

GOVERNMENT OF PAKISTAN
MINISTRY OF FINANCE, ECONOMIC AFFAIRS,
STATISTICS & REVENUE
(REVENUE DIVISION)

Islamabad, the 6th July, 2007.

NOTIFICATION
(SALES TAX)

S.R.O. 678(I)/2007.— In exercise of the powers conferred by section 71 of the Sales Tax Act, 1990, read with clauses (9) and (46) of section 2, sections 3 and 4, sub-section (2) of section 6, section 7, section 7A, clause (b) of sub-section (1) of section 8, clause (a) of sub-section (2) of section 13, sub-sections (2A) and (3) of section 22, sections 23 and 60 thereof, the Federal Government is pleased to direct that in the Sales Tax Special Procedures Rules, 2007, the following further amendment shall be made which shall take effect on the 1st day of July, 2007, namely:—

In the aforesaid Rules, —

(1) In rule 3,—

- (a) the brackets and figure “(1)” shall be omitted; and
- (b) in second proviso, for the full stop at the end, a colon shall be substituted and thereafter the following new proviso shall be added, namely:—

“Provided also that the provisions of section 73 of the Act shall not affect the admissibility of input tax adjustment where the wholesale-*cum*-retailer receives consideration in cash against the supplies made by him.”;

- (2) in rule 5, in the first proviso, for the full stop, at the end, a colon shall be substituted and thereafter the following, further proviso shall be added, namely:—

“Provided further that the traders dealing in retail of mild steel products shall pay retail tax at the rates specified under subsection (1) of section 3 of the Act on a value addition of not less than thirteen hundred and thirty rupees per metric ton.”;

- (3) in rule 35, for the figure “2”, the figure “3” shall be substituted;
- (4) in Chapter VI, after rule 39, the following shall be added, namely:-

“PART.- 3

SERVICES PROVIDED BY STEVEDORES

39A. Tax liability of stevedores.— (1) The persons registered as stevedores, shall charge and pay tax on the basis of volume of cargo loaded on or discharged from the vessel, as per rates specified in the Table below namely:—

TABLE

S. No.	Nature of cargo	Rate of sales tax
(1)	Loading and discharge of laden containers at Karachi Port and Port Qasim.	Rs.220 per move
(2)	Dry bulk or break bulk cargo handled at Karachi Port and Port Qasim.	Rs.25 per metric ton
(3)	Liquid bulk cargo handled by commercial tank and bulk terminals at Karachi Port and Port Qasim.	Rs.6.50 per metric ton

- (2) Where the cargo is handled by stevedores without involving container terminal operators, tax shall be paid by the stevedores, while in case of containerized cargo passing through container terminals, the liability to pay tax shall be of the container terminal operators and in case of bulk cargo, the liability to pay tax shall be of the concerned commercial tank terminal operators, or as the case may be, of the bulk terminal operator.
- (3) The stevedores shall not be entitled to any input tax adjustment or refund on any account, whatsoever.
- (4) A stevedore shall issue serially numbered sales tax invoice as required under section 23 of the Act.
- (5) Every person registered as stevedore shall file monthly sales tax return in the manner as prescribed in Chapter II of the Sales Tax Rules, 2006.
- (6) The cases or disputes relating to the stevedores operating under these rules shall be dealt with in the Large Taxpayers Unit, Karachi.”;
- (5) after rule 58, the following chapters shall be inserted, namely:-

“CHAPTER X

SPECIAL PROCEDURE FOR PAYMENT OF SALES TAX BY COMMERCIAL IMPORTERS.

58A. Application.— The provisions of this Chapter shall apply to the commercial importers i.e. the persons who are not registered as manufacturers and who import goods for subsequent supply to other persons in the same state.

58B. Payment of sales tax by commercial importers.—(1) A commercial importer shall pay sales tax only at import stage in the manner as prescribed under a notification issued by the Federal Government in exercise of the powers conferred by sub-section (5) of section 3 of the Act, 1990 read with section 7A thereof.

(2) In case of supply of locally purchased goods, other than the goods in respect of which value addition is already fixed through a separate notification issued under the Act, if made by a commercial importer, sales tax shall be paid at the rate specified under sub-section (1) of section 3 of the Act and subject to other provisions of the Act.

(3) The sales tax leviable, as aforesaid, shall be paid by the commercial importer in the same manner and at the same time as if it were a duty of customs payable under the Customs Act, 1969 (IV of 1969).

(4) The sales tax so charged shall be recorded on the Goods Declaration against the following respective heads of accounts:

(a) In case of Goods also liable to duties of excise:

“B02332 Sales Tax on Goods Liable to Federal Excise-Other Collections”

(b) In case of Goods not liable to duties of excise

“B02342 Sales Tax on Goods not Liable to Federal Excise-Other Collections”

58C. Invoices and records.— A commercial importer shall issue a serially numbered tax invoice for each supply, as required under section 23 of the Act and shall maintain such records as are prescribed under section 22 of the said Act:

Provided that the tax charged through invoices shall not exceed the amount of sales tax paid by the commercial importer at import stage.

