

**GOVERNMENT OF PAKISTAN  
(REVENUE DIVISION)  
CENTRAL BOARD OF REVENUE**

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Islamabad, the 9<sup>th</sup> June, 2007

**NOTIFICATION  
(SALES TAX)**

**S.R.O. 470(I)/2007.**— In exercise of the powers conferred by sub-section (1) of section 4 and section 40 of the Federal Excise Act, 2005, section 219 of the Customs Act, 1969 (IV of 1969), section 50 of the Sales Tax Act, 1990, read with sub-section (2) of section 8, sections 9, 10, 14, 21 and 28, clause (c) of sub-section (1) of section 22, section 26, sub-section (6) of section 47A, sections 48, 50A, 52, 52A and 66 thereof, the Federal Board of Revenue is pleased to direct that in the Sales Tax Rules, 2006, the following further amendment shall be made which shall take effect on the 1<sup>st</sup> day of July, 2007, namely:—

In the aforesaid Rules, —

(1) in the preamble, for the figure “52”, the commas and figures “50A, 52, 52A” shall be substituted;

(2) in rule 2, in sub-rule (1), —

(i) In clause (xi), for the words “a commercial” the word “an” shall be substituted;

(ii) after clause (xiii), the following new clause shall be inserted, namely:-

“(xiii-a) “CREST” means “Computerized Risk-based Evaluation of Sales Tax;”;

(iii) after clause (xxi), the following new clauses shall be inserted, namely:-

“(xxi-a) “e-declaration administrator” means an officer not below the rank of an Additional Collector of Sales Tax, authorized by the Collector for the purpose of administration of the scheme envisaged under these rules;

(xxi-b) “electronic data interchange (EDI)” means a system of secure transmission of electronic information, based on an agreed and internationally accepted standards and can be understood and treated automatically without human intervention;

(xxi-c) “electronic invoicing” means electronic transmission and storage of sales tax invoices, without the delivery of paper documents;”;

(iv) after clause (xxxv), the following new clause shall be inserted, namely:-

“(xxxv-a) “Nil Return Receipt Counter” means a counter set up in the concerned Collectorate of Sales Tax for the purpose of receiving nil returns;”;

(v) clause (xlviii) shall be omitted; and

(vi) after clause (lx), the following new clause shall be inserted, namely:-

“(lx-a) “unique user identifier” means a unique identification name, number or password allotted by the Board to the authorized user of the computerized system under section 50A of the Act;”;

(3) in rule 4, –

(i) in clause (d), the word “and”, at the end, shall be omitted;

(ii) in clause (e), for the full stop, at the end, a semicolon and the word “; and” shall be added; and

(iii) after clause (e), the following new clause shall be added, namely:-

“(f) a commercial exporter, who intends to obtain sales tax refund against his zero-rated supplies.”;

(4) in rule 7, for sub-rule (2) the following shall be substituted, namely:-

“(2) The change of business category as ‘manufacturer’ shall be allowed after LRO has verified the manufacturing facility and confirmed the status as industrial consumer of the electricity and gas distribution companies.”;

(5) in rule 8, in sub-rule (2),–

(i) in clause (a), the word “and”, at the end, shall be omitted;

(ii) in clause (b), for the full-stop at the end, a semicolon and word “; and” shall be added; and

(iii) after clause (b), the following new clause shall be added, namely:-

“(c) the return for the tax period in which the registration is transferred shall be filed in the Collectorate from where the registration is transferred.”;

(6) in rule 10, for the word “may”, the word “shall” shall be substituted;

(7) in rule 11, in sub-rule (1), after the word and comma “LRO”, occurring for the second time, the words “on such application or on its own initiative” shall be inserted;

(8) in rule 14, in sub-rule (1), for the second proviso, the following shall be substituted, namely:-

“Provided further that the registered persons working under a special procedure notified under section 71 of the Act by the Federal Government, shall also file the part of the return as prescribed for them.”;

(9) after rule 14, the following new rule shall be inserted, namely:-

**“14A. Option to file Nil Return in the Collectorate.—**(1) Every registered person intending to file a nil return under section 26 of the Act may file the nil return, in duplicate, not later than the due date, at the counter set up in the Collectorate for the purpose.

