The

SALES TAX SPECIAL AUDIT RULES, 1998

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[1]**Notification No. S.R.O. 1001(I)/96, dated 23rd September, 1998.** --- In exercise of the powers conferred by section 50 of the Sales Tax Act, 1990, and in, supersession of its Notification No. S.R.O. 982(I)/98, dated the 14th September, 1998, the Central Board of Revenue is pleased to make the following rules, namely:--

1. **Short title, application and commencement.** --(1) These rules may be called the Sales Tax Special Audit Rules, 1996.

(2) These shall apply to the registered persons who are subject to special audit under these rules.

(3) They shall come into force on the 1st day of October, 1998.

2. Definitions. -- In these rules, unless there is anything repugnant in the subject or context, --

(a) "Act" means the Sales Tax Act, 1990; and
(b) "records" means the records as provided under section 22 of the Act;
(c) "monthly return" means a return as provided under section 26 of the Act;
(d) "special auditor" means a Chartered Acoountant or a Cost and Management Accountant appointed under section 32A of the Act; and

[1] Reported as PTCL 1998 St. 1861

(e) "terms of reference" means the terms of reference as specified in the appointment letter issued by the Board to the special auditor regarding his appointment.

(f) "auditor report" means the report submitted by the special auditor under these rules.

(2) All other words and expressions used, but not defined in these rules, shall have the same meanings as are assigned to them in the Act.

3. Special Audit. -- The Board may cause special audit of the records, tax invoices and monthly returns as required under section 22, 23 & 26 of the Act to be maintained, issued or furnished by such registered persons, class or classes of registered persons, by a special auditor.

4. Scope of special audit. -- The scope of the special audit shall be the expression of professional opinion with respect to the following, namely:-

(a) whether the records, tax invoices and monthly returns have been maintained, issued or furnished correctly by the registered person; and

(b) whether the monthly returns furnished by the registered person correctly reflect that:-

(i) all taxable supplies in the tax period as revealed by the records and tax invoices; and

(ii) all input tax, output tax and the net amount of sales tax payable or refundable, as the case may be.

Are in accordance with the provisions of the Act and are duly substantiated by the records required to be maintained for the purpose.

5. Form of audit report. -- The special auditor shall submit his audit report in the form as specified in the terms of reference.

6. Penlaty. -- (1) In case of violation of these rules or any clause of terms of reference, the payment of fee as specified therein, shall be withheld forthwith without prejudice to any action that may be initiated under the provisions of the Chartered Accountant Ordinance, 1961 (X of 1961), the cost and Management Accountants Act, 1966 (XIV of 1966), bye-laws made thereunder, or the Sales Tax Act, 1990.

(2) In case the payment has already been made in full or part thereof, to the special auditor, the same shall be returned within one week of issuance, by the Board of a demand notice in this regard.

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