

SALES TAX ACT 1990

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THE SALES TAX ACT, 1990.

ACT III of 1951 As amended by

the Finance Act No. VII of 1990

Note : Text in Gray Background represents Amendments through Finance Ordinance, 2002 or later.

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Section

1. Short title, extent and commencement.

- (1) This Act may be called the Sales Tax Act, 1990.
- (2) It extends to the whole of Pakistan.
- (3) It shall come into force on such date as the Federal Government may, by notification in the official Gazette, appoint.

Section

2. Definitions.-

In this Act, unless there is anything repugnant in the subject or context,--

(1) "Appellate Tribunal" means the Customs, Excise and Sales Tax Appellate Tribunal constituted under section 194 of the Customs Act;

(2) "appropriate officer" means an officer of Sales Tax authorised by the Board by notification in the official Gazette to perform certain functions under this Act;

(2A) 'arrears' includes the un-paid amounts of tax, additional tax, further tax, extra amount of tax, fines, penalties, fees or any other sums, however described, as have been assessed, adjudged or demanded under this Act,

(3) "associated persons" means any two or more persons who are close relatives to each other or who are interconnected with each other in the following way, namely:--

(i) if the persons, being companies or undertakings, are under common management or control or one is the subsidiary of the other;

(ii) if a person who is the owner or partner or director of a company or undertaking, or who, directly or indirectly, holds or controls twenty per cent shares in such company or undertaking, is also the owner, partner or director of another company or undertaking, or, directly or indirectly, holds or controls twenty per cent shares in that company or undertaking;

Explanation.- For the purpose of this clause, the expression "close relatives" mean the family, parents, brothers, sisters

and dependents of registered person;

(4) "Board" means the Central Board of Revenue constituted under the Central Board of Revenue Act, 1924 (IV of 1924);

(5) "Collector" means the Collector of Sales Tax appointed under section 30;

(5A) "common taxpayer identifier" means the identification number allocated under section 20 of the Finance Act, 1999 (IV of 1999)

(6) "Customs Act" means the Customs Act 1969 (IV of 1969), and where appropriate all rules and notifications made under that Act;

(6A) 'defaulter' means a person and, in the case of company or firm, every director, or partner of the company, or as the case may be, of the firm, of which he is a director or a partner or a proprietor and includes guarantors or successors, who fail to pay the arrears;

(7) "distributor" means a person appointed by a manufacturer, importer or any other person for a specified area to purchase goods from him for further supply and includes a person who in addition to being a distributor is also engaged in supply of goods as a wholesaler or a retailer;

(8) "document" includes any electronic data, computer programmes, computer tapes, computer disks, micro-films or any other medium for the storage of such data;

(9) "due date", in relation to the furnishing of a return under section 26, sub-section (6) of section 26A and section 26AA means the 15th day of the month following the end of the tax period, or such other date as the Federal Government may, by notification in the official Gazette, specify;

(9a) "enrolled person" means a person who is enrolled or is liable to be enrolled under this Act;

Provided that a person liable to be enrolled but not enrolled

under this Act shall remain liable to further tax under sub-section (1A) of section 3 and shall not be entitled to any benefit available to an enrolled person under any of the provisions of this Act or the rules made thereunder.

(9aa) "enrolment number" means the number allocated to the enrolled person for the purposes of this Act;

(10) "establishment" means an undertaking, firm or company, whether incorporated or not, an association of persons or an individual;

(11) exempt supply" means a supply which is exempt from tax under section 13;

(12) "goods" include every kind of movable property other than actionable claims, money, stocks, shares and securities;

(13) "importer" means any person who lawfully imports any goods into Pakistan;

(14) "input tax", in relation to a registered person, means the tax -

(a) levied under this Act on the supply of goods received by that person;

(b) levied under this Act on goods imported, entered and cleared under section 79 or section 104 of the Customs Act, by that person;

(c) **levied under the Sales Tax Act, 1990 of Pakistan as adapted in the State of Azad Jammu and Kashmir, on the supply of goods received by that person; and**

(d) **chargeable as duties of excise under section 3 of the Central Excises Act, 1944 (I of 1944), on such excisable services as are notified by the Federal Government under the third proviso to sub-section (1) thereof and on which such duties are charged, levied and paid as if it were a tax payable under section 3 of this Act;**

Sub-Clause (c) substituted by Finance Ordinance, 2002 which previously read as follows :

(c) levied under the Sales Tax Act, 1990 of Pakistan as adapted in the State of Azad Jammu and Kashmir, on the supply of goods received by that person and shall include duties of excise chargeable under section 3 of the Central Excises Act, 1944 (I of 1944), on such excisable services as are notified by the Federal Government under the third proviso to sub-section (1) thereof and on which such duties are charged, levied and paid as if it were a tax payable under section 3 of this Act.

(15) "Local Sales Tax Office" means the office of Superintendent of Sales Tax, or such other office as the Board may, by notification in the official Gazette, specify;

(16) "manufacture" or "produce" includes -

(a) any process in which an article singly or in combination with other articles, materials, components, is either converted into another distinct article or product or is so changed, transformed or reshaped that it becomes capable of being put to use differently or distinctly and includes any process incidental or ancillary to the completion of a manufactured product;

(b) process of printing, publishing, lithography and engraving; and

(c) process and operations of assembling, mixing, cutting, diluting, bottling, packaging, repacking or preparation of goods in any other manner;

(17) "manufacturer" or "producer" means a person who engages, whether exclusively or not, in the production or manufacture of goods whether or not the raw material of which the goods are produced or manufactured are owned by him; and shall include --

(a) a person who by any process or operation assembles, mixes, cuts, dilutes, bottles, packages, repackages or prepares goods by any other manner;

(b) an assignee or trustee in bankruptcy, liquidator, executor, or curator or any manufacturer or producer and any person who disposes of his assets in any fiduciary capacity; and

(c) any person, firm or company which owns, holds, claims or uses any patent, proprietary or other right to goods being manufactured, whether in his or its name, or on his or its behalf, as the case may be, whether or not such person, firm or company sells, distributes, consigns or otherwise disposes of the goods:

Provided that for the purpose of refund under this Act, only such person shall be treated as manufacturer-cum-exporter who owns or has his own manufacturing facility to manufacture or produce the goods exported or to be exported;

(18) "Officer of Sales Tax" means an officer appointed under section 30,

(19) "open market price" means the consideration in money which that supply or a similar supply would generally fetch in an open market;

(20) "output tax" in relation to any registered person means the tax charged under this Act in respect of a supply of goods made by that person and shall include duties of excise chargeable under section 3 of the Central Excises Act, 1944 (I of 1944) on such excisable services as are notified by the Federal Government under the third proviso to sub-section (1) thereof and on which such duties are charged, levied and paid as if it were a tax payable under section 3 of this Act;

(21) "Person" includes a company, an association, a body of individuals whether incorporated or not, a public or local authority, a Provincial Government or the Federal Government;

(22) "Prescribed" means prescribed by rules made under this Act;

(23) "registered office" means the office or other place of business specified by the registered person in the application made by him for registration under this Act or through any subsequent application to the Collector;

(24) "registration number" means the number allocated to the registered person for the purpose of this Act;

(25) "registered person" means a person who is registered or is liable to be registered under this Act:

Provided that a person liable to be registered but not registered under this Act shall remain liable to further tax under sub-section (1A) of section 3 and shall not be entitled to any benefit available to a registered person under any of the provisions of this Act or the rules made thereunder;

Sub-Clause (25) substituted by Finance Ordinance, 2002 which previously read as follows :

(25) "registered person," means a person who is registered or is liable to be registered under this Act and such person shall remain liable to further tax under sub-section (1A) of section 3 and shall not be entitled to any benefit available to a registered person under any of the provisions of this Act or rules made thereunder;

(27) "retail price", with reference to the Third Schedule, means the price fixed by the manufacturer, inclusive of all charges and taxes (other than sales tax) at which any particular brand or variety of any article should be sold to the general body of consumers or, if more than one such price is so fixed for the same brand or variety, the highest of such price,

(28) "retailer" means a person, not being a manufacturer or producer or an importer, supplying goods to general public for the purpose of consumption;

(28A) "retail tax" means tax levied under section 3AA;

(29) "return" means any return required to be furnished under Chapter V of this Act;

(30) "Schedule" means a Schedule appended to this Act;

(31) "similar supply", in relation to the open market price of goods, means any other supply of goods which closely or substantially resemble the characteristics, quantity, components and materials of the aforementioned goods;

(31A) "special audit" means an audit conducted under section 32A;

(32) "Special Judge" means the Special Judge appointed under Section 185 of the Customs Act;

(33) "supply" includes sale, lease (excluding financial or operating lease) or other disposition of goods in the course or furtherance of business carried out for consideration and also includes –

(a) putting to private, business or non-business use of goods acquired, produced or manufactured in the course of business;

(b) auction or disposal of goods to satisfy a debt owed by a person;

(c) possession of taxable goods held immediately before a person ceases to be a registered person; and

(d) such other transaction as the Federal Government may, by notification in the official Gazette, specify;

(34) "tax" means the sales tax, turnover tax, retail tax or enlistment tax, and includes additional tax or any other sum payable under any of the provisions of this Act or the rules made thereunder;

(35) "taxable activity" means any activity which is carried on by any person, whether or not for a pecuniary profit, and involves in whole or in part, the supply of goods to any other person, whether for any consideration or otherwise, and includes any activity carried on in the form of a business, trade or manufacture;

(36) "tax fraction" means the amount worked out in accordance

with the following formula:

$$\frac{a}{100 + a}$$

('a' is the rate of tax specified in section 3):

(37) "tax fraud" means knowingly, dishonestly or fraudulently and without any lawful excuse (burden of proof of which excuse shall be upon the accused) –

- (i) doing of any act or causing to do any act; or
- (ii) omitting to take any action or causing the omission to take any action;

in contravention of duties or obligations imposed under this Act rule or instructions issued thereunder with the intention of understating the tax liability or underpaying the tax liability for two consecutive tax periods or overstating the entitlement to tax credit or tax refund to cause loss of tax;

(38) "tax identification number (TIN)" means the registration number or any other number allocated to a taxable person;

(39) "taxable goods" means all goods other than those which have been exempted under section 13;

(40) "tax invoice" means a document required to be issued under section 23;

(41) "taxable supply" means a supply of taxable goods made in Pakistan by an importer; manufacturer, wholesaler (including dealer), distributor or retailer other than a supply of goods which is exempt under section 13 and includes a supply of goods chargeable to tax at the rate of zero per cent under section 4;

(43) "tax period" means a period of one month or such other period as the Federal Government may, by notification in the official

Gazette, specify;

(44) "time of supply" means a supply made in Pakistan shall be deemed to have taken place at the earlier of the time of delivery of goods or the time when any payment is received by the supplier in respect of that supply:

Provided that where any part payment is received –

- (a) for a supply in a tax period, it shall be accounted for in the return for that tax period; and
- (b) in respect of an exempt supply, it shall be accounted for in the return for that tax period during which the exemption is withdrawn from such supply:

Provided further that –

- (a) where any goods are supplied by a registered person to an associated person and the goods are not to be removed, the time of supply shall be the time at which these goods are made available to the recipient; and
- (b) where the goods are supplied under hire purchase agreement, the time of supply shall be the time at which the agreement is entered into;

(45) "turnover tax" means tax levied under section 3A of this Act."

(46) "value of supply" means; --

- (a) in respect of a taxable supply, the consideration in money including all Federal and Provincial duties and taxes, if any, which the supplier receives from the recipient for that supply but excluding the amount of tax:

Provided that:

- (i) in case the consideration for a supply is in kind

or is partly in kind and partly in money, the value of the supply shall mean the open market price of the supply excluding the amount of tax;

(ii) in case the supplier and recipient are associated persons and the supply is made for no consideration or for a consideration which is lower than the open market price, the value of supply shall mean the open market price of the supply excluding the amount of tax; and

(iii) in case a taxable supply is made to a consumer from general public on installment basis on a price inclusive of mark up or surcharge rendering it higher than open market price, the value of supply shall mean the open market price of the supply excluding the amount of tax.

(b) in case of trade discounts, the discounted price excluding the amount of tax,. provided the tax invoice shows the discounted price and the related tax and the discount allowed is in conformity with the normal business practices;

(c) in case where for any special nature of transaction it is difficult to ascertain the value of a supply, the open market price;

(d) in case of imported goods, the value determined under section 25 or 25B of the Customs Act, including the amount of customs-duties and central excise duty levied hereon;

(e) in case where there is sufficient reason to believe that the value of a supply has not been correctly declared in the invoice, the value determined by the Valuation Committee comprising representatives of trade and the Sales Tax Department constituted by the Collector ; and

(f) in case the goods other than taxable goods are Supplied to a registered person for processing, the value of supply of such processed goods shall mean the price excluding the

amount of sales tax which such goods will fetch on sale in the market;

Provided that, where the Central Board of Revenue deems it necessary, it may, by notification in the official Gazette, fix the value of any taxable supplies or class of supplies and for that purpose fix different values for different classes or description of same type of supplies:

Provided further that where the value at which the supply is made is higher than the value fixed by the Central Board of Revenue, the value of goods shall, unless otherwise directed by the Board, be value at which the supply is made;

(g) in case of a taxable supply, with reference to retail tax, the price of taxable goods excluding the amount of retail tax, which a supplier will charge at the time of making taxable supply by him, or such other price as the Board may, by a notification in the Official Gazette, specify.

