



# SEMINAR ON SALE TAX RETURN FILING

PRESENTED BY KARACHI TAX BAR ASSOCIATION

PREPARED BY ABDUL WAHAB ESSANI

## 26. RETURN

- (1) Every registered person shall furnish not later than the due date a true complete and correct return in the prescribed form to a **designated bank** or **any other office** 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.
- Provided that the Board may, by notification in the official Gazette, require any person or class of persons to submit return on quarterly basis:
- Provided further that the Board may, by notification in the official Gazette, require any person or class of persons to submit such return as may be prescribed annually in addition to the monthly return or quarterly return:

## 26. RETURN

- **Provided also that the return filed electronically on the web or any magnetic media or any other computer readable media as may be specified by the Board shall also be deemed to be a return for the purpose of sub-section (I) and the Board may, by notification in the official Gazette, make rules for determining eligibility of the data of such returns and e-intermediaries who will digitize the data of such returns and transmit the same electronically under their digital signatures**

# WHO HAS TO FILE SALES TAX RETURN

- Section 14, of the Sales Tax Act, 1990 prescribes who has to register under the Sales Tax Act, 1990 as follows:

14. Registration.— (1) Every person engaged in making taxable supplies in Pakistan, including zero-rated supplies, in the course or furtherance of any taxable activity carried on by him, falling in any of the following categories, if not already registered, is required to be registered under this Act, namely:-

- (a) a manufacturer who is not running a cottage industry;
- (b) a retailer who is liable to pay sales tax under the Act or rules made thereunder, excluding such retailer required to pay sales tax through his electricity bill under sub-section (9) of section 3;
- (c) an importer;
- (d) an exporter who intends to obtain sales tax refund against his zero-rated supplies;
- (e) a wholesaler, dealer or distributor; and
- (f) a person who is required, under any other Federal law or Provincial law, to be registered for the purpose of any duty or tax collected or paid as if it were a levy of sales tax to be collected under the Act.

(2) Persons not engaged in making of taxable supplies in Pakistan, if required to be registered for making imports or exports, or under any provisions of the Act, or any other Federal law, may apply for registration. (3) The registration under this Act shall be regulated in such manner as the Board may, by notification in the official Gazette, prescribe.]

# WHO HAS TO FILE SALES TAX RETURN

- (2) Persons not engaged in making of taxable supplies in Pakistan, if required to be registered for making imports or exports, or under any provisions of the Act, or any other Federal law, may apply for registration.
- (3) The registration under this Act shall be regulated in such manner as the Board may, by notification in the official Gazette, prescribe.

# DUE DATE

- Clause 9 of section 2 of the Sales Tax Act, 1990 defines Due Date as:

In relation to the furnishing of a Return under section 26, means the 15<sup>th</sup> day of the month following the end of the tax period, or such other date as the Board may, by notification in the official gazette, specify and different dates may be specified for furnishing of different parts or annexures of the return.

# DUE DATE

- Sub-rule 9 of Rule 18 of the Sales Tax Rules, 206 prescribes Due Date as follows:

In cases where due date has been prescribed as 15th of a month, the tax due shall be deposited by the 15th and the return shall be submitted electronically by 18th of the same month.

# SALES TAX RETURN COMPRISES OF 12 ANNEXURES

- Annexure-A (Purchases)
- Annexure-B (Imports)
- Annexure-C (Domestic Sales )
- Annexure-D (Exports)
- Annexure-E (Federal Excise)
- Annexure-F (Balance Credit)
- Annexure-G (Arrears)
- Annexure-H (Stock Statement) (For Exporters only)
- Annexure-I (Debit / Credit Note)
- Annexure-J (Production Data)
- Annexure-K (Steel Production)
- Annexure-P (Distribution)



# IS IT COMPULSORY FOR EVERY REGISTERED TAXPAYER TO FILE ALL THOSE ANNEXURES?



THE ANSWER IS



# OUTPUT TAX

- Clause 20 of section 2 of the Sales Tax Act, 1990 defines Output Tax as:
  - “**output tax**”, in relation to a registered person, means –
  - (a) tax levied under this Act on a supply of goods, made by the person;
  - (b) tax levied under the Federal Excise Act, 2005 in sales tax mode as a duty of excise on the manufacture or production of the goods, or the rendering or providing of the services, by the person
  - (c) sales tax levied on the services rendered or provided by the person under Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (XLII of 2001)

# OUTPUT TAX

- Invoice Management > Sales Ledger
- Annexure-C (Domestic Supply)
- Annexure-D (Exports)

# INPUT TAX

- Clause 14 of section 2 of the Sales Tax Act, 1990 defines Input Tax as:

**“Input tax”**, in relation to a registered person, means –

- (a) tax levied under this Act on supply of goods to the person;
- (b) tax levied under this Act on the import of goods by the person;
- (c) in relation to goods or services acquired by the person, tax levied under the Federal Excise Act, 2005 in sales tax mode as a duty of excise on the manufacture or production of the goods, or the rendering or providing of the services;
- (d) Provincial Sales Tax levied on services rendered or provided to the person; and
- (e) levied under the Sales Tax Act, 1990 as adapted in the State of Azad Jammu and Kashmir, on the supply of goods received by the person;

