GOVERNMENT OF PAKISTAN
CENTRAL BOARD OF REVENUE

Islamabad, the 21st July, 1998.

NOTIFICATION
(SALES TAX)

S.R.O. 813 (I) /98.- In exercise of the powers conferred by section 50 of the Sales Tax Act, 1990 , read with sub-sections (1) and (2) of section 10 thereof and in supersession of its Notification No, SRO 695 (I) / 96. Dated the 22nd August, 1996, 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 Sales Tax Refund Rules, 1998.

(2) These shall apply to manufacturers-cum-exporters and commercial exporters who desire to zero rate their exports under section 4 of the Sales Tax Act, 1990 and investors claiming refund under sub-section (1) of section 10 thereof.

(3) These shall come into force at once.

2. Definitions.- In these Rules, unless the subject or context provides otherwise.-

(i) "Act" means the Sales Tax Act, 1990;

(ii) "Commercial exporter" means a person engaged in making of zero rated supplies who opts for voluntary registration under section 18 of the Act;

(iii) "Claimant" means a registered person being a manufacturer-cum-exporter or a commercial exporter, filling a sales tax return entailing a refund under these rules;

(iv) “Officer-incharge” means Assistant Collector, Deputy Collector or Additional Collector who holds charge of the Refund Section; and

(v) “ Investor” means a person covered under the second proviso to sub-section (1) of section 10 of the Act.

3. Refund Section.- (1) There shall be established a Refund Section in each Collectorate of Sales Tax to process and settle the refund claims.

(2) The refund Section shall be headed by an Assistant Collector or such other senior officer of sales tax as may be nominated by the Collector of sales tax.

4. Tax return to be treated as refund claim.- (1) Monthly sales tax return filed by a claimant shall be treated as refund claim and shall be processed accordingly.

(2) A legible photocopy of the return, referred to in sub-rule (1). Shall be forwarded to the officer-incharge for appropriate action under the Act and these rules.

5. Receipt and scrutiny of refund claim- (1) The officer incharge shall assign an official to receive the refund claim and enter the relevant details in a register kept for this purpose.

(2) The officer incharge shall refer the refund claim to the Auditor or the Deputy Superintendent of the Sales tax for carrying out necessary scrutiny in order to ascertain whether any refund is admissible under the law.

(3) The Auditor or, as the case may be, the Deputy Superintendent, shall request the claimant by letter or facsmile or on telephone to furnish the requisite documents required for processing the refund claim.

Provided that where information is sought over the telephone, name and title of the person spoken to and the time, date and brief contents of conversation shall be recorded for further reference.

(4) The Auditor or , as the case maybe, the Deputy Superintendent, shall examine the refund claim to ascertain whether-

(a) The calculation in the tax return regarding the amount of refund has been made correctly; and

(b) The refundable amount, as shown in the return, is supported by tax invoices or import documents.

(5) The Auditor or , as the case may be, the Deputy Superintendent, shall carry out necessary scrutiny and give a report within ten days of receipt of refund claim by him under sub-rule (2) on the admissibility of the refund claim to Senior auditor or Superintendent (Refund) who shall give his comments thereon and pass it on to the officer-incharge.

(6) The officer-incharge shall examine the report and may make or cause or be made such further Enquirer as he may consider necessary.

(7) In case it is felt that the refund claim is not supported by the tax invoices and import or export documents or that it shall otherwise be appropriate to carry out an audit check for settling the refund claim, an auditor of sales tax shall be directed by the officer-incharge to audit the business records of directed by the officer-incharge to audit th4e business records of the claimant and submit a report to the officer-incharge through the concerned assistant Collector or Deputy Collector (Audit).

6. Sanction.-(1) If, on the basis of report of the Auditor and such further inquiry made for verification of the refund claim, the officer-incharge is satisfied about the genuineness and admissibility of the claim, he shall sanction such claim and send the original copy of the sanction order to the Treasury Officer for issuance of a cheque to the claimant.

(2) The duplicate copy of sanction order shall be retained in the Refund Section in the relevant file.

7. Action to be taken in case of in-admissibility of refund.- In case there is reason to believe that the refund claim is not admissible under the law, the officer-incharge shall issue a notice to the claimant to show cause, within thirty days of the submission of the tax return in the bank, as to why the claim should not be rejected and may also proceed against such person in accordance with the relevant provisions of law:

Provided that the period of thirty days shall not apply where an investigation into the admissibility of the refund is being carried out under sub-section (4) of section 10:

Provided further that the claimant shall be formally informed about the status of the refund claim before expiry of thirty five days from the date of his filing of return.

