

GOVERNMENT OF PAKISTAN
REVENUE DIVISION
FEDERAL BOARD OF REVENUE
(INLAND REVENUE POLICY WING)

C. No. 1/2-STB/2019

Islamabad, the 1st August, 2019

SALES TAX CIRCULAR NO. 02 OF 2019

SUBJECT: **SALES TAX CLARIFICATION**

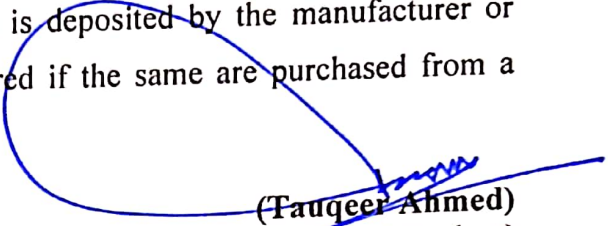
It has been observed that in many cases, suppliers of goods and services are charging Sales Tax on invoices/receipts without identifying their Sales Tax Registration Number (STRN) on the 'Invoices/Receipts' issued to the customers. At times, National Tax Number (NTN) is indicated on invoices, to exhibit that the supplier is registered.

02. Customers are suggested to ask for invoices/receipts having Sales Tax Number (STRN) on the invoices/receipts on purchase of goods and services. Sales Tax can only be recovered from the customer if the supplier is registered for sales tax purposes, and reflects the Sales Tax Registration Number (STRN) on the invoice/receipt issued to the customer. In other cases, the supplier is not entitled to recover sales tax from the customers. Customers should beware of the same.

03. This clarification is being issued for the reason that many suppliers are charging Sales Tax from customers without getting them registered under the Sales Tax regime. This practice is against the law and is liable to penal action. This practice leads to increase in prices and undue enrichment of sellers without any deposit of tax with the government. Customers are suggested to seek invoices/receipts from supplier with STRN on the invoices / receipts issued, if Sales Tax is charged on their purchases.

04. It is further clarified that buyer is not required to provide his NIC in case of purchases from a person not registered for sales tax.

05. It is also clarified that in case of purchase of third schedule items, which are subject to sales tax on the basis of retail price and on which retail price along with sales tax is legibly and indelibly printed or embossed, the sales tax on the same is deposited by the manufacturer or importer. In case of such items, STRN may not be required if the same are purchased from a retailer.


(Tauqeer Ahmed)
Secretary (SI&FE-Budget)