(47) "wholesaler" includes a dealer and means any person who carries on, whether regularly or otherwise, the business of buying and selling goods by wholesale or of supplying or distributing goods, directly or indirectly, by wholesale for cash or deferred payment or for commission or other valuable consideration or stores such goods belonging to others as an agent for the purpose of sale; and includes a person supplying taxable goods to person deducting advance tax under sub-section (4) of section 50 of the Income Tax Ordinance, 1979 (XXXI of 1979), and a person who in addition to making retail supplies is engaged in wholesale business; and

(48) "zero - rated supply" means a taxable supply which is charged to tax at the rate of zero per cent under section 4.

Section

3. Scope of tax.-

(1) Subject to the provisions of this Act, there shall be charged, levied and paid a tax known as sales tax at the rate of fifteen per cent of the value of--

(a) taxable supplies made in Pakistan by a registered person in the course or furtherance of any taxable activity carried on by him; and

(b) goods imported into Pakistan.

(1A) Subject to the provisions of sub-section (6) of section 8 or any notification issued thereunder where taxable supplies are made in Pakistan to a person other than a registered person there shall be charged, levied and paid a further tax at the rate of three per cent of the value -in addition to the rate specified in sub-section (1), (Words, brackets and letter "clause (a) of" omitted by Finance Ordinance, 1979) sub-section (2), and sub-section (4) and (5):

Provided that the aforesaid further tax shall not be charged, levied and paid if the said taxable supplies are made.-

(1) by a person registered as a retailer; or

(2) by any registered person to a person whose income is not liable to tax under the Income Tax Ordinance, 1979 (XXXI of 1979) but has deducted income tax at source under sub-section (4) of section 50 of the said Ordinance;

(3) by a registered person on the supply of-

(i) electrical energy;

(ii) natural gas;

(iii) petroleum gases including liquified petroleum gas;

(iv) petroleum products;

(v) substances registered as drugs under the Drugs Act, 1976 (XXXI of 1976) and medicaments as are classifiable under any heading of Chapter 30 of the First Schedule to the Customs Act, 1969 (IV of 1969);

(vi) vegetable ghee and cooking oil; and

(vii) fertilizers;

(4) to a person enrolled for the purpose of turnover tax at the rate of two per cent.

(2) Notwithstanding the provisions of sub-section (1),

(a) taxable supplies specified in the Third Schedule shall be charged to tax at the rate of fifteen per cent of the retail price which alongwith the amount of sales tax shall be legibly, prominently and indelibly printed or embossed by the manufacturer on each article, packet, container, package, cover or label, as the case may be; and

(b) the Federal Government may, subject to such conditions and restrictions as it may impose, by notification in the official Gazette, declare that in respect of any goods or class of goods imported into or produced in Pakistan or any taxable supplies made by a registered person or a class of registered persons, the tax shall be charged, collected and paid in such manner and at such higher or lower rate or rates as may be specified in the said notification.

(3) The liability to pay the tax shall be,--

(a) in the case of supply of goods in Pakistan, of the person making the supply, and

(b) in the case of goods imported into Pakistan, of the person importing the goods.

(3A) Notwithstanding anything contained in clause (a) of sub-section (3), the Federal Government may, by a notification in the official gazette, specify the goods in respect of which the liability to pay tax shall be of the person receiving the supply.

(4) The Federal Government may, in addition to or in lieu of levying and collecting the tax under sub-section (1), levy and collect such fixed amount of tax on any goods or class of goods to be payable by any registered person or class of registered persons, supplying such goods or class of goods, in such mode, manner and at time, and subject to such conditions and limitations as it may specify by a notification in the Official Gazette.

(5) The Federal Government may, in addition to the tax levied under sub-section (1) and (1A), (Words, brackets and letter "clause (c) of" shall be omitted by Finance Ordinance, 2002) sub-section (2) and sub-section (4), levy and collect such extra amount of tax not exceeding fifteen per cent of the value of such goods or class of goods and on such persons or class of persons, in such mode, manner and at time, and subject to such conditions and limitations as it may, by rules, prescribed.

(6) The Federal Government or the Central Board of Revenue may, in lieu of the tax under sub-section (1), by notification in the official Gazette, levy and collect such amount of tax as it may deem fit on any supplies or class of supplies or on any goods or class of goods and may also specify the mode, manner or time of payment of such amount of tax.

3A. Turnover tax.-

(1) Subject to the provisions of this section and sub-section (7) of section 8 or any notification issued thereunder, there shall be charged, levied and paid turnover tax at the rate of two per cent of the taxable turnover by any manufacturer or producer and retailer who is making taxable supplies in the course or furtherance of any taxable activity carried on by him, provided that total turnover of that manufacturer or producer and that retailer does not exceed two and a half million rupees and five million rupees, respectively, in any period during the last twelve months:

Provided that the provisions of this section shall not apply to :-

- (i) a manufacturer or producer who is making zero rated supplies;
- (ii) a manufacturer or producer who is a limited company itself or is owned by a limited company; and
- (iii) a manufacturer engaged in the manufacture or production and supply of the goods specified in the Third Schedule.

Provided further that the Federal Government may, by notification in the Official Gazette, fix any amount of annual total turnover for the application of turnover tax under this rule.

Explanation.- For the purposes of this section, "taxable turnover" means the total value of all taxable supplies of goods other than goods taxable at the rate of zero per cent.

(2) Any person who is liable to pay turnover tax under sub-section (1) shall apply for enrollment. The application for enrollment as turnover tax-payer shall be made to the Collector in such form and such manner as may be specified by the Board.

(3) Notwithstanding the provisions of sub-section (1), a manufacturer or producer and a retailer whose taxable turnover does not exceed two and a half million rupees or five million rupees, respectively, may, after voluntary registration under section 18, opt

for paying tax under section 3 instead of paying turnover tax under this section subject to the condition that he shall not there after be entitled to be deregistered until the expiry of two years from the date of such registration.

Proviso omitted by Finance Ordinance, 2002 which previously read as follows:

Provided that the time-limit of two years for the de-registration under this sub-section shall not apply to a retailer who opts for payment of turnover tax under sub-section (5) of section 3AA.

(4) Subject to such modifications as the Board may specify, all provisions of this Act shall apply to the charge, levy, payment, collection and enforcement of the turnover tax, as if it were sales tax under section 3.

3AA. Retail tax.-

(1) Subject to the provisions of this section, and such conditions and procedures regarding the mode, manner and time of payment, and from such date as may be specified by the Federal Government, there shall be charged levied and paid retail tax at the rate specified in section 3, by a retailer who is making taxable supplies in the course or furtherance of any taxable activity carried by him.

(2) Subject to such modifications as the Board may specify, all provisions of this Act shall apply to the charge, levy, deduction of input tax, payment, collection and enforcement of the retail tax, as if it were sales tax under section 3.

(3) The application for registration as tax payer of retail tax shall be made to the Collector in such form and manner as may be specified by the Board.

(4) Notwithstanding the provisions of sub-section (1), a retailer not liable to pay tax, shall, after voluntary registration under section 18, opt for paying sales tax under the section, subject to the condition that he shall not thereafter be entitled to be de-registered until the expiry of two years from the date of such registration.

Proviso omitted by Finance Ordinance, 2002 which previously read as follows:

Provided that the time-limit of two years for de-registration under this sub-section shall not apply to a retailer who opts for payment of turnover tax under sub-section (5) of this section.

Sub-section (5) omitted by Finance Ordinance, 2002 which previously read as follows:

(5) Notwithstanding anything contained in this section , a retailer, irrespective of his turnover may, in lieu of retail tax payable under sub-section (1), opt for payment of turnover tax under sub-section (1) of section 3A and all provisions relating to collection and payment of turnover tax shall apply to such person:

Provided that an option exercised under this sub-section shall ipso facto expire on 30th day of June 2001, where-after such person shall charge and pay retail tax in terms of sub-section (1).

Provided further that for the purpose of keeping record by a person opting to pay turnover tax under this sub-section the provisions of section 22 shall apply.

Section 3AAA omitted by Finance Ordinance, 2002 which previously reads as follows:

3AAA. Enlistment Tax.-

(1) Subject to the provisions of this section, there shall be charged, levied and paid enlistment tax at the rate of one per cent of the taxable turnover by a retailer who is making taxable supplies in the course of furtherance of any taxable activity provided that total turnover of such retailer is, or exceeds, one million rupees in any period during the last twelve months.

(2) Any retailer who intends to pay enlistment tax under sub-section (1) shall apply for enlistment to the Collector in such form and manner as the Board may specify.

(3) Any retailer who is already registered or enrolled may opt to pay tax under this section provided that he surrenders his registration certificate or, as the case may be, enrollment certificate at the time of applying for enlistment under sub-section (2).

(4) The provisions of this section shall stand repealed on 30th day of June, 2001.

3B. Collection of excess sales tax etc.-

(1) Any person who has collected or collects any tax or charge, whether under misapprehension of any provision of this act or otherwise, which was not payable as tax or charge or which is in

excess of the tax or charge actually payable and the incidence of which has been passed on to the consumers, shall pay the amount of tax or charge so collected to the Federal Government.

(2) Any amount payable to the Federal Government under sub-section (1) shall be deemed to be an arrear of tax or charge payable under this act and shall be recoverable accordingly and no claim for refund in respect of such amount shall be admissible.

(3) The burden of proof that the incidence of tax or charge referred to in sub-section (1) has been or has not been passed to the consumer shall be on the person collecting the tax or charge.

Section

4. Zero rating.-

Notwithstanding the provisions of section 3, a supply of the following goods shall be charged to tax at the rate of zero per cent:

- (a) goods exported, or the goods specified in the [Fifth Schedule](#);
- (b) supply of stores and provisions for consumption aboard a conveyance proceeding to a destination outside Pakistan as specified in section 24 of the Customs Act, 1969; and
- (c) **such other goods as the Federal Government may, by Notification in the Official Gazette, specify:**

Provided that nothing in this section shall apply in respect of a supply of goods which –

- (i) are exported, but have been or are intended to be re-imported into Pakistan; or
- (ii) have been entered for export under Section 131 of the Customs Act, 1969 (IV of 1969), but are not exported; or
- (iii) have been exported to a country specified by the Federal Government, by Notification in the official Gazette :

Provided further that the Federal Government may, by a notification in the official Gazette, restrict the amount of credit for input tax actually paid and claimed by a person making a zero-rated supply of goods otherwise chargeable to sales tax.

Section

5. Change in the rate of tax.-

If there is a change in the rate of tax--

- (a) a taxable supply made in Pakistan by a registered person shall be charged to tax at such rate as is in force at the time of supply;
- (b) imported goods shall be charged to tax at such rate as is in force;
 - (i) in case the goods are entered for home consumption, on the date on which a bill of entry is presented under section 79 of the Customs Act, 1969 (IV of 1969); and
 - (ii) in case the goods are cleared from warehouse, on the date on which a bill of entry for clearance of such goods is presented under section 104 of the Customs Act, 1969 (IV of 1969);

Provided that where a bill of entry is presented in advance of the arrival of the conveyance by which the goods are imported, the tax shall be charged as is in force on the date on which the manifest of the conveyance is delivered:

Provided further that if the tax is not paid within seven days of the presenting of the bill of entry under section 104 of the Customs Act the tax shall be charged at the rate as is in force on the date on which tax is actually paid.

Section

6. Time and manner of payment.-

(1) The tax in respect of goods imported into Pakistan shall be charged and paid in the same manner and at the same time as if it were a duty of customs payable under the Customs Act, 1969 and the provisions of the said Act including section 31A thereof shall so far as they relate to collection, payment and enforcement of tax under this Act on such goods where no specific provision exists in this Act, apply.

(1A) Notwithstanding anything contained in any other law for the time being in force, including but not limited to the Protection of Economic Reforms Act, 1992 (XII of 1992), and notwithstanding any decision or judgement of any forum, authority or court whether passed, before or after the promulgation of the Finance Act, 1998 (III of 1998), the provisions of section 31-A of the Customs Act, 1969 (IV of 1969), referred to in sub-section (1) shall be incorporated in and shall be deemed to have always been so incorporated in this Act and no person shall be entitled to any exemption from or adjustment of or refund of tax on accounts of the absence of such a provision in this Act, or in consequence of any decision or judgement of any forum, authority or court passed on that ground or on the basis of the doctrine of promissory estoppel or on account of any promise or commitment made or understanding given whether in writing or otherwise, by any government department or authority.