(2) The person receiving the nil return shall ensure that the particulars mentioned in both the copies tally with each other and shall then sign and stamp the two copies and also endorse the date of submission thereof.

(3) The person receiving a nil return shall forward the original copy thereof to the Computer Section and return back the duplicate copy, duly signed, stamped and indicating the date of submission, to the registered person in token of receipt.”;

(10) in rule 18, in sub-rule (7), after the word “e-mail”, occurring for the second time, the words “or in any other manner as required by the Board” shall be added;

(11) in rule 26, in clause (b), for the words “thereof in the manufacture of goods chargeable to sales tax” the words “in the manufacture of goods which are supplied to registered persons” shall be substituted;

(12) in rule 29, in sub-rule (2), for the letters “RRAS” the letters “CREST” shall be substituted;

(13) in rule 29, for sub-rule (5), the following shall be substituted, namely:-

“(5) CREST shall generate refund payment order for admissible amount in respect of refund claimed by manufacturers for export in zero rated sectors.”;

(14) in rule 30,—

(i) for sub-rule (1), the following shall be substituted, namely:-

“(1) On receipt of analysis Report or RPO as specified at sub rule 5 of rule 29 above the officer in-charge shall sanction the validated amount and issue the Refund Payment Order (RPO) accordingly after issuing the show cause notice for the amount found not admissible.”;  
and

(ii) in sub-rule (2), for the word “also”, occurring for the first time, the commas and words “, in respect of claim filed manually,” shall be substituted;

(15) in rule 31, in sub-rules (2) and (3), for the letters “RRAS” the letters “CREST” shall be substituted;

(16) in rule 32, for the words and letters “processing through the RRAS and after verification of input tax payment on the basis of risk profiling and targeting of the claimant” the words and letters “verification of supportive documents and approval through CREST” shall be substituted;

(17) in rule 34, in sub-rule (2), for the letters "RRAS" the letters "CREST" shall be substituted;

(18) in rule 38, in sub-rule (1),—

(i) in clause (b), for the words "excluding zero-rated invoices", the words "and summary of invoices for local zero-rated goods" shall be substituted;

(ii) in clause (c), after the words "the customs officers", the comma, words and figure " , in case of claims by persons other than manufacturer-*cum*-exporters of goods zero-rated in a notification issued under section 4 of the Act" shall be added; and

(iii) in clause (e), after the word "claimed", the words "by the claimants other than the manufacturers of goods zero-rated for local supplies", shall be inserted;

(19) in rule 38, in sub-rule (4), for the letters "RRAS" the letters "CREST" shall be substituted;

(20) in rule 65, in sub-rule (3), for the word "forty-five", the word "sixty" shall be substituted;

(21) after rule 150, the following new Chapters shall be added, namely:-

## **“CHAPTER XII**

### **SPECIAL PROCEDURE FOR ACCESSING THE COMPUTERIZED SYSTEM**

**150A. Application.—** The provisions of this Chapter shall apply to persons authorized as users of the computerized system under section 50A of the Act.

**150B. Authorization.—**(1) A person desirous to be authorized as user of computerized system under this Chapter may apply to the Board, at such time and in such manner, as may be prescribed.

(2) Upon scrutiny of the information provided by the applicant, the Board may grant authorization to the applicant or refuse the application after giving the applicant a reasonable opportunity of being heard.

(3) No person shall access the computerized system for transmission to or receipt of information therefrom, unless authorized as aforesaid.

**150C. Unique User Identifier.—** Every person authorized as user of computerized system shall be allotted a ‘Unique User Identifier’ for his identification in relation to accessing the computerized system for transmission to or receipt of information therefrom.