# INPUT TAX

- Invoice Management > Sales Ledger
- Annexure-A (Purchase)
- Annexure-B (Imports)

# GOODS RETURNED

- In an event involving return of goods from the buyer to Supplier or there is a price difference or difference in quantity of goods actually received as compared to the Invoice, both the Buyer and Seller has to report this event through:
- Annexure-I (Debit / Credit Note)

# VALUE ADDITION

- Annexure- F (Balance Credit)
  - Flawed Annexure
  - For the Purpose of determining Value of Closing Stock and Value Addition



# Q/A

- FAQ's

Implications of Section 8(b)

Implications of STGO # 13 of 2022

Admissibility of Credit Note issued to Unregistered Buyer

# PRODUCTION STATEMENT

- Annexure-J & K

Second Proviso of sub rule (I) of Rule 14 of the Sales Tax Rules 2006 requires All Registered Manufacturers making supply of the following Goods shall furnish in Annexure-J of the monthly Sales Tax Return, details of such goods manufactured or produced and goods supplied:

# PRODUCTION STATEMENT

- Sugar
- Tea Blended
- Cigarettes
- Aerated Waters
- Paper
- Board
- Chemicals
- Caustic Soda
- Toilet Soap
- Flakes and Detergents
- Industrial Gases (Chlorine, Hydrogen, Oxygen, etc.)
- Paints and varnishes
- LPG
- Natural Gas
- Cement
- Ceramic Tiles
- Refrigerators
- Air Conditioners (Split/Window)
- Deep Freezers
- T.V. Sets
- Washing Machines
- Cables & Wires (Insulated)
- Trucks
- Busses

# PRODUCTION STATEMENT

- Jeeps
- Motor Vehicles of All Kinds
- LCVs / LTVs
- Motor Cycles
- Tractors
- Ice Cream
- Biscuits
- Fruits / Vegetable Juices
- Syrups/ Squashes
- Mineral Water
- Soda ash
- Tyre & Tubes of All Kinds (motor car, bus, van, truck etc.)
- Motor Spirit
- High Speed Diesel Oil
- Furnace Oil
- Lubricating Oil
- G.I. Pipes and MS Pipes
- Yarns (All Kinds)
- Steel Billets
- Steel ingots / bala
- Ship Plates
- Steel bars
- Other long re-rolled products of steel
- Other iron and steel products (including stainless steel products)
- Storage Batteries

# PRODUCTION STATEMENT

- Cotton Yarn
- Other yarn
- Processed fabric
- Pesticides and insecticides
- Liquid Glucose
- Urea Fertilizer
- DAP Fertilizer
- Other fertilizers
- Footwear
- Power Transformers
- Filter rods
- Cane Molasses
- Ethanol
- Vegetable ghee
- Cooking oil
- Edible oil
- Concentrate

# ANNEXURE-H (STOCK STATEMENT)

## ■ INTRODUCTION:

The Federal Board of Revenue vide SRO 1172(I)/2020 dated 04 November 2020 has made important amendments in the Sales Tax Rules, 2006. Hence Rule 28 of the Sales Tax Rules 2006 is Reproduced Below:

**“28. Filing and processing of refund claims.–**(1) For all the refund claims under section 10 and 8B of the Act, for the tax period July, 2019 and onwards, the data provided in the monthly return shall be treated as data in support of refund claim and no separate electronic data shall be required. The amount specified in column 29 of the return, as prescribed in the form STR-7, shall be considered as amount claimed for the purposes of claim under section 10 of the Act, once the return has been submitted along with all prescribed annexures thereof:

Provided that, in case of claims arising from zero-rated supplies including exports, the claimant shall be able to submit his return without Annex H and the same may be filed separately at any time but not later than **one hundred and twenty days of submission of the return without Annex-H**. The date of submission of Annex-H shall be considered as the date of filing of refund claim. In other cases of refund, the date of submission of form STR-7A shall be considered as date of submission of refund claim and the same shall be filed within **one hundred and twenty days of submission of relevant return**:

## ANNEXURE-H (STOCK STATEMENT)

Provided further that in case of a **commercial exporter**, the claim shall be filed in the aforesaid manner **within one hundred and twenty days**, either **after submission of the return without Annex-H**, or after the **date of issuance of BCA (Bank Credit Advice)**, whichever is later:

Provided also that the period of one hundred and twenty days, as aforesaid, may be extended for a period not more than sixty days, by the Commissioner having jurisdiction, if the claimant so requests, thereby providing reasons justifying the delay in submission of claim:

Provided also that if a claimant is registered as commercial exporter and exporting same state goods, the period of one hundred and eighty days shall be reckoned from date of filing of return or the date of issuance of BCA (Bank Credit Advice), whichever is later.

(2) The registered person claiming refund in the aforesaid manner shall maintain and keep all the paper documents relating to the refund claim, such as invoices, credit notes, debit notes, goods declarations, bank credit advice, banking instruments etc. in his office and may not submit the same along with the refund to the concerned Regional Tax Office or Large Taxpayers' Unit. The same shall be presented to the said offices if so required by the officer-in-charge for processing of the refund claim or post-refund scrutiny.

# MISCELLANEOUS ANNEXURES

- Annexure-P (Distribution) – Not Functional at the Moment
- Annexure-G (Arrears)



# Q/A

- FAQ's