(2) The tax in respect of taxable supplies made in Pakistan during, a tax period shall be paid by the registered person at the time of filing, the return in respect of that period under Chapter-V :

Provided that the Board may, by a notification in the Official Gazette, direct that the tax in respect of all or such classes of supplies (other than zero-rated supplies) of all or such taxable goods, as may be specified in the aforesaid notification, shall be charged, collected and paid in any other way, mode, manner or at

time as may be specified therein.

(3) The tax due on taxable supplies made in Pakistan shall be paid by any of the following modes: -

- (i) through deposit in a bank designated by the Board; and
- (ii) through such other mode and manner as may be specified by the Board.

Section

7. Determination of tax liability.-

(1) For the purpose of determining his tax liability in respect of taxable supplies made during a tax period, a registered person shall, subject to the provisions of section 73, be entitled to deduct input tax, paid during the tax period for the purpose of taxable supplies made, or to be made, by him from the output tax that is due from him in respect of that tax period and to make such other adjustments as are specified in section 9.

(2) A registered person shall not be entitled to deduct input tax from output tax unless,

(i) in case of a claim for input tax in respect of a taxable supply made in Pakistan, he holds a tax invoice in respect of such supply for which a return is furnished;

(ii) in case of goods imported into Pakistan, he holds the bill of entry duly cleared by the customs under section 79 or section 104 of the Customs Act, 1969 (IV of 1969);

(iii) in case of goods purchased in auction, he holds a treasury challan showing payment of sales tax;

(3) Notwithstanding anything in sub-sections (1) and (2), the Federal Government may, by a special order, subject to such conditions, limitations or restrictions as may be specified therein allow a registered person to deduct input tax paid by him from the output tax determined or to be determined as due from him under this Act.

Section

8. Tax credit not allowed.--

(1) Notwithstanding anything contained in this Act, a registered person shall not be entitled to reclaim or deduct input tax paid on --

(a) the goods used or to be used for any purpose other than for the manufacture or production of taxable goods or for taxable supplies made or to be made by him;

(b) any other goods which the Federal Government may, by a notification in the official Gazette, specify; and

(c) on the goods under sub-sections (1A) and 5 of section 3.

(2) If a registered person deals in taxable and non-taxable supplies, he can reclaim only such proportion of the input tax as is attributable to taxable supplies in such manner as may be specified by the Board.

(3) No person other than a registered person shall make any deduction or reclaim input tax in respect of taxable supplies made or to be made by him.

(4) No person engaged in taxable activity specified in section 3A shall make any deduction or reclaim input tax, nor shall this tax be creditable as input tax for the taxable activity of any other registered person;

(5) Notwithstanding anything contained in any other law for the time being in force or any decision of any Court, for the purposes of this section, no input tax credit shall be allowed to the persons who paid fixed tax under any provisions of this Act as it existed at any time prior to the first day of December, 1998.

(6) Notwithstanding anything contained in any other law for the time being in force or any provision of this Act, the Federal Government may, by notification in the Official Gazette, specify any goods or class of goods which a registered or enrolled person cannot supply to any person who is not registered or enrolled under this Act.

(7) Notwithstanding anything contained in any of the provisions of this Act, the Federal Government may, by notification in the Official Gazette, specify any goods or class of goods in respect of which the provisions of section 3A shall not apply.

Section

9. Debit and credit note.-

Where a registered person has issued a tax invoice in respect of a supply made by him and as a result of cancellation of supply or return of goods or a change in the nature of supply or change in the value of the supply or some such event the amount shown in the tax invoice or the return needs to be modified, the registered person may, subject to such conditions and limitations as the Board may impose, issue a debit or credit note and make corresponding adjustment against output tax in the return.

Section

10. Excess amount to be carried forward or refunded-

(1) Subject to the provisions of sub-section (2), if in relation to a tax period, the total deduction of input tax and other adjustments as specified in section 9 exceed the output tax, the excess amount shall be carried forward by the registered manufacturer, importer, wholesaler or retailer to the next tax period and shall be treated as input tax for that tax period:

Provided that if the excess amount is not fully covered by the tax payable during a period of one year following the tax period in which the credit first arose, the balance outstanding at the end of that period shall, unless otherwise directed by the Board under exceptional circumstances, be refunded to the registered person as may be prescribed:

Provided further that the refund of tax charged on the acquisition of plant and machinery shall also be admissible to the registered person who, at the time of taking delivery of taxable plant and machinery, its components and spare parts is not making taxable supplies, subject to the condition that he shall, within the period specified by the Board, by notification in the Official Gazette, commence taxable supplies and complies with such other conditions as are specified therein.

(2) Notwithstanding anything contained in sub-section (1), the input tax incurred in connection with a zero-rated supply shall be refunded not later than thirty days of filing of return in such manner and subject to such conditions as the Board may, by notification in the Official Gazette, specify.

(3) If a registered person is liable to pay any tax, additional tax or penalty payable under any law administered by the Board, the refund of input tax shall be made after adjustment of unpaid outstanding amount of tax or, as the case may, additional tax and penalty.

(4) Where there is reason to believe that a person has claimed input tax credit or refund which was not admissible to him, the provisions regarding time limit shall not apply till the investigation, including the verification of the deposit of tax claimed as refund, is completed and the claim is either accepted or rejected.

Section

11. Assessment of Tax.--

(1) Where a person who is required to file a tax return failed to file the return for a tax period by the due date or pays an amount which, for some miscalculation is less than the amount of tax actually payable, an officer of Sales Tax shall, after a notice to show cause to such person, make an order for assessment of tax, including imposition of penalty and additional tax in accordance with section 33 and 34:

Provided that where a person required to file a tax return files the return after the due date and pays the amount of tax payable in accordance with the tax return alongwith additional tax and penalty, the notice to show cause and the order of assessment shall abate.

(2) Where a person has not paid the tax due on supplies made by him or has made short payment or has claimed input tax credit or refund which is not admissible under this Act for reasons other than those specified in sub-section (1), an officer of Sales Tax shall make an assessment of sales tax actually payable by that person or determine the amount of tax credit or tax refund which he has unlawfully claimed and shall impose a penalty and charge additional tax in accordance with section 33 and 34.

(4) No order under this section shall be made by an officer of Sales Tax unless a notice to show cause is given to the person in default specifying the grounds on which it is intended to proceed against him and the officer of Sales Tax shall take into consideration the representation made by such person and provide him with an opportunity of being heard:

Provided that order under this section shall be made within forty-five days of issuance of show cause notice or within such extended period as an officer of Sales Tax may, for reasons to be recorded in writing, fix provided that such extended period shall in no case exceed ninety days.

11A. Short-paid amounts recoverable without notice.--

Notwithstanding any of the provisions of this Act, where a registered or enrolled person pays the amount of tax less than the due tax as indicated in his return, the short-paid amount of tax shall be recovered without giving a show cause notice to such person provided that no additional tax or penalty shall be charged unless a show cause notice is given to such person.

Section

Section 12 omitted by Finance Act, 1996.

Section

13. Exemption.-

- (1) Notwithstanding the provisions of section 3, supply of goods or import of goods specified in the [Sixth Schedule](#) shall, subject to such conditions as may be specified by the Federal Government, be exempt from tax under this Act.
- (2) Notwithstanding the provisions of sub-section (1) --
 - (a) the Federal Government may, by notification in the official Gazette, exempt any taxable supplies made in Pakistan or any goods or class of goods, from the whole or any part of the tax chargeable under this Act, subject to the conditions and limitations specified therein; and
 - (b) the Board may, by special order in each case stating the reasons, exempt any supply from the payment of the whole or any part of the tax chargeable under this Act.
- (3) The exemption from tax chargeable under sub-section (2) may be allowed from any previous date specified in the notification issued under clause (a) or, as the case may be, order made under clause (b) of that sub-section .
- (4) Where a person does not desire to avail any tax exemption, he may, after voluntary registration, opt to pay sales tax at the rate applicable to such supplies under the provisions of section 3 subject to condition that he shall not thereafter be de-registered till the expiry of two years from the date of such registration.

Section

14. Requirement of registration-

(1) The following persons engaged in making of taxable supplies in Pakistan (including zero-rated supplies) in the course or furtherance of any taxable activity carried on by them, if not already registered, are required to be registered under this Act, namely:-

- (i) a manufacturer whose annual turnover from taxable supplies made in any period during the last twelve months ending any tax period exceeds two and half million rupees;
- (ii) a retailer whose value of supplies in any period during the last twelve months ending any tax period exceeds five million rupees;
- (iii) an importer; and
- (iv) a wholesaler (including dealer) and distributor:

Provided that buyers or importers of taxable plant and machinery who intend to make taxable supplies in due course and wish to claim any credit or refund of tax paid on the said plant and machinery shall also be required to be registered under this Act.

Section

15. Application for Registration.-

- (1) A person required to be registered under this Act shall make an application in the prescribed form to the Collector Before making taxable supplies.
- (2) An application to register shall be made to such Collector as the Board may, by notification in the official Gazette, specify.

Section

16. Registration of branches, divisions etc.-

A registered person, or a person liable for registration who conducts his taxable activity through distinct different branches, divisions or manufacturing units located in different Collectorates may make an application for registration in accordance with section 15 for such branches, divisions or manufacturing units separately, subject to such conditions and in such manner as the Board may, by notification in the official Gazette, specify.

Section

17. Certificate of Registration.-

If the Collector or such other officer as may be authorised by him in this behalf is satisfied that the application for registration is complete in all respects, he shall register the applicant and issue a certificate of registration in such form as the Board may, by notification in the official Gazette, specify.

Section

18. Voluntary Registration.-

(1) A person who makes or intends to make taxable supplies but is not required to be registered under this Act, may make an application for registration in such form and manner as the Board may, by notification in the official Gazette, specify.

(2) A person registered in pursuance to application made under subsection (1), shall not be de-registered before expiry of two years from the date of registration.

(3) A retailer making taxable supplies may, on his own accord, apply for registration in accordance with the proviso of sub-section (1):

Provided that on registration, notwithstanding anything contained in this Act, such distributor, wholesaler or retailer shall not be entitled to be de-registered before expiry of two years from the date of registration.

Section

19. Compulsory Registration.-

If a person who is required to be registered under this Act does not apply for registration and the Collector or such other officer as may be authorised by him in this behalf, after such inquiry as he thinks fit, is satisfied that such person was required to be registered, the Collector or such other officer shall register that person and that he shall be deemed to have been registered from the date he became liable for registration:

Provided that if it is subsequently established that a person who was not liable to be registered but was wrongly registered under this section due to inadvertence, error or misconstruction, the Collector shall cancel such registration and such person shall, subject to the provisions of section 3B, not be liable to pay any tax, additional tax or penalty under any of the provisions of this Act or rules made thereunder.

Section

20. Change in the particulars of registration.-

In case there is a change in the name, address or other particulars as stated in the registration application, the registered person shall notify the change to the Collector or the local Sale Tax Office within fourteen days of such change.

Section

21. De-registration.-

(1) Every registered person who ceases to carry on his business or whose supplies become exempt from tax, shall apply to the Collector for cancellation of his registration, and the Collector, after satisfying himself either through an audit or otherwise that no tax liability is outstanding against that person, may cancel the registration of that person from such date as he may specify but not later than four months from the date of such application or the date all the dues outstanding against such person are deposited by him, whichever is the later:

Provided that the Collector may, for reasons to be recorded in writing, extend the aforesaid period by a further period of two months.

(2) A registered person whose total taxable turnover of his taxable activity during the last twelve months remains below the limit specified in section 3A, may apply to the Collector for,-

(a) Cancellation of his registration; and

(b) his enrolment as turnover tax payer; and the Collector, if satisfied that the applicant has ceased to be liable for registration, may, cancel the registration of that person and may enrol him as turnover tax payer from such date as he may specify:

Provided that if such liability ceases during the currency of a financial year, the cancellation of registration and enrolment as turnover tax payer shall take effect from the beginning of next financial year.

(3) The person making application under sub-section (1) or subsection (2) shall continue to file the return under section 26 till

his registration is cancelled by the Collector.

(4) If a registered person fails to file tax return under section 26 for six consecutive months, the officer of sales tax, not below the rank of an Assistant Collector, may, without prejudice to any action that may be taken under any other provision of this Act, after issuing a notice in writing and after giving an opportunity of being heard to such person, cancel the registration after satisfying himself that no tax liability is outstanding against such person.

(5) The obligations and liabilities of the person whose registration is cancelled under sub-section (1), (2) or (4) relating to the period when he conducted business as a registered person shall not be affected by the fact that his registration has been cancelled or that he has ceased to be a registered person.

(6) Any person enrolled under section 3A may apply for de-enrollment and the provisions of this section shall mutatis mutandis apply.