**150D. Access to computerized system.—** Subject to the conditions, restrictions and limitations, as may be prescribed by the Board, the authorized user shall access the computerized system for transmission to or receipt of information therefrom:

Provided that the Board may impose any additional conditions upon any authorized user or class of authorized users for accessing the computerized system or to maintain confidentiality or security thereof:

Provided further that the Board may require an authorized user or class of authorized users including their accredited agents to use any additional

electronic security including digital certification for electronic filing of return or any other declarations.

**150E. Responsibility of the user.**— The authorized user shall be responsible for security and confidentiality of the ‘Unique User Identifier’ allotted to him and where any information is transmitted to the computerized system using a ‘Unique User Identifier’, the transmission of that information shall be sufficient evidence that the authorized user to whom such ‘Unique User Identifier’ has been issued has transmitted that information.

**150F. Cancellation of registration.**— (1) Where the Board is satisfied that any user authorized to use the computerized system has—

- (a) failed to comply with any of the conditions prescribed by the Board; or
- (b) acted in contravention of any of the provisions of the Act or this Chapter; or
- (c) failed to take adequate measures for security and confidentiality of the ‘Unique User Identifier’; or
- (d) been convicted in an offence under this Act or any other law for the time being in force;

the Board may cancel the authorization of that user after affording him an opportunity of being heard.

(2) Pending consideration whether an authorization be cancelled under sub-rule (1), the Board may suspend the authorization.

**150G. Recording of transmissions.**— The Board shall keep record of each transmission sent to or received from an authorized user, for a period of five years from the date of such transmission or receipt.

**150H. Scrutiny of records.**— An officer or officers of Sales Tax, authorized by the Collector in this behalf, may examine records maintained by an authorized user, whether electronically or otherwise, in relation to a specific transaction or to verify adequacy or integrity of the system or media on which such records are created and stored.

## Chapter XIII

### ELECTRONIC INTERMEDIARIES

**150I. Application.**— This Chapter shall apply to the persons appointed as e-intermediaries by the Board under sub-section (1) of section 52A of the Act to electronically file return and such other documents as may be prescribed from time to time, on behalf of a person registered under section 14 of the Act.

**150J. Appointment of e-intermediary.**— (I) A person having sufficient information technology infrastructure and professional experience in the field of providing taxation services, desirous of being appointed as e-intermediary, shall apply to the e-declaration administrator on the format prescribed in STR-20:

Provided that for the purposes of this rule, the 'professional experience', shall mean any of the following, namely:-

- (a) a firm or sole proprietorship approved to practice by the Institute of Chartered Accountant of Pakistan or Institute of Cost and Management Accountants of Pakistan; or
- (b) a person appointed as authorized representative under Chapter IX of the Sales Tax Rules, 2006,

- (c) a person or firm approved to practice as Income Tax Practitioner under the Income Tax Ordinance, 1979; or
- (d) any other person approved by the Board.

(3) The e-declaration Administrator, after receipt of application for appointment as e-intermediary, and after verification, as aforesaid, shall forward the application along with his specific recommendation to the Board for appointment of the applicant as e-intermediary.

(4) The Board, after receipt of the recommendations from the e-declaration Administrator, may appoint the applicant as an e-intermediary and issue him a unique user identifier, subject to such conditions, restrictions and limitations, as may be prescribed:

Provided that the Board may refuse to entertain an application for appointment as e-intermediary for reasons to be recorded and conveyed in writing.

(5) In case of any change in the particulars or information provided by the e-intermediary in the application for registration, he shall immediately inform the concerned e-declaration Administrator about such change.

**150K. Cancellation of appointment.** – (1) Where the Board is satisfied that the e-intermediary has-

- (a) failed to comply with any of the conditions prescribed by the Board; or
- (b) acted in contravention of any of the provisions of the Act or these rules; or
- (c) failed to take adequate measures for security and confidentiality of the Unique User identifier; or
- (d) been convicted in an offence under the Act or any other law for the time being in force;

the Board may cancel the appointment of such e-intermediary after affording him an opportunity of being heard.