58D. Exemption from payment of tax on supply of imported goods and exemption from audit.— (1) Upon payment of sales tax as prescribed under these rules at import stage, the commercial importer shall be exempt from payment of sales tax on further supply of imported goods in respect of which he has paid sales tax at import stage and there upon shall be exempt from the requirements of audit.

(2) Exemption from payment of tax and audit under this rule shall not be available if the Collector of Sales Tax is satisfied that a commercial importer has issued invoices showing amount of sales tax in excess of that actually paid at import stage.

58E. Filing of return.— A commercial importer shall file sales tax return on quarterly basis in the manner prescribed in Chapter II of the Sales Tax Rules, 2006, according to the schedule herein below, namely:-

- (a) the tax return for the quarter ending on 30th September shall be filed by the 15th day of October;
- (b) the tax return for the quarter ending on 31st December shall be filed by the 15th day of January;
- (c) the tax return for the quarter ending on 31st March shall be filed by the 15th day of April; and
- (d) the tax return for the quarter ending on 30th June shall be filed by the 15th day of July.

CHAPTER XI

SPECIAL PROCEDURE FOR PAYMENT OF SALES TAX BY STEEL-MELTERS, RE-ROLLERS AND SHIP BREAKERS

58F. Application.— The provisions of this Chapter shall apply to all steel melting, steel re-rolling, ship breaking units and to Pakistan Steel Mills and Peoples Steel Mills, wherever applicable.

58G. Registration.— Every steel-melter, steel re-roller and ship breaker, if not already registered, shall obtain registration in the manner prescribed in Chapter I of the Sales Tax Rules, 2007.

58H. Payment of tax.— (1) Every steel-melter, steel re-roller and composite unit of steel melting and re-rolling (having a single electricity meter), shall pay sales tax at the rate of four rupees and seventy five paise per unit of electricity consumed for the production of steel billets, ingots and mild steel (MS) products which will be considered as their final discharge of sales tax liability.

- (2) Payment of tax by steel melters, re-rollers and composite units of melting and re-rolling shall be made through electricity bills alongwith electricity charges.
- (3) In case of default in payment of sales tax by the due date mentioned on the electricity bill, besides other legal action by the concerned Sales Tax Collectorate, the concerned electric supply company shall disconnect the electricity connection of the unit.
- (4) Ship breakers shall pay sales tax at the rate of thirty five hundred rupees per metric tonne of re-rollable scrap supplied by them. The quantity of re-rollable scrap shall constitute 70.5% of the total LDT of the ship imported for breaking. The ship-breakers shall clear their sales tax liabilities in respect of ships weighing up to ten thousand LDT within four months, while in case of ships weighing more than ten thousand LDT, within eight months from the date of filing of Goods Declaration. The sales tax liability shall be discharged by the

ship-breaker either on completion of clearance of goods obtained from breaking of vessel or within the maximum time period allowed as aforesaid, whichever is earlier:

- (5) Pakistan Steel Mills, Karachi and Peoples Steel Mills, Karachi shall pay sales tax on their products under sub-section (1) of section 3 of the Sales Tax Act, 1990 read with section 7 and section 8B of the Act.
- (6) Steel melters and re-rollers, except Pakistan Steel Mills and Peoples Steel Mills, paying sales tax on fixed rates through electricity bills shall not be entitled to any input tax adjustment.

58I. Invoices and returns.— (1) Sales tax invoices shall be issued by steel melters to re-rollers showing sales tax amount of forty one hundred rupees per metric tonne.

- (2) For downstream steel industry (the industry using steel products as raw materials for value addition purposes), sales tax invoices shall be issued by steel re-rollers using ingots/billets of steel melters showing sales tax amount of forty seven hundred and seventeen rupees per metric tonne.
- (3) Re-rollers using billets of Pakistan Steel Mills or imported billets shall issue sales tax invoices to downstream industry showing sales tax of fifty four hundred and sixty rupees per metric tonne.
- (4) For buyers other than downstream industry, steel re-rollers shall issue invoices showing sales tax of six hundred seventeen rupees per metric tonne.

- (5) Sales tax invoices in respect of supplies of billets shall be issued by Pakistan Steel Mills and Peoples Steel Mills showing sales tax amount of forty eight hundred and forty five rupees per metric tonne.
- (6) Persons supplying imported MS products shall issue invoices showing sales tax of fifty four hundred and sixty rupees per metric tonne.
- (7) Ship breakers shall issue invoices of re-rollable scrap supplied by them showing sales tax of thirty six hundred rupees per metric tonne. The remeltable scrap supplied by ship breakers shall be zero-rated.
- (8) Every steel-melter and steel re-roller paying sales tax under these rules shall submit a copy of electricity bill duly authenticated by the concerned Association along with sales tax return in the format set out at annex-1.
- (9) The due date for filing of return shall be the 28th day of the month following the tax period to which the electricity bill relates.