Section

22. Records-

(1) A registered person making taxable supplies shall maintain and keep at his business premises or registered office in English or Urdu language the following records of goods purchased and supplies (including zero-rated and exempt supplies) made by him or by his agent acting on his behalf in such form and manner as would permit ready ascertainment of his tax liability during a tax period -

- (a) records of supplies made shall indicate the description, quantity and value of goods, name and address of the person to whom supplies were made and the amount of the tax charged;
- (b) records of goods purchased shall show the description, quantity and value of goods, name, address and registration number of the supplier and the amount of the tax on purchases;
- (c) records of zero-rated and exempt supplies;
- (d) invoices, credit notes, debit notes, bank statements, inventory records, utility bills, salary and labour bills, rental agreements, sale-purchase agreements and lease agreements; and
- (e) such other records as may be specified by the Board:

Provided that the persons paying turnover tax or retail tax shall keep such record as may be specified by the Board.

(2) The Board may, by notification in the official Gazette, specify for any class of taxable persons or any other person registered under this Act to keep such other records for the purposes of this Act.

(2a) The Board may, by notification in the Official Gazette, specify for any class of taxable persons registered under this Act to use such electronic fiscal cash registers as are approved by the Board in the manner as may be prescribed.

(3) Where a person who is required to maintain records under this Act may keep the record on electronic data in such form and manner as may be approved by the Board.

Section

23. Tax Invoices.-

(1) A registered person making a taxable supply shall issue a serially numbered tax invoice at the time of supply of goods containing the following particulars, namely:

- (a) name, address and registration number of the supplier;
- (b) name, address and registration number of the recipient;
- (c) date of issue of invoice;
- (d) description and quantity of goods;
- (e) value exclusive of tax;
- (f) amount of sales tax; and
- (ff) Amount of sales tax as specified in sub-section (1A) of section 3;
- (g) value inclusive of tax:

Provided that the Board may, by notification in the official Gazette, specify such modified invoices for different persons or classes of persons:

Provided further that not more than one tax invoice shall be issued for a taxable supply; and

(2) No person other than a registered person or a person paying turnover tax or retail tax shall issue an invoice under this section.

Section

24. Retention of record and documents for five years.-

A person who is required to maintain any record or documents under this Act, shall retain the record and documents for a period of five years after the end of the tax period to which such record or documents relate.

Section

25. Access to record, documents, etc.-

A person who is required to maintain any record or documents under this Act or any other law shall, as and when required by an officer of Sales Tax, produce record or documents which are in his possession or control or in the possession or control of his agent; and where such record or documents have been kept on electronic data, he shall allow access to such officer of Sales Tax and use of any machine on which such data is kept.

25A. Drawing of samples.-

Where an authorized officer of sales tax considers it necessary to take a sample of any goods or raw materials, for the purpose of determining their liability to sales tax or for the purpose of establishing their value or for any other reason, he may remove a minimum quantity of goods or raw materials sufficient to enable a proper examination or analysis to be made. At the time of taking the sample the person in possession of the goods shall be informed and given the opportunity to sign the representative samples, so drawn, and take a corresponding sample for his record. Any sample taken under this section shall be taken against a proper receipt a copy each of which shall be kept in the record by the registered person and the collectorate.

Section

26. Monthly Return.-

- (1) Every registered person shall furnish not later than the due date a true and correct return in the prescribed form to a designated bank specified by the Board, indicating the purchases and the supplies made during a tax period, the tax due and paid and such other information, as may be prescribed:
- (2) If there is a change in the rate of tax during a tax period, a separate return in respect of each portion of tax period showing the application of different rates of tax shall be furnished.

26A. Turnover tax return.

- (1) Every person required to pay turnover tax shall furnish a true and correct return in the prescribed form to the Office of the Collector having jurisdiction indicating the value of supplies made in tax period, the tax paid and such other information as may be prescribed.
- (2) A return for the period or any part of the period from the 1st January to the 31st March shall be furnished on or before the 15th April, in that year.
- (3) A return for the period or any part of the period from the 1st April to the 30th June shall be furnished on or before the 15th July, in that year.
- (4) A return for the period or any part of the period from the 1st July to the 30th September shall be furnished on or before the 15th October, in that year.
- (5) A return for the period or any part of the period from the 1st

October to the 31st December shall be furnished on or before the 15th January, in the following year.

(6) Notwithstanding the provisions of this section, a retailer required to pay turnover tax shall furnish not later than due date a true and correct return in the prescribed form to the designated branch of the bank specified by the Board.

26AA. Retail Tax Return.-

(1) Every registered retailer making taxable supplies shall furnish not later than due date a true and correct return in the prescribed form to the designated branch of the bank specified by the Board.

(2) If there is a change in the rate of tax during a tax period, a separate return in respect of each portion of tax period, showing the application of different rates of tax, shall be furnished.

Section

27. Special Returns.-

In addition to the return specified under section 26---

(a) a person registered or enrolled under this Act shall furnish special return within such date and in such form indicating information such as quantity manufactured or produced, purchases made, goods supplied or payment of arrears made, etc, for such period as the Board may, by a notification in official gazette, specify; and

(b) the collector may require any person whether, registered or not, to furnish a return (whether on his own behalf or as an agent or trustee) in a prescribed form and such person shall furnish the return not later than the date specified in this regard.

Section

28. Final Return.-

If a person applies for de-registration in terms of section 21, he shall before such de-registration, furnish a final return to the Collector in the specified form in such manner and at such time as directed by the Collector].

Section

29. Return deemed to have been made.-

A return purporting to be made on behalf of a person by his duly appointed representative shall, for all purposes, be deemed to have been made by such person or under his authority unless proved to the contrary.

Section

30. Appointment of officer.-

For the purposes of this Act, the board may, by notification in the official Gazette, appoint in relation to any, area, any case or class of cases specified in the notification, any person to be-

- (a) a Collector of Sales Tax;
- (b) a Collector of Sales Tax (Adjudication);
- (c) an Additional Collector of Sales Tax;
- (d) a Deputy Collector of Sales Tax;
- (e) an Assistant Collector of Sales Tax;
- (f) a Superintendent of Sales Tax;
- (g) an officer of sales tax with any other designation.

Section

31. Powers.-

An officer of sales tax appointed under section 30 shall exercise such powers and discharge such duties as are conferred or imposed on him under this Act; and he shall also be competent to exercise all powers and discharge all duties conferred or imposed upon any officer subordinate to him:

Provided that, notwithstanding anything contained in this Act or the rules, the Board may, by general or special order, impose such limitations or conditions on the exercise of such powers and discharge of such duties as it deems fit.

Section

32. Delegation of powers.-

(1) The Board may, by notification in the official Gazette and subject to such limitations or conditions as may be specified therein, empower by name or designation -

(a) any Additional Collector of Sales Tax or Deputy Collector of Sales Tax to exercise any of the powers of a Collector of Sales Tax under this Act;

(b) any Deputy Collector of Sales Tax or Assistant Collector of Sales Tax to exercise any of the powers of an Additional Collector of Sales Tax under this Act;

(c) any Assistant Collector of Sales Tax to exercise any of the power of a Deputy Collector of Sales Tax under this Act; and

(d) any other officer of Sales Tax to exercise any of the powers of an Assistant Collector of Sales Tax under this Act.

(2) Unless the Board in any case otherwise directs, the Collector may authorize an officer subordinate to him to exercise within any specified area, any of the powers of the Collector or of any other officer of Sales Tax under this Act.

(3) The officer to whom any powers are delegated under this section shall not further delegates such powers.

32A. Special Audit by Chartered Accountants or Cost Accountants-

(1) The Board may, by notification in the official Gazette, appoint a Chartered Accountant as defined under Chartered Accountants

Ordinance, 1961 (X of 1961) or a firm of Chartered Accountants or a Cost and Management Accountant within the meaning of the Cost and Management Accountants Act, 1966 (XIV of 1966) or a firm of Cost and Management Accountants, for conducting special audit of records of registered person.

(2) Notwithstanding that records of a registered person have been audited by an officer appointed under section 30, the Board or a collector may direct an auditor appointed under sub-section (1) to audit the records of any registered person.

(3) An auditor appointed under sub-section (1), shall have the powers of an officer of sales tax under sections 25, 37 and 38.

32AA. Audit of Retailer.-

(1) An officer of Sales Tax not below the rank of auditor or deputy superintendent may, subject to such conditions and limitations as may be imposed by the Board or Collector, carry out audit of any retailer assigned to him by Assistant Collector and such audit may include surveillance, video filming, gathering of information through pretending or actual customer of the taxable activities of such retailer.

(2) A retailer who pays turnover tax under section 3A or retail tax under section 3AA may in lieu of audit of his business by an officer of Sales Tax, opt for audit by a Chartered Accountant or a Cost and Management Accountant authorized by Central Board of Revenue in terms of section 32A provided he pays half of the fee payable to such Chartered Accountant or, as the case may be, Cost and Management Accountant.

Section

33. General Penalties.

- (1) Any person who fails to furnish a return within the due date shall pay a penalty of five thousand rupees.
- (2) Any person who --
 - (a) fails to issue an invoice when required under this Act;
 - (b) unauthorisedly issues an invoice in which an amount of tax is specified;
 - (c) fails to notify the changes of material nature in the particulars of registration or taxable activity;
 - (cc) fails to deposit the amount of tax due or any part thereof in the time or manner laid down under this Act or rules or orders made thereunder;
 - (d) repeats erroneous calculations in the return during a year whereby amount of tax less than the actual tax due is paid,

shall pay a penalty of five thousand rupees or three per cent of the amount of the tax involved, whichever is higher:

Provided that no penalty shall be imposed when any miscalculation is made for the first time during a year.

- (3) Any person who --
 - (a) is required to apply for registration or enrollment under this Act fails to make an application within the specified period; or

- (b) fails to maintain records required under this Act or the rules made thereunder,

shall pay penalty of ten thousand rupees or five percent of the amount of tax involved, whichever is higher.

(4) Any person who --

- (a) submits a false or forged document to any officer of Sales Tax;
- (b) destroys, alters, mutilates or falsifies the records;
- (c) knowingly or fraudulently makes false statement, false declaration, false representation, false personification, gives any false information or issues or uses a document which is forged or false.
- (d) denies or obstructs the access of an authorised officer to business premises, registered office or to any other place where records are kept;
- (e) otherwise obstructs the authorised officer in the performance of his official duties; or
- (f) commits, causes to commit or attempts to commit the tax fraud,

shall pay a penalty of twenty five thousand rupees or thirty percent of the amount of tax involved, whichever is higher.

(5) Any person who causes or attempt to commit or abets the commission of any of the acts specified in the preceding sub-sections shall pay the penalties specified herein.

(6) Where any of the acts specified in sub-sections (3) & (4) of this section is committed by a corporate body or an association of persons, whether incorporated or not, the Chief Executive of that body shall pay a penalty of twenty five thousand rupees, in addition

to other Penalties adjudged against him under any other provisions of this Act.

(7) Any person who contravenes any of the provision of this Act for which no penalty has, specifically, been provided in this Act, shall pay a penalty of five thousand rupees or three percent of the amount of tax involved, whichever it higher.

Section

34. Additional Tax.

(1) Notwithstanding the provisions of section 11, if a registered person or enrolled person does not pay the tax due or any part thereof in time or in the manner specified under this Act, rules or notification issued thereunder or claims a tax credit, refund or makes an adjustment, which is not admissible to him, or incorrectly applies the rate of zero per cent to supplies made by him, he shall, in addition to the tax due, and the prescribed penalties, pay additional tax at the rate of two per cent of the tax due per month or any part thereof.

(2) For the purpose of calculation of additional tax,--

(a) in the case of inadmissible input tax credit or refund, the period of default shall be reckoned from the date of adjustment of such credit or, as the case be, refund is received; and

(b) in the case of non-payment of tax or part thereof, the period of default shall be reckoned from the 16th day of a month (following the due date of the tax period to which the default release) to the day preceding the date on which the tax due is actually paid.

Explanation, -- For the purpose of this section, tax due does not include the amount of penalty.

34A. Exemption from penalty and additional tax.

The Federal Government may, by a notification in the official Gazette, or the Central Board of Revenue by a special order published in Gazette for reasons to be recorded in writing, exempt any person or class of persons from payment of the whole or part of the penalty and additional tax imposed under sections 33 and 34 subject to such conditions and

limitations as may be specified in such notification or, as the case may be, special order.

Section

Section 35 omitted through Finance Act, 1996.

Section

36. Recovery of tax not levied or short-levied or erroneously refunded.-

(1) Where by reason of some collusion or a deliberate act any tax or charge has not been levied or made or has been short-levied or has been erroneously refunded, the person liable to pay any amount of tax or charge or the amount of refund erroneously made shall be served with a notice, within five years of the relevant date, requiring him to show cause for payment of the amount specified in the notice.

