Project Director Retail Monitoring Cell shall be the convener of the licensing committee located at FBR House, Islamabad. The Board shall provide secretarial and other allied support for functioning of the licensing committee.

150ZQZJ. Application for grant of licence.— (1) An application for installation, configuration and integration of point of sale (POS) machine shall be made in duplicate to the Board.

(2) No application under sub rule (1) shall be considered, unless it is accompanied by —

- (i) registration certificate issued by Pakistan Software Houses Association or Institute of Chartered Accountants of Pakistan;
- (ii) audited statement of accounts for the last three financial years;
- (iii) list of major clientele;
- (iv) incorporation certificate under the Companies Act;
- (v) National Tax Number (NTN) Certificate;
- (vi) the paid up capital for the latest financial year is at least Rs.100 million or above;
- (vii) registration with Sales Tax Department if required;
- (viii) Computerized National Identity Cards (CNICs) of directors of the incorporated company;
- (ix) undertaking that the company has never been blacklisted by any Government or Provincial department or organization and has not been involved in confirmed cases of fiscal fraud;
- (x) list of projects executed in the last three years; and
- (xi) any other documents required through instructions orders issued by the Board.

150ZQZK. Procedure for grant of licence.— (1) On receipt of application for grant of licence in the Board, the licensing committee shall scrutinize the document provided and it shall evaluate the eligibility of the applicant within seven days of receipt of application.

(2) The licensing committee may also carry out visits, if necessary for physical inspection to ascertain the eligibility of the applicant for licensing under these rules.

(3) The licensing committee shall send its recommendations to the Member (IR – Operations) and the Director General Retail within ten days of date of submission of the application, specifying reasons for recommending or rejection of any application under these rules.

(4) In case, the companies meet the criteria under these rules, the licensing committee shall make recommendations for grant of licences.

(5) The licensing committee shall grant the licence to the recommended companies with the prior approval of Member (IR – Operations) and Director General Retail.

150ZQZL. Right granted to the licensee.— (1) A licensee shall have the right to install, configure, integrate, operate and maintain the point of sale on real time basis in accordance with conditions of the licence issued to him.

(2) The licence granted under these rules shall be subject to provisions of the Act and shall be valid for five years from date of issuance.

(3) The licence granted under these rules shall be non-transferable and shall not be allowed to be use by any sub-contractor.

150ZQZM. Renewal of licence.— (1) The application for renewal of licence shall be made to the Board three months before its expiry.

(2) The licensing committee shall evaluate the application and make recommendations to the Member (IR – Operations) and Director General Retail for renewal of licence.

(3) The licensee shall be required to comply with all the provisions of these rules for the renewal period.

150ZQZN. Technical support.— (1)The licensee shall be responsible for post deployment maintenance of Point of Sale as detailed below:

(a) setting up and maintenance of all information technology equipment connected to point of sales; and

(b) the licensee shall be authorized to, -

(i) upgrade of the system hardware and software;

(ii) all bug fixes; and

(iii) immediate response to trouble shooting of any post deployment problems for uninterrupted working of the system.

(2) The licensee shall be responsible for safe and secure capture of real time transmission of sales data from the retails outlet to FBR database at all times.

150ZQZO. Responsibilities of the Project Director.— The Project Director shall be responsible for overall supervision of the system and the steps taken to address problems encountered during operation of the systems.

150ZQZP. Procedure for cancellation or termination of licence.— (1) The Project Director shall immediately refer the matter to the licensing committee for further action under these rules, if he, as a result of supervision of the system or on receipt of a report from any of the Commissioners Inland Revenue or on a valid complaint, has reasons to believe that the licensee has-

- (a) failed to provide the required services to the satisfaction of the Board authorities;
- (b) contravened any condition of the licence;
- (c) contravened any provision of these rules or the Act; or
- (d) violated any applicable law while carrying out activities of licence under these rules.

(2) On receipt of reference from the Project Director under sub-rule (1), the licensing committee shall cause to serve a notice upon the licensee within fifteen days of receipt of reference, to show cause within thirty days after the date of the notice, as to why the licence issued under these rules should not be cancelled or terminated:

Provided that in cases where the Licensing, on the basis of material evidence, is of the opinion that there exists *Prima facie* a sufficient case against the licensee, it may suspend the licence to safeguard public finances and to prevent any other serious damage.

(3) The licensing committee may, after giving the licensee adequate opportunity of being heard and after examination of the record, cancel or terminate the licence issued under these rules.

(4) In case of cancellation of licence under these rules, the affected person or company shall have the right to file representation against the order of the licensing committee before the Board.

(5) The Board shall decide the representation after giving proper opportunity of being heard and the decision of the Board shall be final.

150ZQZQ. Fee and Charges.— (1) The licensee shall charge the fee for configuration and integration of point of sales from the retailers.

(2) No fee shall be charged from any of the field formation of the Board.

150ZQZR. Responsibilities of the Tier-I retailers.— The Tier-I retailer shall —

- (a) make all payment counters comprising of point of sale at each out let, available for installation of the systems;
- (b) be responsible for smooth functioning of point of sales;
- (c) report to the Board and the concerned Commissioner Inland Revenue within twenty four hours of any operational failure, damage disruptions or tampering of the system; or

- (d) report any inoperative point of sale to the Commissioner Inland Revenue holding the jurisdiction.

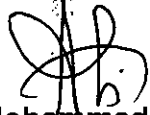
150ZQZS. Functions of Commissioner Inland Revenue.— (1) The Commissioner having jurisdiction, shall monitor proper and uninterrupted operation of the system through periodic visits by an officer of Inland Revenue authorized in this behalf.

(2) Where a Tier-I retailer does not account for sales without generating an invoice countering QR code or FBR invoice number, the Commissioner shall compute the taxes on such goods relating to unaccounted invoices, and recover the same under the relevant provisions of law.

150ZQZT. Establishment of Inland Revenue enforcement network.— The Board shall establish Inland Revenue enforcement network which shall be responsible for combatting evasion and leakage of taxes payable on goods by way of co-ordinating with enforcement units of the concerned filed formations.

150ZQZU. Functioning of IR enforcement network.— To check and verify any of the eventualities, the enforcement squads of Inland Revenue shall petrol the outlets, verify the invoices and report such invoices to Commissioner Inland Revenue on which due taxes have not been paid. The Commissioner, after receipt of report from enforcement network, shall recover the tax in accordance to the provisions of the Act.”.

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