(2) Pending consideration whether the appointment of the e-intermediary be cancelled under sub-rule (1), the Board may suspend the appointment.

(3) An e-intermediary who intends to surrender his appointment, shall file an application to this effect to the Board.

(4) The Board may, on receipt of an application referred to in sub-rule (3), cancel the appointment of the e-intermediary after necessary inquiry, as it may deem proper to conduct.

**150L. Procedure to be followed by registered persons.** – (1) A registered person, may authorize an e-intermediary, duly appointed by the Board, to furnish e-declarations on his behalf, under intimation to the e-declaration Administrator having jurisdiction.

(2) The e-intermediary shall generate hard copy of the declaration in duplicate which shall be signed and retained by both the registered person and the e-intermediary.

**150M. Procedure to be followed by e-intermediary.** – The e-intermediary shall digitize the data of e-declaration, duly signed by the registered person and electronically transmit the same to the computerized system in the manner prescribed under Chapter XII of these Rules.

**150N. Responsibilities of e-intermediary.**– (1) The e-intermediary shall be responsible for security and confidentiality of the 'Unique User Identifier' allotted to him, and where any e-declarations is transmitted to the computerized system by using his 'Unique User Identifier', transmission of

that e-declaration shall be deemed to have been transmitted by the e-intermediary to whom such 'Unique User Identifier' has been allotted.

(2) The e-intermediary shall retain the data relating to all e-declarations transmitted by him electronically on behalf of a registered person, for a period of five years following the date of such declarations.

**150O. Responsibility of e-declaration Administrator.**— Without prejudice to the foregoing provisions, an e-declaration Administrator shall ensure compliance by e-intermediary operating within his jurisdiction including the verification about their credentials, any complaints received against the e-intermediaries and such other matters as he may deem fit and inform the Board wherever required.

**150P. Scrutiny of records.** – (1) An officer of Sales Tax, authorized by the Collector in this behalf, may examine records maintained by an e-intermediary, whether electronically or otherwise, in relation to a specific transaction or to verify adequacy or integrity of the system or media on which such records are created and stored.

(2) In case any discrepancy or irregularity is committed by the e-intermediary, he shall be liable to imposition of penalty prescribed under the Act or rules made thereunder.

## **CHAPTER XIV**

### **SPECIAL PROCEDURE FOR ISSUANCE OF ELECTRONIC SALES TAX INVOICES BETWEEN BUYERS AND SELLERS**

**150Q. Application.**— The provisions of this Chapter shall apply for electronic transmission of sales tax invoices by the registered persons who opt to do so in the manner specified hereunder.

**150R. Eligibility to use electronic invoicing system.—** Every registered person who is engaged in making supply of taxable goods or providing or rendering taxable services and wishes to use electronic invoicing system shall seek prior authorization, in writing, from the concerned Collector before issuing electronic invoices.

**150S. Issuance of electronic invoice and record.—** (1) The registered person shall issue an electronic sales tax invoice for every taxable supply made by him, containing such information as required under section 23 of the Act. The registered person shall also retain the record and documents for a period of five years on electronic media as provided under section 24 of the Act.

(2) A sales tax invoice may be generated and transmitted electronically where the authenticity of the origin and integrity of the invoice data are guaranteed by means of either an advanced electronic signature or electronic data interchange (EDI) or by any other means as approved by the Collector.

**150T. Transmission of electronic invoice to the Collector.—** The registered supplier making supplies under this Chapter shall simultaneously transmit a copy of all such electronically issued invoices to the Collector of Sales Tax having jurisdiction.

**150U. Use of formats and controls over transmission of electronic invoices.—** (1) The registered person may use any electronic invoice message format provided it contains all the information specified under section 23 of the Act.

(2) The invoice shall be transmitted in a secure environment, using industry-accepted security technologies in respect of messages as well as communication links and networks over which the invoice is transferred.