(2) Where, by reason of any inadvertence, error misconstruction, any tax or charge has not been levied or made or has been short-levied or has been erroneously refunded, the person liable to pay the amount of tax or charge or the amount of refund erroneously made shall be served with a notice within three years of the relevant date, requiring him to show cause for payment of the amount specified in the notice:

Provided that, where a tax or charge has not been levied under this sub-section, the amount of tax shall be recovered as tax fraction of the value of supply.

(3) The officer of Sales Tax empowered in this behalf shall, after considering the objections of the person served with a notice to show cause under sub-section (1) or sub-section (2), determine the amount of tax or charge payable by him and such person shall pay the amount so determined:

Provided that order under this section shall be made within forty-five days of issuance of show cause notice or within such extended period as an officer of Sales Tax may, for reasons to be recorded in writing, fix, provided that such extended period shall in no case exceed ninety days.

(4) For the purpose of this section, the expression "relevant date"

means--

- (a) the time of payment of tax or charge as provided under section 6; and
- (b) in a case where tax or charge has been erroneously refunded, the date of its refund.

Section

37. Power to summon persons to give evidence and produce documents in inquiries under the Act.-

(1) Any officer of sales tax shall have powers to summon any person whose attendance he considers necessary either to tender evidence or to produce documents or any other thing in any inquiry which such officer is making for any of the purposes of this Act.

(2) Any person summoned under sub-section (1) shall be bound to attend either in person or by an authorised agent, as the officer of sales tax may direct;

Provided that a person who is exempt from personal appearance in a court under section 132 and 133 of the Code of Civil Procedure (V of 1908), shall not be required to appear in person.

(3) Any inquiry before an officer of sales tax shall be deemed to be a judicial proceeding within the meaning of section 193 and 228 of the Pakistan Penal Code (XIV of 1860).

37A. Power to arrest and prosecute.-

(1) An officer of Sales Tax, not below the rank of an Assistant Collector of Sales Tax or any other officer of equal rank authorised by the Central Board of Revenue in this behalf, who on the basis of material evidence has reason to believe that any person has committed a tax fraud in respect of a supply or supplies made by him, may arrest such person.

(2) All arrests made under this Act shall be carried out in accordance with the relevant provisions of the Code of Criminal Procedure, 1898 (Act V of 1898).

(3) Where any person commits a tax fraud, he shall be punishable with imprisonment for a term which may extend to five years, or with fine which may extend to any amount equal to the loss of tax involved, or with both.

(4) Notwithstanding anything contained in sub-section (1) to subsection (3) or any other provision of this Act, where any person has committed a tax fraud, the Collector may, either before or after the institution of any proceedings for recovery of tax, compound the offence if such person pays the amount of tax due alongwith such additional tax and penalty as is determined under the provisions of this Act.

(5) Where the person suspected of tax fraud is a company, every director or officer of that company whom the authorised officer has reason to believe is personally responsible for actions of the company contributing the tax fraud shall be liable to arrest; provided that any arrest under this sub-section shall not absolve the company from the liabilities of payment of tax, additional tax and penalty imposed under this Act.

37B. Procedure to be followed on arrest of a person.-

(1) When a Sales Tax Officer authorised in this behalf arrests a person under Section 37A, he shall immediately intimate the fact of the arrest of that person to the Special Judge who may direct such Officer to produce that person at such time and place and on such date as the Special Judge considers expedient and such Officer shall act accordingly.

(2) Notwithstanding anything contained in the sub-section (1), any person arrested under this Act shall be produced before the Special Judge or, if there is no Special Judge within a reasonable distance, to the nearest Judicial Magistrate within twenty-four hours of such arrest, excluding the time necessary for the journey from the place of arrest to the Court of the Special Judge or, as the case may be, of such Magistrate.

(3) When any person is produced under sub-section (2) before the Special Judge, he may, on the request of such person, after perusing the record, if any and after giving the prosecution an opportunity of being heard, admit him to bail on his executing a bond, with or without sureties, or refuse to admit him to bail and direct his detention at such place as he deems fit:

Provided that nothing herein contained shall preclude the Special Judge from canceling the bail of any such person at a subsequent stage if, for any reason, he considers such cancellation necessary, but before passing such order he shall afford such person an opportunity of being heard, unless for reasons to be recorded he considered that the affording of such opportunity shall defeat the purpose of this Act.

(4) When such person is produced under sub-section (2) before a Judicial Magistrate, such Magistrate may, after authorising his detention in such custody at such place and for such period as he considered necessary or proper for facilitating his earliest production before the Special Judge, direct his production before the Special Judge on a date and time to be fixed by him or direct such person to be forthwith taken to, and produced before, the Special Judge and he shall be so taken.

(5) Nothing in sub-section (3) or sub-section (4) shall preclude the Special Judge or the Judicial Magistrate from remanding any such person to the custody of the Sales Tax Officer holding inquiry against the person if such Officer makes a request in writing to that effect, and the Special Judge or the Judicial Magistrate, after perusing the record, if any, and hearing such person, is of the opinion that for the completion of inquiry or investigation it is necessary to make such order:

Provided that in no case the period of such custody shall exceed fourteen days.

(6) When any person is arrested under this Act, the Sales Tax Officer shall record the fact of arrest and other relevant particulars in the register specified in sub-section (10) and shall immediately proceed to inquire into the charge against such person and if he

completes the inquiry within twenty-four hours of his arrest, excluding the time necessary for journey as aforesaid, he may, after producing such person before the Special Judge or the nearest Judicial Magistrate, make a request for his further detention in his custody.

(7) While holding an inquiry under sub-section (6), the Sales Tax Officer shall exercise the same powers as are exercisable by an officer in charge of a police station under the Code of Criminal Procedure, 1898 (Act V of 1898), but such Officer shall exercise such powers subject to the foregoing provisions of this Section while holding an inquiry under this Act.

(8) If the Sales Tax Officer, after holding an inquiry as aforesaid, is of the opinion that there is no sufficient evidence or reasonable ground for suspicion against such person, he shall release him on his executing a bond, with or without sureties, and shall direct such person to appear, as and when required, before the Special Judge, and make a report to the Special Judge for the discharge of such person and shall make a full report of the case to his immediate superior.

(9) The Special Judge to whom a report has been made under sub-section (8) may, after the perusal of record of the inquiry, and hearing the prosecution, agree with such report and discharge the accused or, if he is of the opinion that there is sufficient ground for proceedings against such person, proceed with his trial and direct the prosecution to produce evidence.

(10) The Sales Tax Officer empowered to hold inquiry under this Section shall maintain a register to be called "Register of Arrests and Detentions" in the prescribed form in which he shall enter the name and other particulars of every person arrested under this Act, together with, the time and date of arrest, the details of the information received, the details of things, goods or documents, recovered from his custody, the name of the witnesses and the explanation, if any, given by him and the manner in which the inquiry has been conducted from day to day; and, such register or authenticated copies of its aforesaid entries shall be produced before the Special Judge, whenever such Officer is so directed by him.

(11) After completing the inquiry, the Sales Tax Officer shall, as early as possible, submit to Special Judge a complaint in the same form and manner in which the officer in charge of a police station submits a report, before a court.

(12) Any Magistrate of the first class may record any statement or confession during inquiry under this Act, in accordance with the provision, of Section 164 of the Code of Criminal Procedure, 1898 (Act V of 1898).

(13) Without prejudice to the foregoing provisions to this section the Federal Government may, by notification in the official Gazette, authorise any other officer working under the Central Board of Revenue to exercise the powers and perform the functions of a Sales Tax Officer under this Section, subject to such conditions, if any, that it may deem fit to impose.

37C. Prosecution and punishment for evasion of tax, etc.-

(1) where-

(a) a person does not pay the amount of tax due in time and in the manner specified for its payment and also fails to pay even after the expiry of a period of sixty days of issuance of the notice for such payment by a Sales Tax Officer, not below the rank of an Assistant Collector of Sales Tax, he shall be liable to punishment for a term which may extend to three years, or with fine which may extend to amount equal to the amount of tax involved, or with both;

(b) a person who is required to get himself registered under this Act fails to get registered within sixty days of the expiry of the period given in section 15 read with clause (a) of sub-section (3) of section 33, he shall be liable to punishment for a term which may extend to three years, or with fine which may extend to amount equal to the amount of tax involved, or with both;

(c) a person refuses to allow access to the premises, stocks,

accounts or records, etc. to the Sales Tax Officer or refuses or fails to present the same as the case may be, when required under section 25 or 38 of this Act, he shall be liable to punishment for a term which may extend to three years, or with fine which may extend to amount equal to the loss of tax involved, or with both;

(d) any officer of sales tax or any other person authorized to act under this Act, acts or omits or attempts to act or omit in a manner causing loss to the sales tax revenue or to other purposes of this Act, or abets or connives at any such act or any attempt to practice any such act, he shall be liable to punishment for a term which may extend to three years, or with fine which may extend to amount equal to the amount of tax involved, or with both; or

(e) a registered person fails to file the return for two consecutive tax periods without any lawful excuse or violates any embargo placed on removal of goods in connection with recovery of tax, he shall be liable to punishment for a term which may extend to one year, or with fine which may extend to any amount equal to the amount of tax involved, or with both.

(2) In respect of offences under sub-section (1) the provisions of section 37A and 37B so far as applicable shall apply.

Section

38. Authorised officers to have access to premises, stocks, accounts and records.-

(1) Any officer authorised in this behalf by the Board or the Collector shall have free access to business or manufacturing premises, registered office or any other place where any stocks, business records or documents required under this Act are kept or maintained belonging to any registered person or a person liable for registration or whose business activities are covered under this Act or what may be required for any inquiry or investigation in any tax fraud committed by him or his agent or any other person; and such officer may, at any time, inspect the goods, stocks, records, data, documents, correspondence, accounts and statements, utility bills, bank statements, information regarding nature and sources of funds or assets with which his business is financed, and any other records or documents, including those which are required under any of the Federal, Provincial or local laws maintained in any form or mode and may take into his custody such records, statements, diskettes, documents or any part thereof, in original or copies thereof in such form as the authorised officer may deem fit against a signed receipt.

(2) The registered person, his agent or any other person specified in sub-section (1) shall be bound to answer any question or furnish such information or explanation as may be asked by the authorised officer.

(3) The department of direct and indirect taxes or any other Government department, local bodies, autonomous bodies, corporations or such other institutions shall supply requisite information and render necessary assistance to the authorised officer in the course of inquiry or investigation under this section.

Section

Section 39 omitted vide Finance Act, 1996.

Section

40. Searches how to be made.-

All searches made under this Act or the rules made thereunder shall be carried out in accordance with the relevant provisions of the Code of Criminal Procedure, 1898 (V of 1898).

40A. Search without warrant.-

(1) Notwithstanding the provisions of Section 40, where any officer of Sales Tax not below the rank of an Assistant Collector of Sales Tax has reasons to believe that any documents or things which, in his opinion, may be useful for, or relevant to, any proceeding under this act are concealed or kept in any place and that there is a danger that they be removed before a search can be effected under Section 40, he may, after preparing a statement in writing of the grounds of his belief for which search is to be made, search or cause search to be made for such documents or things in that place.

(2) Any officer or person who makes a search or causes a search to be made under sub-section (1) shall leave a signed copy of the statement referred to in that Section in or about the place searched and shall, at the time the search is made or as soon as is practicable thereafter, deliver a signed copy of such statement to the occupier of the place at his last known address.

(3) No suit, prosecution or other legal proceedings shall be instituted, except with the previous sanction in writing of the Federal Government against any person in respect of anything done or purporting to be done in respect of exercise of any powers conferred by sub-section (1) or sub-section (2).

Section

Section 41 omitted vide Finance Act, 1996.

Section

Section 42 omitted by Finance Act, 1996.

Section

Section 43 omitted vide Finance Act, 1996.

Section

Section 44 omitted vide Finance Act, 1996.

Section

45. Power of Adjudication.-

In cases involving assessment of tax, charging of additional tax, imposition of penalty and recovery of amount erroneously refunded under this Act or the rules made thereunder, the jurisdiction and powers of adjudication of the Sales Tax Officers shall be as follows:-

(i) Collector	Cases falling under sub-section (2) of section 11 and section 36 of the Act without any restriction as to the amount of tax involved or amount erroneously refunded.
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(ii) Additional Collector	Cases falling under sub-section (2) of section 11 and section 36 of the Act provided that the amount of tax involved or the amount erroneously refunded does not exceed
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ten million
rupees.

(iii) Deputy Collector (a) Cases falling under sub-section (1) of section 11.

(b) Cases falling under sub-section (2) of section 11 and section 36 of the Act provided that the amount of tax involved or the amount erroneously refunded does not exceed two and a half million rupees.

(iv) **An officer of sales tax with any other designation** **Such cases as may be notified by the Board:**

Provided that the Board may, by notification in the official Gazette, vary the jurisdiction and powers of any officer of Sales Tax or a class of officers of Sales Tax.

