

FEDERAL SALES TAX ACT, 1990

Presented by:

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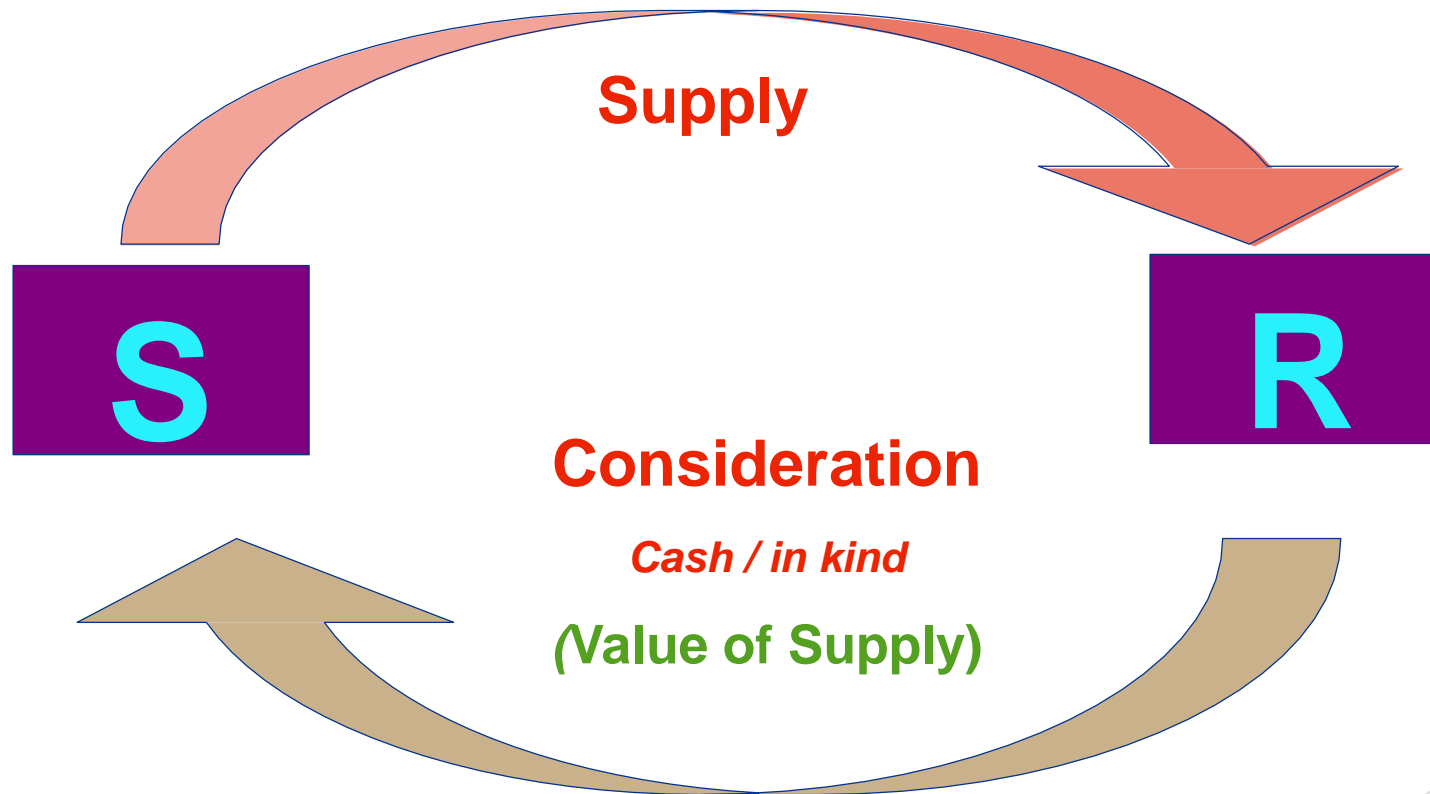
FEDERAL SALES TAX ACT, 1990

PREAMBLE

Law relating to levy of a tax on the sales, importation, exportation, production, manufacture or consumption of goods

Mechanism in Supply of Goods

Supplier, Recipient & Consideration



What is Sales Tax [GST]?



GST is charged and collected on supply of goods by registered person



GST is a multi-stage levy which is charged at each stage in the supply chain.