58J. Records.— Every steel-melter, re-roller and ship breaker shall be required to maintain records specified under section 22 of the Act.

58K. Values of steel products.— The items specified in column (2) of the Table below shall be assessed for the purpose of sales tax on the values fixed in column (4) thereof:

TABLE

S. No.	Description	HS Code	Value
(1)	(2)	(3)	(4)

1.	Billets supplied by Pakistan Steel Mills and Peoples Steel Mills	Respective heading	Rs. PMT	32,300/-
2.	Imported billets	-do-	US\$ 500 PMT	
3.	Imported re-rollable scrap	72.04	US\$ 400 PMT	
4.	Re-rollable scrap supplied by ship breakers	-do-	Rs. PMT	24,000/-
5.	Ingots and billets supplied by other steel melters.	Respect heading	Rs. PMT	27,335/-

58L. Responsibility of All Pakistan Steel Melters' and All Pakistan Steel Re-rollers Associations.— The All Pakistan Steel Melters' Association and All Pakistan Steel Re-rollers' Association shall be responsible to ensure that the steel melters and re-rollers pay sales tax in the manner specified in these rules, and in case of non-compliance, the Association shall actively assist the concerned Collectorate for enforcement and recovery of sales tax due along with default surcharge calculated thereon, besides any other proceedings that may be initiated against the defaulting steel-melter or steel re-roller under the Act. All Pakistan Steel Melters Association and All Pakistan Steel Re-rolling Mills Association shall be authorized to authenticate the paid electricity bills of steel melters and steel re-rollers paying sales tax under these rules. The Associations shall be responsible to maintain unit-wise record of sales tax paid by all steel-melters and re-rollers on monthly basis. Every case of default in payment of sales tax shall be reported by the President of the concerned Association to the concerned Collector of Sales Tax or any other officer nominated by the Board within seven days after the due date for payment of electricity bill.

58M. Monitoring Committee.— A monitoring committee comprising of officers of Sales Tax, representatives of concerned Associations and any other person as may be nominated by the Board shall be constituted through a General Order to monitor the collection of sales tax under these rules on monthly basis.

CHAPTER XII

SPECIAL PROCEDURE FOR PAYMENT OF SALES TAX BY MANUFACTURERS OF BISCUITS, CONFECTIONERY AND SNACKS

58N. Application.— The provisions of this Chapter shall apply to the manufacturers of biscuits, confectionery and snacks who are required to pay sales tax on printed retail price in terms of clause (a) of sub-section (2) of section 3 of the Act, read with the Third Schedule thereto.

Explanation.— The expression “snacks” includes potato chips and sticks falling in PCT heading No. 20.05 and cheese balls falling in PCT heading No. 19.04.

58O. Mode and manner of payment of tax.— All the registered manufacturers of biscuits, confectionery and snacks shall, in addition to the sales tax payable at the rate of fifteen percent of the value at which the goods are cleared or supplied from the factory (ex-factory price), pay sales tax on a value addition of twelve per cent in lieu of sales tax payable on the basis of printed retail price, as illustrated below:—

Illustration:

(a)	Actual value of supply (ex factory price excluding sales tax)	Rs. 100.00
(b)	Sales tax on ex factory price [15% of (a)]	Rs. 15.00
(c)	Value addition at 12% [12% of (a)]	Rs. 12.00
(d)	Sales tax on value addition [15% of (c)]	Rs. 1.80
(e)	Total value added assessable value for manufacturer [(a) + (c)]	Rs. 112.00

- (f) Sales tax on value added assessable value payable Rs. 16.80.
by the manufacturer [(b) + (d)] or [15% of (e)]

58P. Determination of tax liability.— While determining his tax liability, a manufacturer shall be entitled to claim input tax credit for the tax paid on account of taxable purchases or imports made by him and utilities like gas or electricity consumed for furtherance of taxable activity, against his output tax liability, subject to the conditions, limitations, and restrictions prescribed under section 7 and 8 of the Act and the rules or notifications issued thereunder and subject to fulfillment of the conditions laid down under section 73 of the Act.

58Q. Printing of retail price.— The retail price inclusive of sales tax shall be legibly, prominently and indelibly printed or embossed by a manufacturer on each article, packet, container, package, cover or label, as the case may be. The manufacturer, who for any reason cannot have the retail price printed, shall declare to the Collector of Sales Tax having jurisdiction the retail price, at which the item would be sold to the general body of consumers, along with the reasons or justification for not printing the retail price.

58R. Distributors and wholesalers to be exempted. — The distributors and wholesalers shall be exempted from payment of sales tax on biscuits, confectionary and chips on which the manufacturer has charged sales tax in the manner prescribed in this chapter.”.

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

(Musarrat Jabeen)
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