GOVERNMENT OF PAKISTAN
MINISTRY OF FINANCE AND REVENUE
(REVENUE DIVISION)
***

Islamabad, the 25th June, 2009.

NOTIFICATION
(SALES TAX)

S.R.O. 603(I)/2009.– In exercise of the powers conferred by sub-sections (6) and (7) of section 3 and sub-section (4) of section 7 of the Sales Tax Act, 1990, read with section 71 thereof, the Federal Government is pleased to direct that the following further amendments shall be made in the Sales Tax Special Procedure (Withholding) Rules, 2007, namely:--

In the aforesaid Rules, –

(1) in the preamble, after the word and figure “section 3”, the words, brackets and figures “and sub-section (4) of section 7” shall be inserted;

(2) in rule 1, for sub-rule (2), the following shall be substituted, namely:--

“(2) They shall apply to taxable goods and services as are supplied to following persons, hereby specified as withholding agents, for the purpose of deduction and deposit of sales tax, namely:--

(a) federal and provincial government departments;

(b) autonomous bodies;

(c) public sector organizations;

(d) taxpayers as fall in the jurisdiction of Large Taxpayers Units for the purpose of sales tax, federal excise duty or income tax; and

(e) recipients of service of advertisement, who are registered for sales tax.

Explanation.– “withholding agent” includes the accounting office which is responsible for making payment against the purchases made by a government department.”;

(3) in rule 2,--

(a) for sub-rules (2) and (3), the following shall be substituted, namely:-

“(2) A withholding agent, other than a person in the jurisdiction of Large Taxpayers Unit and a recipient of advertisement services, shall deduct an amount equal to one fifth of the total sales tax shown in the sales tax invoice issued by a registered person and make payment of the balance amount to him as per illustration given below,--

ILLUSTRATION:

Value of taxable supplies excluding sales tax	Rs. 1000
Sales tax chargeable @ 16%	Rs. 160
Sales tax to be deducted by the withholding agent	Rs. 32 (i.e. Rs. 160 ÷ 5)
Sales tax payable by the withholding agent to the supplier	Rs. 128 (i.e. Rs. 160 - Rs. 32)
Balance amount payable to the supplier by the withholding agent	Rs. 1128 (i.e. Rs. 1000 + Rs. 128).

(3) A withholding agent, including a person registered in a Large Taxpayers Unit and a recipient of advertisement services, who purchases goods and services from unregistered person, shall deduct sales tax at the applicable rate of the value of taxable supplies made to him from the payment due to the supplier:

Provided that a person registered in a Large Taxpayers Unit shall be entitled to adjustment of sales tax so deducted by him from the output tax due, subject to the conditions specified in sections 7, 8, 8B and 73 of the Sales Tax Act, 1990, and the rules made thereunder.

(3A) A person mentioned in clause (e) of sub-rule (2) of rule 1, who receives advertisement services, provided or rendered by a person based in Pakistan or abroad, shall deduct the amount of sales tax as mentioned in the invoice issued by the service provider from the payment due to the service provider. In case the sales tax amount is not indicated on the invoice, the recipient shall deduct sales tax at the applicable rate of the value of taxable services from the payment due to the service provider.";

(b) in sub-rule 5, for the words and figure "Head of Account "B02341-Sales Tax"," the words "under relevant head of account" shall be substituted; and

(c) for sub-rule 6, the following shall be substituted, namely:--

"(6) In case the withholding agent is also registered under the Sales Tax Act, 1990, or the Federal Excise Act, 2005, he shall file the return and deposit the withheld amount of sales tax in the manner as provided under Chapter II of the Sales Tax Rules, 2006, along with other tax liability and such person shall not be required to file the return in the term as set out in the Annexure to these rules:

Provided that in case the withholding agent is not registered for sales tax or federal excise duty but holds a national tax number assigned under the Income Tax Ordinance, 2001(XLIX of 2001), he shall file the return, as set out in the Annexure to these rules, electronically and deposit the amount deducted at source in the manner as provided for persons filing returns electronically under rule 18 of the Sales Tax Rules, 2006:

Provided further that any other withholding agent may also opt to file the prescribed return electronically and deposit the deducted amount in the manner as provided in this sub-rule.”;

(4) for the Annexure, the following shall be substituted, namely:--

"Annex
[*See* rule 2(4)]

Government of Pakistan
Monthly Sales Tax Return for Wihtholding agents

Withholding agent's name & address	Period (month, year)	NTN / FTN

DETAIL OF SALES TAX DEDUCTED DURING THE MONTH (attach additional sheets if required)

S. No.	Name of supplier	NTN	No. of invocies	Total Sales Tax charged	Sales Tax deducted
TOTAL SALES TAX WITHHELD DURING THE MONTH					

Verification

I, ____, holder of CNIC No. ____________________________
in my capacity as __________________, certify that the information given above is/are correct, complete and in accordance with the provisions of the Sales Tax Act, 1990, and Rules and Notofications issued thereunder.

Date (dd/mm/yyyy) __________________ Stamp ______________________________ Signature __________________________________

Details of ST paid

Head of Account	Amount
B02341 - Sales Tax	______________________
B02366 - Sales Tax on services	
B02367 - FED in Sales Tax mode	______________________
TOTAL AMOUNT DEPOSITED	______________________

For Bank Use

Amount Received (in words ____________________________________
(in figures) ____________________________________

Bank Officer's Signature ____________________________________

Bank's Stamp ____________ Date dd/mm/yyyy ________________

".”.

[C. No. 3(10)ST-L&P/2007]

(Munir Qureshi)
Additional Secretary