Provided further that the Board shall have powers to regulate the system of adjudication including transfer of cases and extension of time limit in exceptional circumstances.

Explanation.- For the purpose of this section, tax means the principal amount of sales tax other than further tax or additional tax and in a case where only further tax, whether or not with additional tax, is involved, the amount of further tax and in all other cases additional tax.

45A. Power of the Board and Collector to call for records.

(1) The Board may, of its own motion, call for and examine the record of any departmental proceedings under this Act or the rules made thereunder for the purpose of satisfying itself as to the legality or propriety of any decision or order passed therein by an Officer of Sales Tax, it may pass such order as it may think fit;

Provided that no order imposing or enhancing any penalty or fine requiring payment of a greater amount of sales tax than the originally levied shall be passed unless the person affected by such order has been given an opportunity of showing cause and of being heard.

(2) No proceeding under sub-section (1) shall be initiated in a case where an appeal under **Section 45B** (Substituted for figure "45" by Finance Ordinance, 2002) or Section 46 is pending.

(3) No order shall be made under this Section after the expiry of five years from the date of original decision or order of the subordinate officer referred to in sub-section (1).

(4) The Collector may exercise the powers conferred on the Board by sub-section (1) in respect of any case decided by an officer subordinate to him.

45B. Appeals.-

(1) Any person, including the Sales Tax Department, aggrieved by any decision or order passed under sections 11, 36 or 45, by an officer of Sales Tax below in rank to Additional Collector may, within thirty days of the date of receipt of such decision or order, prefer appeal to the Collector of Sales Tax (Appeals):

Provided that an appeal preferred after the expiry of thirty days may be admitted by the Collector of Sales Tax (Appeals) if he is satisfied that the appellant has sufficient cause for not preferring the appeal within the specified period:

Provided further that the appeal shall be accompanied by a fee of one thousand rupees to be paid in such manner as the Board may prescribe.

(2) The Collector of Sales Tax (Appeals) may, after giving both parties to the appeal an opportunity of being heard, pass such order as he thinks fit, confirming, varying, altering, setting aside or annulling the decision or order appealed against.

(3) In deciding an appeal, the Collector of Sales Tax (Appeals) may make such further inquiry as may be necessary provided that he shall not remand the case for denovo consideration.

(4) Any person desirous of preferring an appeal under subsection (1) against any decision or order relating to any tax demanded or any penalty imposed under this Act shall, before presenting the appeal, deposit the tax demanded and the penalty imposed under such decision or order:

Provided that, where in any case, the Collector of Sales Tax (Appeals) is satisfied that the deposit of tax demanded or the penalty as aforesaid is likely to cause undue hardship to the appellant, he may dispense with such deposit subject to such conditions or restrictions he may deem fit to impose:

Provided further that in any particular case, the Collector of Sales Tax (Appeals) may direct that pending decision of the appeal, the tax demanded or penalty imposed, shall be paid by

the appellant in suitable instalments spreading over a period not exceeding six months from the date of such direction.

Section

46. Appeals to Appellant Tribunal. -

(1) Any person including the Sales Tax Department, aggrieved by—

(a) any decision or order passed by a Collector or an Additional Collector of Sales Tax under sections 11, 36 or 45;

(b) any order passed by the Collector of Sales Tax (Appeals) under section 45B; and

(c) any order passed by the Board or the Collector of Sales Tax under section 45A,

may, within sixty days of the receipt of such decision or order, prefer appeal to the Appellate Tribunal.

Sub-section (1) substituted by Finance Ordinance, 2002 which previously read as follows:

(1) Any person including the Sales Tax Department aggrieved by any decision or order passed by a officer of Sales Tax, may appeal to the Appellate Tribunal within sixty days of the date of communication of such decision or order.

(2) The Appellate Tribunal may admit an appeal preferred after the period of limitation specified in sub-section (1) if it is satisfied that there was sufficient cause for not presenting it within the specified period.

(3) The appeal shall be accompanied by a fee of **one thousand** (Substituted for words "seven hundred and fifty" by Finance Ordinance, 2002) rupees paid in such manner as the Board may prescribe.

(4) The Appellate Tribunal, after giving the parties

to the appeal, an opportunity of being heard may pass such orders in relation to the matter before it as it thinks fit:

Provided that when any such order amounts to an interim order staying the recovery of tax, such order shall cease to have effect on the expiration of a period of six months following the day on which it is made unless the case is finally decided, or the interim order is withdrawn by the Tribunal earlier.

(5) The Appellate Tribunal shall send a copy of its order disposing the appeal to the appellant and to the concerned Officer of Sales Tax, as the case may be.

(6) All appeals relating to the Sales Tax Act, 1951, pending before the Income Tax Appellate Tribunal at the commencement of the Finance Act, 1997 shall stand transferred for disposal to the Appellate Tribunal.

(7) Order under this section shall be passed within sixty days of filing of appeal or within such extended period as the Tribunal may, for reasons to be recorded in writing fix, provided that such extended period shall in no case exceed ninety days.

(8) Subject to the provisions of this Act or any other law for the time being in force, the Appellate Tribunal shall have power to regulate its own procedure and the procedure of the Benches thereof in all matters arising out of the exercise of its powers or of the discharge of its functions, including the places at which the Benches shall hold their sittings.

Section

47. Appeal to the High Court-

- (1) An appeal shall lie to the High Court in respect of any question of law arising out of an order under section 46.
- (2) The appeal under this section shall be filed within sixty days of the date upon which the aggrieved person or the Collector is served with notice of an order under section 46.
- (3) Where an appeal is filed under sub-section (1) by the aggrieved person, it shall be accompanied by a fee of one **thousand**
(Substituted for word "hundred" by Finance Ordinance, 2002) rupees.
- (4) The appeal before the High Court shall be heard by a bench of not less than two judges of the High Court.
- (5) The High Court upon hearing the appeal shall decide the question of law raised therein and shall deliver judgement thereon specifying the grounds on which such judgement is based and shall send a copy of the judgement under the seal of the Court to the Appellate Tribunal which shall pass such orders as are necessary to dispose of the case in conformity with such judgement.
- (6) Notwithstanding that an appeal has been made to the High Court the tax shall be payable in accordance with the order under section 46,
- (7) Where the amount of tax is reduced as a result of the judgement in the appeal, the amount of tax overpaid shall be refunded unless the High Court, on application given by the Collector within thirty days of the receipt of the judgement of the High Court that he intends to seek leave to appeal to the Supreme Court, makes an order authorizing the Collector to postpone the refund until the disposal of the appeal by the Supreme Court.

- (8) The costs of the appeal shall be in discretion of the Court.

47A. Alternate dispute resolution.-

(1) Notwithstanding any other provision of this Act, or the rules made thereunder, the Board may, of its own motion or on an application in writing by a registered person or a class of such persons, opting under this section for the resolution of any hardship relating to levy and payment of tax, may appoint a Committee consisting of —

(a) an officer of Sales Tax department not below the rank of Collector;

(b) one or two persons from among the notified panel of chartered accountants, advocates, representatives of trade bodies or associations, or any other reputable taxpayer; and

(c) a Member of the Board:

Provided that no Committee shall be constituted in cases where the matter has been decided by a High Court or the Supreme Court.

(2) The Board may constitute as many committees as may be required.

(3) A Dispute Resolution Committee constituted under sub-section (1) and (2), shall examine the questions of fact and law and may, if it deems necessary conduct inquiry, seek expert opinion, direct the Collector to conduct an audit or a special audit by chartered accountants or cost accountants and make recommendations in respect of the following, namely:—

(a) the liability of tax against the registered person, or admissibility of refunds, as the case may be;

- (b) the extent of waiver of additional tax and penalty by stating reasons and circumstances leading to the recommendation;**
- (c) the quantum of input tax admissible in terms of sub-section (3) to section 7;**
- (d) relaxation of any procedural or technical irregularities and condonation of any prescribed time limitation; and**
- (e) any other specific relief required to resolve the dispute.**

(4) The Board may, on the recommendations of the Committee, pass such order as it may deem fit for the resolution of dispute.

(5) After the payment or the recovery of the tax liability determined and ordered by the Board under sub-section (4) all other decisions, orders and judgements made or passed shall stand modified to that extent and all proceedings under the Act or the rules made thereunder by any authority or forum shall abate.

(6) The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this section.

Section

48. Recovery of arrears of tax.-

(1) Where any amount of tax (Words and Comma "levied, penalty imposed or demand raised under any bond or other instrument executed under this Act" omitted by Finance Ordinance, 2002) is due from any person, the officer of Sales Tax may:-

- (a) deduct the amount from any money owing to person from whom such amount is recoverable and which may be at the disposal or in the control of such officer or any officer of Income Tax, Customs or Central Excise Department;
- (b) require by a notice require in writing any person who holds or may subsequently hold any money for or on account of the person from whom tax may be recoverable to pay to such officer the amount specified in the notice;
- (c) stop removal of any goods from the business premises of such person till such time the amount of tax is paid or recovered in full;
- (ca) require by a notice in writing any person to stop clearance of imported goods or manufactured goods or attach bank accounts;
- (d) seal the business premises till such time the amount of tax is paid or- recovered in full-,
- (e) attach and sell or sell without attachment any movable or immovable property of the registered person from whom tax is due; and
- (f) may recover such amount by attachment and sale of any moveable or- immovable property of the guarantor, person, company, bank or financial institution where a guarantor or any other person, company, bank or financial institution fails

to make payment under such guarantee, bond or instrument.

(2) For the purpose of recovery of tax, penalty or any other demand raised under this Act, the officer of sales tax shall have the same powers which under the Code of Civil Procedure 1908 (V of 1908), a Civil Court has for the purpose of recovery of an amount due under a decree.

Section

49. Sales of taxable activity or transfer of ownership.-

(1) In case of termination of taxable activity or part thereof or its sale or transfer of ownership to a non-registered person, the possession of taxable goods or part thereof by the registered person shall be deemed to be a taxable supply and the registered person shall be required to account for and pay the tax on the taxable goods held by him:

Provided that if the tax payable by such registered person remains unpaid, the amount of unpaid tax shall be the first charge on the assets of the business and shall be payable by the transferee of business.

(2) In the case of sale or transfer of ownership of a taxable activity or part thereof to Another registered person as an ongoing concern, sales tax chargeable on taxable goods or part thereof shall be accounted for and paid by the registered person to whom such sale is made or ownership is transferred.

Section

50. Power to make rules.-

The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this Act including rules for charging fee for processing return, claims and other documents and for preparation of copies thereof.

Section

51. Bar of suits, prosecution and other legal proceedings.-

- (1) No suit shall be brought in any Civil Court to set aside or modify any order passed, any assessment made, any tax levied, any penalty imposed or collection of any tax made under this Act.
- (2) No suit, prosecution or other legal proceeding shall lie against the Federal Government or against any public servant in respect of any order passed in good faith under this Act.

Section

52. Appearance by authorised representative.-

A registered person required to appear before the Appellate Tribunal or an officer of Sales Tax in connection with any proceedings under this Act may, in writing, authorise any person having such qualifications as may be prescribed to represent him or appear on his behalf.

Section

53. Estate of deceased person.-

The tax liability of a deceased registered person under the Act shall be the first charge on his estate in the hands of his successors.

Section

54. Estate in bankruptcy.-

(1) If a registered person is declared bankrupt, the tax liability under this Act shall pass on to the estate in bankruptcy if it continues to operate the business.

(2) If tax liability is incurred by an estate in bankruptcy, the tax is deemed to be a current expenditure in the operations of the estate in bankruptcy and shall be paid before the claims preferred by other creditors are settled.

Section

55. Removal of difficulties.

If any difficulty arises in giving effect to the provisions of this Act or the rules made or notifications issued thereunder, the Board may through a general order or otherwise, issue instructions or directions, not inconsistent with the provisions of this Act, for such actions to be taken by an officer of sales tax or any other person as it considers necessary or expedient for the purpose of removing the difficulty.

Section

56. Service of order, decisions, etc.-

Any adjudication order or decision made or any summons or notice issued under this Act shall be served:

- (a) by tendering the adjudication order, decision, summons or notice or sending it by registered post or courier service to the person for whom it is intended or to his agent; and
- (b) if the adjudication order, decision, summons or notice cannot be served in any manner provided in clause (a), by affixing it on the notice board of the local Sales Tax Office.

Section

57. Correction of clerical errors, etc.-

Clerical or arithmetical errors in any assessment, adjudication, order or decision may, at any time, be corrected by the officer of Sales Tax who made the assessment or adjudication or passed. such order or decision or by his successor in office :

Provided that before such correction, a notice shall be given to the registered person or to a person effected by such correction.

Section

58. Liability for payment of tax in the case of private companies.-

Notwithstanding anything contained in the Companies ordinance 1984 (XLVII of 1984), where any private company is wound up and any tax chargeable on the company, whether before, or in the course, or after its liquidation, in respect of any tax period cannot be recovered from the company, every person who was a director of the company during the relevant period shall, Jointly and severally with such persons be liable for the payment of such tax.