(3) During the transfer of invoice data between the supplier and the buyer, the registered person shall ensure—

- (a) completeness and accuracy of the invoice data;
- (b) timeliness of processing;
- (c) usage of necessary security measures for authenticity and integrity of data; and
- (d) prevention of duplication of processing by the recipient.

(4) The registered person shall invariably maintain a back-up data to overcome any possible system failure or loss or corruption of data.

**150V. Conditions for electronic storage.—** (1) The registered person shall ensure the authenticity and integrity of the data during and after application processing and use all electronic or procedural means to prevent loss and corruption of data during the storage.

(2) The invoice data shall be stored in such manner that information at the time of original transmission of invoice is re-created at the time of departmental audit.

**150W. Audit.—** (1) The registered person shall allow access to the record and documents maintained in electronic form as and when required by an officer of Sales Tax as provided under section 25 of the Act.

(2) The officer of Sales Tax shall have access to—

- (a) the operation of any computer system which generates or receives sales tax invoices;

- (b) supporting documentation including file structures, etc., operational and technical manuals, audit trail, controls, safe keeping and information on how the accounting system of the registered person is organized; and
- (c) business intelligence tools to scrutinize the information available on the system.

(3) The officer of Sales Tax shall be allowed to obtain any information from the system in any format, and for this purpose the registered person shall provide,—

- (a) physical access to system at his premises; and
- (b) indirect access providing information on electronic media, or possibly *via* remote access.

**150X. Same conditions to apply in respect of buyer for receiving electronic invoices.**— (1) The registered buyer who receives electronic invoices from the registered supplier shall fulfil the same criterion and conditions for storing them, as are specified for the supplier in this Chapter.

(2) In case the buyer wishes to store the electronic invoices received from the supplier in a paper-based system, he can do so after obtaining necessary approval from the Collector of Sales Tax having jurisdiction.

**150Y. Failure to meet the conditions for electronic invoicing system.**— If the registered person has issued and stored invoices electronically but has failed to meet the conditions relating to the prescribed procedure, besides other legal actions which may be taken for such failure, he shall be required to issue paper invoices till such time the Collector is satisfied that the electronic system of the registered person is capable of doing the job.

**150Z. Provisions of Electronic Transactions Ordinance, 2002, to apply.**— All the provisions of Electronic Transactions Ordinance, 2002 (LI of 2002), relating to the recognition of documents, records, information, communication and transaction in electronic form, accreditation of certification service providers and for matters ancillary thereto, shall apply.”;

(22) for rule 151, the following shall be substituted, namely:–

**“CHAPTER XV**

**REPEAL**

**151. Repeal.** – The Sales Tax Rules, 2005, the Electronic Filing of Sales Tax Return Rules, 2005, and the Sales Tax Refund on Zero-Rated Supply, Rules, 2006, are hereby repealed.”;

(23) in form STR-1, in the part STR-1(A),–

(i) after entry at para (1), the following new entry shall be inserted, namely:–

“(1A) Nationality  “; and

(ii) after entry at para (6), the following new entry shall be inserted, namely:-

“(6A) Passport number. (in case of foreign national)  “;

(24) Form STR-8 shall be omitted; and

(25) after STR-19, the following shall be added, namely:-

**Application for appointment as e-intermediary**

Collectorate _____	(where registration desired)
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(1) Business Name

(2) NTN #

(3) Business Status

(4) Address of Registered Head Office

(i) City

(ii) Post Code

(iii) Premises (Tick ✓)  Self Owned  Rented

(iv) Phone No.

(v) Fax No.

(vi) E-mail address

(vi) Bank Account No.

(vii) Bank name & address

I, \_\_\_\_\_, the undersigned, hereby, certify that the information above is true and correct and further that the applicant has not been involved in any case of tax fraud.

Signature & Stamp: \_\_\_\_\_  
Name: \_\_\_\_\_  
Designation: \_\_\_\_\_

”  
;

[C. No. 3(3)/ST-L&P/07(Pt)]

Abdul Hameed Memon  
Secretary (ST&FE-L&P)