At the time of import, the importer is responsible to pay GST.
At the time of sale, the supplier is liable to pay to exchequer



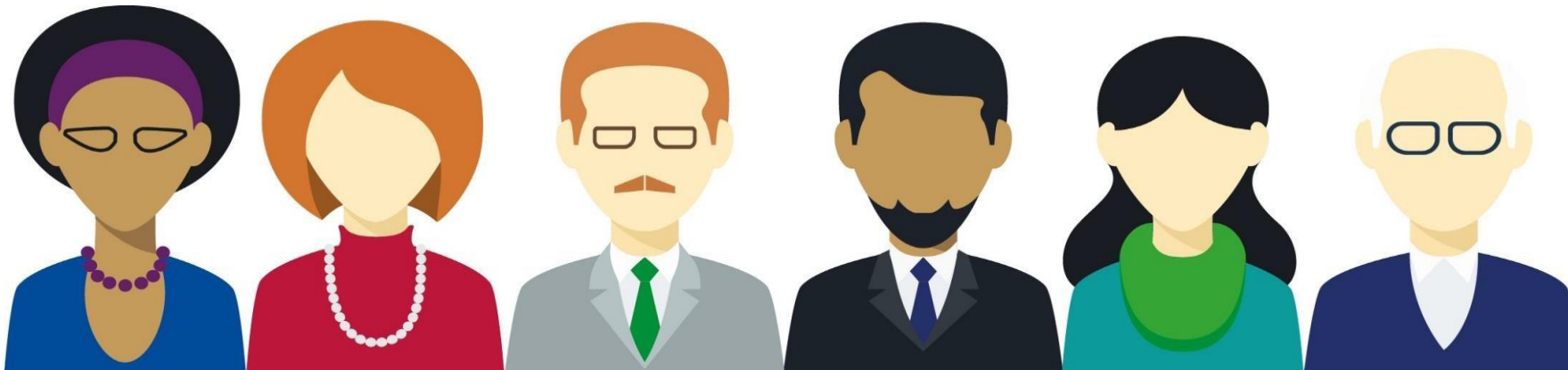
GST paid on purchases and import of goods is adjusted from GST due on account of supplies of goods



GST (GST) now applies in over 167 countries at varying rates

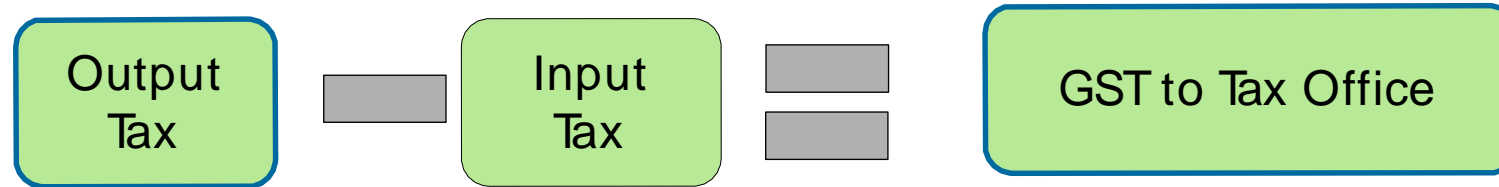
Registered Person:

A person who carries on a taxable activity and is registered or required to apply for registration.



General Principles of GST

GST Formula



	GST Payable
GST charged at the point of Sale (Output)	20,000
Less: GST paid on purchases (Input)	(7,000)
Less : GST paid on import (Input)	(10,000)
Net GST Payable to Government	3,000

GST Computation in Supply Chain

Value of Supply - sold to distributor	850		
Input Tax @18%	153		
Total Price	1003		Payable to Manufacturer
Value of Supply- sold to trader	950		Distributor Margin - Rs.100
Output Tax @18%	171		
Total Price	1,121		Payable to Distributor
Payable to Government by Distributor: Output-Input	18		
Value of Supply - sold to retailer	1000		Trader Margin - Rs.50
Output Tax @18%	180		
Total Price	1,180		Payable to Distributor
Payable to Government by Trader: Output-Input	9		
Retailer sold to Consumer	1,210		Retailer Margin- Rs.30

SCOPE & PAYMENT OF SALES TAX ON GOODS

Section-3

13 Situations for Charging, Levying & Paying Sales Tax

Situation-1

Sales Tax shall be @ 18% of **value of taxable supplies** made by a **registered person** in the course or furtherance of **taxable activity**

Situation-2

Sales Tax shall be @ 18% of Value of **Taxable Goods** imported into Pakistan

Section-3: Situations for Levy of Sales Tax

Further Tax

Where taxable supplies are made to a person who has not obtained registration from FBR for sales tax or he is not an active taxpayer, he will be charged further tax @ 4% in addition to standard sales tax of 18% on value of taxable supplies.