Section

59. Tax paid on stocks acquired before registration. -

The tax, other than the turnover tax, paid on goods purchased by a person who is subsequently required to be registered under section 14 due to new liabilities or levies or gets voluntary registration under section 18, shall be treated as input tax, provided that such goods were purchased by him from a registered person against an invoice issued under section 23 during a period of thirty days before making an application for registration and constitute his verifiable unsold stock on the date of compulsory registration or on the date of application for registration or for voluntary registration:

Provided that where a person imports goods, the tax paid by him thereon during a period of ninety days before making an application for registration shall be treated as an input tax subject to the condition that he holds the bill of entry relating to such goods and also that these are verifiable unsold or un-consumed stocks on the date of compulsory registration or on the date of application for registration or for voluntary registration.

Section

60. Powers to deliver certain goods without payment of tax.-

Subject to such conditions, limitations or restrictions as it thinks fit Federal Government may authorise the import of goods or class of goods, without payment of the whole or any part of the tax payable thereon to the following persons, namely:-

- (i) registered importers importing such goods temporarily with a view to subsequent exportation;
- (ii) registered manufacturer-cum-exporters who import raw materials and intermediary products for further manufacture of goods meant for export;

Section

61. Repayment of tax in certain cases.

Subject to such conditions, limitations or restrictions as it thinks fit to impose, the Board may authorise the repayment in whole or in part of the tax paid on (Words "the importation of" omitted by Finance Ordinance, 2002) any goods of such class or description as it may determine, which have been used in the production, manufacture, processing, repair or refitting in Pakistan of goods of such class or description as it may determine.

Section

62. Drawback allowable on re-export.-

When any goods which have been imported into Pakistan and on which tax has been paid on importation are re-exported outside Pakistan and such goods are capable of being identified, seven-eighth of such tax shall, except as otherwise hereinafter provided, be repaid as drawback, and the provisions of Customs Act, 1969 (IV of 1969), relating to drawback of customs duties shall, so far as may be applied to such tax, as they apply for the purposes of that Act.

Provided that no such drawback shall be repaid unless the re-export is made within a period of two years from the date of importation as shown in the records of the Custom House.

Provided further that the Board may, on sufficient cause being shown, in any case extend the said period by a further period of one year.

Section

63. Drawback on goods taken into use between importation and re-exportation.

Notwithstanding anything contained in section 62, the repayment of sales tax as drawback in respect of goods which have been taken into use between importation and re-exportation shall be subject to such order, conditions or limitations as may be passed or imposed by the Board in each case -

- (a) modifying the amount of tax which shall be repaid as drawback on any such goods or class of goods; or
- (b) prohibiting the repayment of tax as drawback on any such goods or class of goods or;
- (c) varying the condition for the grant of drawback on any such goods or class of such goods by restricting the period after importation within which the goods must be re-exported.

Section

64. Power to declare what goods are identifiable and to prohibit drawback in case of specified foreign territory.-

The Federal Government may, from time to time, by notification in the official Gazette, prohibit the payment of drawback upon the exportation of goods or any specified goods or class of goods to any specified foreign port or territory.

Section

65. Exemption of tax not levied or short levied as a result of general practice.-

Notwithstanding anything contained in this Act, if in respect of any supply the Federal Government is satisfied that inadvertently and as a general practice:

- (a) tax has not been charged in any area on any supply which was otherwise taxable, or according to the said practice the amount charged was less than the amount that should have actually been charged;
- (b) the registered person did not recover any tax prior to the date it was discovered that the supply was liable to tax; and
- (c) the registered person started paying the tax from the date when it was found that the supply was chargeable to tax;

it may, by notification in the official Gazette, direct that the tax not levied or short levied as a result of that inadvertent practice, shall not be required to be paid for the period prior to the discovery of such inadvertent practice.

Section

66. Refund to be claimed within one year.-

No refund of tax claimed to have been paid or over paid through inadvertence, error or misconstruction or refund on account of input adjustment not claimed within the relevant tax period, shall be allowed, unless the claim is made within one year of the date of payment:

Provided that in a case where a registered person did not deduct input tax within the relevant tax period, the Collector may, after satisfying himself that input tax adjustment is due and admissible, allow the registered person to take such adjustment in the tax period as specified by the Collector:

Provided **further** that in a case where the refund has become due on account of any decision or judgement of any officer of sales tax or court or the Tribunal, the period of one year shall be reckoned from the date of judgement or decision of such officer, court or Tribunal.

Section

67. Delayed Refund.-

Where a refund due under section 10 is not made within the time specified in section 10 from the date of filing of return, there shall be paid to the claimant in addition to the amount of refund due to him, a further sum equal to fourteen per cent per annum of the amount of refund due, from the date following the expiry of the time specified in section 10 from the date to the day preceding the day of payment of refund:

Provided that where there is reason to believe that a person has claimed the refund which is not admissible to him, the provision regarding the payment of such additional amount shall not apply till the investigation of the claim is completed and the claim is either accepted or rejected.

Section

68. Liability of the registered person for the acts of his agent.

When any person is expressly or impliedly authorised by a registered person to be his agent for all or any of the purposes of this Act, the registered person shall be responsible for the act done by his agent.

Section

69. Issuance of certificate & duplicate of Sales Tax documents.-

A certificate or a duplicate of any certificate, tax invoice, monthly return or other sales tax documents may, on payment of a fee of ten rupees, be furnished to the registered person applying for the same.

Section

70. Computation of limitation period.-

In computing the period of limitation prescribed for any appeal or application under this Act, the day on which the order complained of was served and, if the concerned person was not furnished with a copy of the order, the time requisite for obtaining a copy of such order shall be excluded.

Section

71. Special procedure.-

(1) Notwithstanding anything contained in this Act, the Federal Government may, by notification in the official Gazette, prescribe special procedure for scope and payment of tax, registration, book keeping and invoicing requirements and returns, etc. in respect of such supplies as may be specified therein.

(3) Notwithstanding anything contained in this Act or any other law for the time being in force or any decision of any court the trade enrolment Certificate Schemes immediately in force before the commencement of the Finance Act, 1999, shall be deemed to be validly made under this Act.

Section

72. Officers of sales tax to follow Board's orders, etc.-

All officers of sales tax and other persons employed in the execution of this Act shall observe and follow the orders, instructions and directions of the Board:

Provided that no such orders, instructions or directions shall be given so as to interfere with the discretion of officers of sales tax in the exercise of their quasi-judicial functions.

Section

73. Certain transactions not admissible :

Notwithstanding anything contained in this Act or any other law for the time being in force, any transaction (excluding utility bills) in respect of which payment is made on or after the first day of July, 2000, for a sum exceeding fifty thousand rupees otherwise than by a crossed cheque drawn on a bank or by a crossed bank draft or pay order or any other banking instrument showing transfer of the payment in favour of seller from the business account of the buyer shall not be admissible for the purposes of input tax credit, adjustment or deduction, or refund, repayment or drawback or zero-rating etc. of tax under this Act provided that payment, in case of such transaction on credit, is so transferred within one hundred and twenty days of issuance of tax invoice:

Provided that when a registered person supplies taxable goods for a sum exceeding fifty thousand rupees in respect of which payment is received otherwise than in the manner prescribed in this section read with section 7, he shall not be entitled to claim adjustment or refund of input tax in respect of such goods.

Section

73. Condonation of time-limit :

Where any time or period has been specified under any of the provisions of the Act or rules made thereunder within which any application is to be made or any act or thing is to be done, the Central Board of Revenue may, in any case or class of cases, permit such application to be made or such act or thing to be done within such time or period as it may consider appropriate.

THE SIXTH SCHEDULE

See section 3(1)

Serial No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)
(1)	(2)	(3)
1.	Live animals.	Respective headings of Chapter 1.
2.	Agricultural produce of Pakistan, not subjected to any further process of manufacture.	Respective headings.
3.	Unprocessed foodstuff for human consumption which shall mean:-	Respective headings.
	(i) all cereals, grains and pulses whether or not milled, hulled, polished, cellophane packed for retail sale;	
	(ii) all vegetables, fruits (excluding imported fruits, except fruits imported from Afghanistan) and fruit juices whether fresh, frozen or otherwise preserved (e.g., in "cold storage") but excluding fruits, fruit juices and vegetables bottled, canned or packaged;	
	(iii) all eggs, poultry and meats of bovine animals, fish and crustaceans, whether or not fresh, frozen or otherwise preserved;	
	(iv) Fresh and dried milk; milk preparations obtained by replacing one or more of the constituents of milk by	

another substance, whether or not packed for retail sale, falling under Heading No. 19.01 of the First Schedule to the Customs Act, 1969 (IV of 1969), including those consignments of such milk preparations imported and released against bank guarantee since the 1st July, 2000, but excluding those consignments already cleared on payment of sales tax; plain yogurt excluding packaged or sold under trade mark or brand name.

(v) cream, whey and cheese, excluding those packaged and sold under brand names or trade marks;

(vi) breads prepared in tandoors and bakeries, vermicillies, nans, chappatties, sheer mal, bun, rusk;

(vii) Cooked or prepared food stuff served in messes run on the basis of mutuality and industrial canteens for workers of a particular class;

(viii) ice and water but excluding for sale under brand names or trade marks;

(ix) table salt including iodized salt, excluding salt sold in retail packing bearing brand names and trade marks;

(x) red chillies, ginger and turmeric excluding red chillies, ginger and turmeric sold in retail packing bearing brand names and trade marks;

(xii) poultry and meat of bovine animals, fish and crustaceans whether or not fresh, frozen or otherwise preserved and sold in retail packings or otherwise with or without brand names and trade marks.	Respective headings of Chapter 2 and 3;
3A. Eggs for hatching (parent stock), including consignments of such eggs imported either against bank guarantee or otherwise but without payment of sales tax since the 1st July, 1998.	0407.0010 (Substituted for "0407.0020" by Finance Ordinance, 2002)
4. The following agricultural produce on their import into Pakistan:-	
Bulbs, tubers, etc.,	06.01
Oil palm seedling	0602.2090
Potatoes.	0701.1000 and 0701.9000
Onions and shallots.	0703.1000
Garlic.	0703.2000
Dried leguminous vegetables, shelled, whether or not skinned or split.	07.13
Live plants and seeds of vegetables, fruits and flowers.	Respective headings.
Wheat	10.01
Oats.	10.04
Corn seeds.	1005.1000
Grain sorghum seeds.	1007.0000
Millet seeds.	1008.2000

Soyabean.	12.01
Rape-seed.	12.05
Sunflower seeds.	12.06
Palm nuts and kernels.	1207.1000
Safflower seeds.	1207.6000
Canola seed (Words "for sowing" omitted by Finance Ordinance, 2002).	12.05 (Substituted for "1207.9900" by Finance Ordinance, 2002)
Seeds, fruits and spores for sowing.	12.09
Cinchona bark.	1211.9090 (Substituted for "1211.9020" by Finance Ordinance, 2002)
Sugar beet.	1212.9100
Sugar Cane.	1212.9900 (Substituted for "1212.9200" by Finance Ordinance, 2002)
5. Supply of Cotton seed which is :-	1207.2000
a) used in the manufacture of cotton seed oil by the registered persons subject to such conditions as the Board may specify; and	
b) exclusively meant for sowing purposes, subject to such conditions as the Board may specify.	
6. Desi Ghee derived from milk; butter not sold under brand name or trade mark and supply of locally produced crude vegetable oil, except cooking oil, without having undergone any process except the process of washing.	Respective Headings
Substituted for "Vegetable ghee; desi ghee derived from milk; butter not sold under brand name or trade mark and supply of edible oils." by Finance Ordinance, 2002.	

11. Contraceptives and accessories therefor.	Respective headings.
	Substituted for "3006.6000, 3926.9030, 4014.1000 and 9908.0050" by Finance Ordinance, 2002.
20. "Holy Quran", complete or in parts, with or without translation; audio and video cassettes recorded with Quranic verses; other holy books.	49.01 and 85.24
21. Newspapers, books, journals and periodicals excluding directories of all sorts.	49.01, 49.02 and 49.03
22. Currency notes, bank notes, shares, stocks, bonds and similar documents of title.	49.07
23. Poultry feed and its ingredients.	Respective headings.
24. Silver and gold, in un-worked condition; monetary gold.	71.06 and 71.08
25. Goods produced or manufactured in and exported from Pakistan which are subsequently imported in Pakistan within one year of their exportation, provided conditions of section 22 of the Customs Act, 1969, are complied with.	Respective headings.
26. Goods (including dry fruits imported from Afghanistan) temporarily imported into Pakistan, meant for subsequent exportation charged to zero-rate of customs duty subject to the similar restrictions, limitations, conditions and procedures as are envisaged for the purpose of applying zero-rate of customs duty on such goods under the Customs Act, 1969 (IV of 1969).	99.19, 99.20 and 99.21 Substituted for "9906.0020, 9906.0030 and 9906.0040" by Finance Ordinance, 2002.
27. Re-importation of foreign origin goods which were temporarily exported out of Pakistan subject to similar conditions as are envisaged for the purposes of applying zero-rate of customs duty under the Customs Act, 1969.	99.18 Substituted for "9906.0010" by Finance Ordinance, 2002.