8. Action by Treasury Officer.- (1) On receipt of the sanction order in the office of the Treasury Officer the relevant particulars of the order, including the name and address of the claimant, number and date of the sanction order, and the amount of refund sanctioned shall be entered in a register by an official assigned in this behalf by the Treasury Officer.

(2) The Treasury Officer shall issue a cheque for the sanctioned amount of refund in the name of the claimant and despatch the cheque to him by registered post.

(3) The particulars of the cheque shall be entered in the register referred to in sub-rule (1).

9. Refund Claim filed by an investor.- (1) In case the refund claim is filed by an investor under sub-section(1) of section 10, the auditor or , as the case may be,

Deputy Superintendent assigned to examine the claim shall call for the following documents in order to ascertain whether the same is admissible under the law:-

(a) Bills of entry and tax invoices indicating purchase of plant and machinery;

(b) Allotment order indicating that the plot where the plant and machinery is being installed has been allotted in the name of the investor and in case the plant and machinery is being installed on the rented premises a copy of the rent deed may be furnished; and

(c) Copy of feasibility report and budget forecast.

(2) The investor shall submit an undertaking on a non-judicial stamped paper that he shall commence production and supply of taxable goods within a period of two years of the receipt of amount of refund.

(3) The provisions, as contained in rules 5 to 8 shall, mutatis mutandis, apply to refund claim filed by an investor.

(4) If the investor fails to commence production and supply of taxable goods within a period of two years or such further period as may be allowed by the Collector of sales tax, action shall be taken against him to recover the amount of sales tax which has been refunded to him.

10. Deduction to be made from a sanction Order.- Where any tax, additional tax or penalty under this Act or under the Central Excises Act, 1944 (O of 1944), Wealth Tax Act, 1963 (XV of 1963), Customs Act, 1969 (IV of 1969) and Income Tax Ordinance, 1979 (XXXI of 1979) are outstanding against the claimant, such amount of arrears shall be deducted from the sanctioned amount of claim before issuing him a cheque for the balance, if any.

11. Documents to be submitted by a claimant.- (1) The officer assigned to examine the claim shall call for the following documents for his examination and ascertainment of the admissibility of the refund claim:-

(a) Quadruplicate copy of bill of export indicating Mate receipt number and date, Airway bill number and date, Railway receipt number and date or Postal receipt number and date, as the case may be, to the effect that the goods have been exported;
(b) Invoice indicating description and value of goods and name and address of the person to whom the goods were consigned;
(c) Bill of lading , airway bill, railway receipt and the postal receipt, whichever is applicable, indicating transportation of the goods out of Pakistan; and
(d) Tax invoice indicating the amount of sales tax paid on the exported goods.

(2) On receipt of the aforesaid of the aforesaid documents, the claim shall be processed and settled in the manner specified in rules 5 to 8.

(3) The refund claim shall be admissible to the extent of amount of sales tax paid on the goods actually exported.

(3) The original quadruplicate copy of bill of export shall be returned to the claimant after retention of its photo copy attested by the officer-in-charge, who shall also make the following endorsement under his signatures and stamp of office on the original quadruplicate copy of bill of export.-

"Zero rating of sales tax has been claimed on this bill of export".

12. Time limit not to apply in certain cases.- The time limit for sanction of refund under these rules shall not apply in cases where a case of tax fraud has been instituted against the claimant under section 37A of the Act.

13. Refund of sales tax paid or over-paid through inadvertence, error etc.- (1) For claiming refund of input tax not claimed in the relevant tax period, sales tax paid or over-paid through inadvertence, error or mis-conception, a registered person shall file a refund claim under section 66 of the Act within one year of the date of payment of such amount specifying the following details:-

(a) Name, address and registration number of the claimant;

(b) Date of application;

(c) Amount claimed; and

(d) Reason for seeking refund,

(2) The refund claim filed by a registered person under section 66 of the Act shall be processed and settled in the manner specified in rules 5 to8.

14. General.- Nothing contained in these rules shall preclude a Ssales Tax Officer from conducting audit of the claimant or from demanding bank credit advice and other related documents after the sanction of refund.

C. No. 3 (18) STP / 98

(AKHTAR ALI)
SECRETARY