

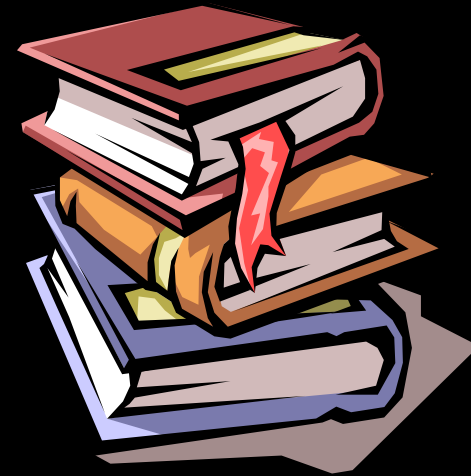
GENERAL CONCEPTS OF SALES TAX ON GOODS

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Leaning tax, tax and tax



Overview

1. *Difference between taxable, zero rated and exempt supplies along with schedules*
2. *Reduced and Higher Rates*
3. *Input and output tax concept*
 - *Who, When and How to claim input tax*
 - *Who, When and How to pay output tax*
4. *Assessment of sales tax*
5. *Apportionment of input tax credit concept*
6. *Refund and carry forward of sales tax concept*

1. Taxable, zero rated and exempt supplies and Schedules

- A. *Taxable supply related definitions – Section 2***
- B. *Scope of tax – Section 3***
- C. *Zero rated Supply – Section 4***
- D. *Exempt supply – Section 13***
- E. *Schedules***

Refer to Handout pages 2 to 7

2. Reduced and Higher Rates

A. *Reduced Rates*

B. *Extra Tax*

Refer to Handout pages 8

3. Input and Output Tax Concepts

- A. *Input and output tax definitions – Section 2*
- B. *Determination of tax liability – Section 7*
- C. *Tax Credit not allowed – Section 8*

Refer to Handout pages 8 to 10

4. Assessment

An officer of Inland Revenue shall make order of assessment of tax after issuing show cause notice to a person for recovery of principal sales tax amount, default surcharge, and penalty:

- **Who fails to file the return for a tax period**
- **Pays sales tax less than actual liability**
- **Claim inadmissible refund or input tax**

4. Assessment

A notice show cause shall not be issued after five years of relevant date.

“Relevant date” means the time of payment of sales as provided under section 6 and in case where sales tax or has been erroneously refunded.

July 2013 return due on August 18, 2013 - Limitation August 18, 2018.

Refers to Handout pages 10 & 11

5. Apportionment of Input Tax Credit

- A. *Application – Rule 24*
- B. *Determination of input tax – Rule 25*

Refer to Handout page 11

6. Refund and Carry Forward

- A. *Refund in case of Zero-rated local supplies/exports – Section 10*
- B. *Carry forward and Refund in case of other than Zero-rated local supplies or exports – Section 10*
- C. *Refund in case of sales tax paid by way of inadvertence, error , or misconception and time barred input tax adjustments – Section 66*

Refer to Handout page 12



***Thank You &
Allah bless you***