GOVERNMENT OF PAKISTAN
MINISTRY OF FINANCE, ECONOMIC AFFAIRS,
STATISTICS & REVENUE
(REVENUE DIVISION)
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Islamabad, the 20th August, 2008.

NOTIFICATION
(SALES TAX)

S.R.O. 862(I)/2008.– 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 amendments shall be made and shall be deemed to have been so made on the 1st day of July, 2008, namely:–

In the aforesaid Rules, –

(1) in rule 6,─

(a) in sub-rule (1),─

(i) for the words and colon “as well as for income tax:”, a full stop shall be substituted; and

(ii) the proviso shall be omitted; and

(b) in sub-rule (2), the words “or income tax” shall be omitted;

(2) in rule 31, for the words "of fifteen *per cent* of the value of taxable services provided or rendered by him", the words, brackets, commas, letters and figures "as provided in the respective Provincial Sales Tax Ordinances, 2000 or the Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (XLII of 2001), as the case may be" shall be substituted;

(3) for rule 58C the following shall be substituted, namely:─

"58C. Tax not to be refunded.-- (1) In no case, the refund of excess input tax over output tax, which is attributable to tax paid at import stage, shall be refunded to a registered person.

(2) The registered person, if also dealing in goods other than imported goods, shall be entitled to file refund claim of excess carried forward input tax for a period as provided in section 10 or in a notification issued thereunder by the Board after deducting the amount attributable to the tax paid at import stage i.e. sum of amounts paid during the claim period and brought forward to claim period. Such deducted amount may be carried forward to subsequent tax period.";

(4) in rule 58H, in sub-rule (4), for the words "five hundred and forty-five", the words "eight hundred and forty-eight" shall be substituted;

(5) for rule 58I, the following shall be substituted, namely:─

"58I. Invoices and returns.– (1) Sales tax invoices shall be issued by steel melters to re-rollers showing sales tax amount of five thousand five hundred and twenty-six rupees per metric ton.

(2) For supplies to registered persons, sales tax invoices shall be issued by steel re-rollers using ingots or billets of steel

melters showing sales tax amount of five thousand nine hundred and sixty rupees per metric ton.

(3) Re-rollers using billets of Pakistan Steel Mills or Heavy Mechanical Complex or Peoples Steel Mills or imported billets shall issue sales tax invoices to downstream industry showing sales tax of seven thousand three hundred and eight rupees per metric ton.

(4) Re-rollers using ship-plates and re-rollable scrap as raw material shall issue sales tax invoices to registered persons showing sales tax of five thousand six hundred and twenty-eight rupees per metric ton.

(5) For buyers other than registered persons, steel re-rollers shall issue invoices showing sales tax of seven hundred eighty rupees per metric ton.

(6) Persons supplying imported MS products to registered persons shall issue invoices showing sales tax of seven thousand three hundred and eight rupees per metric ton. For supplies of imported MS products made to buyers other than registered persons, sales tax amount of seven hundred and eighty rupees per metric ton shall be shown in the invoices.

(7) Every steel-melter and steel re-roller paying sales tax under these rules shall submit a copy of electricity bill showing payment of tax due duly authenticated by the concerned Association along with a copy of sales tax return to the Collector having jurisdiction.

(8) 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.”;

(6) in rule 58K, in the Table, serial No. 5 in column (1) and the entries relating thereto in columns (2), (3) and (4) shall be omitted; and

(7) after rule 58M, the following new rules shall be inserted, namely:─

“**58MA. Option to pay sales tax on *ad valorem* basis.**─ (1) The steel melters and re-rollers may opt to pay sales tax on *ad valorem* basis at the rate specified in sub-section (1) of section 3 of the Act after deduction of input tax paid on their inputs subject to limits and conditions as specified under the Act or notifications issued thereunder. Such melters and re-rollers shall discharge their liability in the manner as indicated below, namely:─

(a) such registered persons opting to pay sales tax under this rule shall inform the Collector having jurisdiction and the option so exercised shall remain in force till the end of the financial year;

(b) the Collector shall coordinate with the electricity distribution companies to ensure that sales tax amount at the rate specified in sub-rule (1) of rule 58H is not included in the electricity bills of those registered persons who opt to pay sales tax under this rule;

(c) the production subject to sales tax liability shall be determined at one metric ton of billets or ingots per 800 KWH of electricity consumed for steel melters and at one metric ton of mild steel products per 130 KWH of electricity consumed for steel re-rollers;

(d) such registered persons shall pay sales tax on the production as determined as above at minimum value of forty-seven thousand rupees per metric ton of billets or ingots or at minimum value of fifty-four thousand rupees per metric ton of re-rolled mild steel products, as the case may be; and

(e) steel melters and re-rollers operating under this rule shall be entitled to input tax credit subject to limitations provided in sections 7, 8, 8B and 73 of the Act and other applicable provisions, provided the input goods are meant for taxable supplies.

(2) The records maintained by registered persons opting to pay sales tax under this rule shall be subjected to audit every year.

58MB. Treatment for composite units.– Steel melters and re-rollers who also supply products other than billets, ingots and re-rolled MS products shall follow standard sales tax procedure. The fixed taxes and values prescribed under this Chapter shall not be applicable to supplies of such registered persons.”.

[C. No. 3(5)/ST-L&P/07]

(Abdul Wadood Khan)
Additional Secretary