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| 28. Import of replacement goods supplied free of cost in lieu of defective goods imported, subject to similar conditions as are envisaged for the purposes of applying zero-rate of customs duty under the Customs Act, 1969. | <p>99.16</p> <p>Substituted for "9904.0010" by Finance Ordinance, 2002.</p> |
| 29. Defence stores (other than those as are manufactured in Pakistan) imported by Federal Government against foreign exchange allocation for defence; defence stores supplied by manufacturers under Defence Production Division and trucks, their parts and accessories assembled or manufactured by local manufacturers for supply to Armed Forces. | <p>Respective headings.</p> |
| 30. Articles imported through post as unsolicited gifts, subject to the same conditions as are envisaged for the purposes of applying zero-rate of customs duty under the Customs Act, 1969. | <p>99.09</p> <p>Substituted for "9902.0060" by Finance Ordinance, 2002.</p> |
| 31. Imported samples, subject to the same conditions as are envisaged for the purposes of applying zero-rate of customs duty under the Customs Act, 1969. | <p>99.10</p> <p>Substituted for "9902.0070" by Finance Ordinance, 2002.</p> |
| 32. Educational, scientific and cultural material imported from a country signatory to UNESCO Agreement or a country signatory to bilateral commodity exchange agreement with Pakistan, subject to the same conditions as are envisaged for the purposes of exemption under the Customs Act, 1969. | <p>Respective headings.</p> |
| 33. Personal wearing apparel and bonafide baggage imported by overseas Pakistanis and tourists, if imported under various baggage rules and is exempt from Customs duties. | <p>Respective headings.</p> |

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| 34. | Ship which is neither; | Respective headings. |
| | (a) a ship of gross tonnage of less than 15 LDT; nor | |
| | (b) a ship designed or adapted for use for recreation or pleasure. | |
| 35. | Aircraft which is neither; | Respective headings. |
| | (a) an aircraft of unladen weight of less than 8000 kilograms; nor | |
| | (b) an aircraft designed or adapted for use for recreation or pleasure. | |
| 36. | Spare parts and equipment for ships and aircraft covered by serial number 34 and 35 above. | Respective headings. |
| 36A. | Import of ship stores, subject to the procedure, conditions and restrictions as may be specified by the Collector of Customs in this behalf including those consignments of such stores that have been released without charging sales tax since the 1st July, 1998 but excluding such consignments of ship stores as have been cleared on payment of sales tax. | Respective headings. |
| 37. | Equipment and machinery for pilotage, salvage or towage for use in ports or airports. | Respective headings. |
| 38. | Equipment and machinery for air navigation. | Respective headings. |
| 39. | Equipment and machinery used for services provided for handling of ships or aircrafts in a customs port or Customs airport. | Respective headings. |

40. Goods imported by diplomats, diplomatic missions, privileged persons and privileged organizations which are covered under various Acts and, orders, rules, regulations made thereunder and agreements by the Federal Government provided that such goods are charged to zero-rate of customs duty under the Customs Act, 1969 and the conditions laid down for customs purposes are observed.

**99.01, 99.02, 99.03
and 99.06**

Substituted for "9901.0010, 9901.0020, 9901.0030, 9901.0040, 9901.0050, 9901.0060 and 9901.0080" by Finance Ordinance, 2002.

- 40A. Import of articles of household and personal effects including vehicles and also the goods for donation to projects established in Pakistan imported by any of the rulers of Gulf Shaikhdoms who is in possession of residential accommodation in Pakistan and goods including vehicles by the United Arab Emirate dignitaries as are listed in column (2) against heading No. **99.05** (Substituted for "9901.0070" by Finance Ordinance, 2002) of the First Schedule to the Customs Act, 1969 (IV of 1969) for their personal use and for donation to welfare projects established in Pakistan subject to the similar conditions as are envisaged for the purposes of applying zero-rate of customs duty on such goods under the said Act.

99.05

Substituted for "9901.0070" by Finance Ordinance, 2002

41. Goods imported or supplied under grants-in-aid for which a specific consent has been obtained from the Central Board of Revenue; supplies and imports under agreements signed by the Government of Pakistan before the 30th June, 1996, provided the agreements contained the provision for exemption of tax at the time of signing of agreement.

Respective headings.

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| 42. | Supplies made in Pakistan by.- | Respective headings. |
| | <p>(a) manufacturers whose annual turnover from taxable supplies made in any tax period during the last twelve months ending any tax period does not exceed rupees five hundred thousand; and</p> <p>(b) retailers whose annual turnover from supplies, whether taxable or otherwise, made in any tax period during the last twelve months ending any tax period does not exceed rupees one million.</p> | |
| 43. | Partly manufactured goods if used within the same factory to manufacture goods in respect of which sales tax is leviable on their supply. | Respective headings. |
| 44. | such plant and machinery as is notified by the Federal Government in the official Gazette but if imported, these shall be entitled to exemption from sales tax on importation if these are not manufactured in Pakistan. | Respective headings. |
| 45. | Computer hardware including lap tops, notebooks, PCs, main frame and their peripheral units and parts thereof. | Respective headings. |
| 46. | Import of all such gifts as are received, and such equipment for fighting tuberculosis, leprosy, AIDS and cancer and such equipment and apparatus for the rehabilitation of the deaf, the blind, crippled or mentally retarded as are purchased or otherwise secured, by a charitable non-profit making institution solely for the purpose of advancing declared objectives of such institution, subject to the similar conditions as are envisaged for the purposes of applying zero-rate of customs duty under the Customs Act, 1969 (IV of 1969). | <p>99.12, 99.13 and 99.14</p> <p>Substituted for "9903.0010, 9903.0020 and 9903.0030 (as applicable)" by Finance Ordinance, 2002</p> |

46A.	Goods imported by or donated to hospitals run by the Federal Government or a Provincial Government; and non-profit making educational and research institutions subject to the similar restrictions, limitations, conditions and procedures as are envisaged for the purpose of applying zero-rate of customs duty on such goods under the Customs Act, 1969 (IV of 1969):	99.12, 99.14 and 99.15 Substituted for "9903.0010, 9903.0030 and 9903.0040" by Finance Ordinance, 2002
47.	Import of all goods received, in the event of a natural disaster or other catastrophe, as gifts and relief consignments including goods imported for the President's Fund for Afghan Refugee, relief goods donated for Afghan Refugees, gifts for President's Fund for Assistance of Palestine and gifts received by Pakistani organizations from Church World Services or the Catholic Relief Services, subject to the similar conditions as are envisaged for the purposes of applying zero-rate of customs duty under the Custom Act.	99.07, 99.08, 99.09 and 99.11 Substituted for "9902.0010, 9902.0020, 9902.0030, 9902.0040 and 9902.0050" by Finance Ordinance, 2002
48.	Computer software.	Respective headings.
49.	Supply of tractors, bulldozers and combined harvesters for agricultural purposes; and CKD kits thereof imported by recognized local manufacturers as per their approved deletion programme subject to the same conditions as are envisaged for the purposes of exemption under the Customs Act.	Respective headings Substituted for "84.29, 8433.5100, 8701.9019 and 8701.9012" by Finance Ordinance, 2002
50.	Supply of other such agricultural implements as may be specified in a notification to be issued by the Federal Government in the official Gazette.	Respective headings.
53.	Cattle feed.	Respective headings Substituted for "2302.1000, 2306.1000, 2306.7000 and 2309.9000" by Finance Ordinance, 2002

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| 56. Bricks and cement blocks | 6810.1100 and
6901.0000 |
| 58. Imported machinery and equipment, specified in Table-III of section 18 of the Finance Act, 1999, provided that no Customs duty is levied thereon under the said section 18 of the Finance Act, 1999. | Respective headings. |
| 59. Import of artificial kidneys, eye cornea, hemodialysis machines, hemodialyzers, A.V. fistula needles, hemodialysis fluids and powder, blood tubing tines for dialysis and reverse osmosis plants for dialysis, subject to the similar conditions and procedures as are envisaged for the purpose of applying zero-rate of customs duty on these goods under the Customs Act, 1969 (IV of 1969). | <p>99.24 and 99.25</p> <p>Substituted for "9908.0040 (where applicable) and 9908.0060" by Finance Ordinance, 2002</p> |
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Interpretation.-- For the purpose of exemption of sales tax under serial Nos. 11, 26, 27, 28, 30, 31, 40, 40A, 46, 46A, 47 and 59 of this Schedule, the definitions, restrictions, limitations, conditions and procedures and all the provisions of Chapter 99 of the First Schedule to Customs Act, 1969 (IV of 1969), for the purpose of applying zero-rate of customs-duty, shall, mutatis mutandis apply and shall be deemed and construed to be part of this Schedule.

THE FIFTH SCHEDULE

See section 4

Serial No.	Description
(1)	(2)
1.	<p>(i) Supply, repair or maintenance of any ship which is neither; (a) a ship of gross tonnage of less than 15 LDT; nor (b) a ship designed or adapted for use for recreation or pleasure.</p> <p>(ii) Supply, repair or maintenance of any aircraft which is neither; (a) an aircraft of weight-less than 8000 kilograms; nor (b) an aircraft designed or adapted for use for recreation or pleasure.</p> <p>(iii) Supply of spare parts and equipment for ships and aircraft falling under (i) and (ii) above.</p> <p>(iv) Supply of equipment and machinery for pilotage, salvage or towage services.</p> <p>(v) Supply of equipment and machinery for air navigation services.</p> <p>(vi) Supply of equipment and machinery for other services provided for the handling of ships or aircraft in a port or Customs Airport.</p>
2.	Supply to diplomats, diplomatic missions, privileged persons and privileged organizations which are covered under various Acts, Orders, Rules, Regulations and Agreements passed by the Parliament or issued or agreed by the Government of Pakistan.
3.	Supplies to duty free shops, provided that in case of clearance from duty free shops against various baggage rules issued under the Customs Act, 1969, (IV of 1969), the supplies from duty free shops shall be treated as import for the purpose of levy of sales tax.
4.	Supplies against international tenders.
5.	Supplies of raw materials, components and goods for further manufacture of goods in the Export Processing Zone.

- Supplies of such locally manufactured plant and machinery to the Export Processing Zones **and to petroleum and gas sector Exploration and Production companies, their contractors and sub-contractors** as may be specified by the Federal Government, by notification in the official Gazette, subject to such conditions and restrictions as may be specified in such notification.
- 6.
7. Supplies made to exporters under the Duty and Tax Remission Rules, 2001 subject to the observance of procedures, restrictions and conditions prescribed therein.
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THE FIRST SCHEDULE

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The First Schedule omitted vide Finance Supplementary (Amendment) Act, 1997, with effect from March 28, 1997.

THE SECOND SCHEDULE

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The Second Schedule omitted vide Finance Supplementary (Amendment) Act, 1997, with effect from March 28, 1997.

THE THIRD SCHEDULE

See clause (a) (Substituted for words and brackets "Clause (c)" by Finance Ordinance, 2002)
of sub-section (2) of section 3

Serial No.	Description	Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)
(1)	(2)	(3)
1.	Fruit juices and vegetable juices	20.09.
2.	Ice Cream.	21.05.
3.	Aerated waters or beverages.	22.01 and 20.02.
4.	Syrups and squashes.	Respective headings.
5.	Cigarettes.	2402.2000
6.	Substances registered as drugs under the Drugs Act, 1976 (XXXI of 1976) and medicaments as are classifiable under any heading of Chapter 30 of the First Schedule to the Customs Act, 1969 (IV of 1969) excluding supplies made to government hospitals on or after the 21st day of March, 2002.	Chapter 30

THE FOURTH SCHEDULE

The Fourth Schedule omitted by Finance Act, 1998 which previously reads as follows.

THE FOURTH SCHEDULE

See clause (d) of sub-section (2) of section 31

Serial No.	Description of Supplies	Amount per month per kiln
(1)	(2)	(3)
1.	Brick kilns (commonly known as <u>Bhatta</u> with Chimney) located in the jurisdiction of Districts of Multan, Faisalabad, Lahore, Rawalpindi and Islamabad Capital Territory.	Rs. 2,750.00
2.	Brick kilns (commonly known as <u>Bhatta</u> with Chimney) in parts of Pakistan other than mentioned against serial No. 1 above.	Rs. 1,375.00
3.	Small brick kilns (commonly known as <u>Bhatti</u> or <u>Kori</u> and is without chimney).	Rs. 440.00

THE SEVENTH SCHEDULE

The Seventh Schedule omitted vide Finance Act, 1997.