Government of Pakistan
Revenue Division
Federal Board of Revenue
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Islamabad, the 31st July, 2026

**NOTIFICATION**
**Sales Tax**

**S.R.O. 1245(I)/2026.–** In exercise of the powers conferred by the provisos to sub-section (2) of section 6 of the Sales Tax Act, 1990, the Federal Board of Revenue is pleased to prescribe the following procedure for the purposes of categorization of nature of their business activity, rates and manners for collection and payment of sales tax on the basis of per unit of electricity consumed by the steel melters, re-rollers and composite units of steel melting and re-rolling operating on electric power or any other source of energy including those operated by sugar mills or other persons using self-generated electricity from bagasse or other means and regardless of type of electricity connection including captive power producers, namely:–

(a) steel melters and composite using remeltable iron and steel scrap falling under PCT heading 7204.3000, 7204.4100 and 7204.4990 and waste and scrap of compressors falling under PCT heading 7204.4940 shall pay sales tax per unit of electricity consumed for the production of steel billets, ingots and mild steel in addition to sales tax chargeable under sub-section (1) of section 3 of the Act as per following, namely:–

  (i) the manufacturers consuming local scrap shall pay sales tax at the rate of rupees thirty per electricity unit consumed;

  (ii) the manufacturers consuming imported scrap over seventy percent in aggerate in the last twelve months shall pay sales tax at the rate of rupees five per electricity unit consumed;

  (iii) the manufacturers consuming scrap as supplied by EFS licensee over seventy percent in aggregate in the last twelve months (from 01.06.2026) shall pay sales tax at the rate of rupees five per electricity unit consumed; and

  (iv) steel manufacturers operating under captive power or self-generation of electricity etc shall pay rupees thirty-five per electricity unit consumed:

Provided that per unit rate of sales tax on electricity consumed shall be rupees five for those steel melters and composite units only who are integrated with the Board's Computerized System for real time reporting of sales and their consumption or usage of imported remeltable iron and steel scrap for manufacture of steel billet or ingots exceeds seventy percent of total raw material consumed during immediate preceding twelve months,

(b) steel melters and composite units shall be entitled to adjust the sales tax paid under this notification on the basis of electricity units consumed against the output sales tax;

(c) steel manufacturers consuming five hundred thousand per month or more units of electricity on single electricity meter shall be categorized as steel melters or composite units, as the case may be and they shall declare their production and supply accordingly.

The manufacturers consuming less than five hundred thousand units of electricity per month shall fall under the category of steel re-rollers;

(d) in case of default in payment of sales tax by the due date as mentioned on their electricity bill, besides the other legal action by the concerned field formation, the concerned electric supply companies (DISCOs) shall disconnect the electricity connection of the steel melters or composite units as the case may be;

(e) the DISCOs are required to apply per unit rate of sales tax as specified in clause (a) above from 01.07.2026 to all melters, re-rollers and composite manufacturers without any fail;

(f) the name and particulars of steel melters and composite units shall be reviewed after each three months for its updation;

(g) the steel manufactures falling under paragraphs (ii) and (iii) of clause (a) above shall be notified through sales tax general order by Board containing following information, namely:–

| **S. No.** | **Name of Taxpayer** | **NTN/STRN.** | **Electricity Reference No** | **Name of DISCO** |
|---|---|---|---|---|
| 1 | 2 | 3 | 4 | 5 |

(h) This notification shall take effect from 1st day of July, 2026.

**[1(1)IR-Ops/2025]**

**(Anser Majeed)**
Second Secretary (ST&FE-Budget)