Goods Description	Value of Supply	Amount of ST @18%	Amount of Further Tax @3%	Total Amount Including ST
TV	1000	180	40	1,220

Section-3: Situations for Levy of Sales Tax

Exclusion from Further Tax- SRO 648 of 2013

- ☐ Electrical Energy
- ☐ Natural Gas
- ☐ Motor spirit oil, jet fuel, kerosene oil & fuel oil
- ☐ Goods sold by retailers to end consumers
- ☐ Supply of goods directly sold to end consumers
- ☐ Items falling under Third & Fifth Schedule of ST Act
- ☐ Second hand worn clothing and other worn articles
- ☐ Fertilizer

Section-3: Situations for Levy of Sales Tax

Exclusion from Further Tax- SRO 648 of 2013

- ❑ Supplies by Steel Melters, re-rollers, and ship breakers
- ❑ Supplies by foam or spring mattresses and other foam products for household use
- ❑ Supplies made to Government, semi-government and statutory regulatory bodies
- ❑ Supply of white crystalline sugar

Section-3: Situations for Levy of Sales Tax

Situation-3

Taxable supplies and import of goods specified at **Third Schedule** shall be charged @ **18% ST** or @ **Reduced ST** as provided at **Eight Schedule** on **Retail Price**.

Sales Tax and Retail Price shall be legibly, prominently and indelibly printed or embossed by the manufacturer or importer on such goods

ST Payment on Goods at Retail Price

Retail Price + Sales Tax=Consumer Price

Retail Price	1,000		RP Set by Manufacturer				
Sales Tax @1%	180						
Consumer Price	1,180						
Distributor Price	850						
Input Tax @1%	180						
Total	1,030						
Retailer Price	950						
Output Tax @18%	180						
Total	1,130						
Consumer Price	1,180						

No Tax Liability
CP Mentioned at Tea Packet

Payable to Manufacturer

Distributor Margin - Rs.100

Payable to Distributor

Payable to Retailer having Margin - Rs.50

GST Computation for Beverages in Supply Chain

Retail Price	1,130		RP Set by Manufacturer	
Sales Tax @17%	192			
Consumer Price	1,322		CP Mentioned at Soft Drink	
Retail Price Fixed by Manufacturer	1,000		Soft Drink	
FED @13%	130			
Price Inclusive FED	1,130		Value of Supply / Retail Price	
ST @18% on RP	192			
Distributor's Price	950	No Tax Liability		
DP Inclusive of ST	1,142		Payable to Manufacturer	
Retailer Price	1050		Distributor Margin - Rs.100	
Output Tax @17%	192			
Total	1,242		Payable to Distributor	
Retailer Margin	80			
Consumer Price	1,322			

Section-3: Situations for Levy of Sales Tax

Situation-4

Sales Tax shall be levied on higher or lower rate in respect of goods as specified in Notification- **Goods specified at Eight Schedule**

Situation-5

Goods specified **in Ninth & Tenth Schedule** shall be charged to tax at such rates and subject to conditions as given thereto.

Section-3: Situations for Levy of Sales Tax

Situation-6

Extra Sales Tax shall be levied in addition to Standard Sales Tax

Goods	Value of Taxable Supply	Amount of Standard ST @18%	Extra Tax @3%	Total Value Including ST
Electricity	1000	180	30	1,210

Section-3: Situations for Levy of Sales Tax

Situation-7

Tax to be withheld and deposited by the buyer as withholding agent
@ rate specified in **Eleventh Schedule**

Section-3: Situations for Levy of Sales Tax

Situation-8

- ✓ Minimum Value Addition Tax to be paid by importer @3% in addition to sales tax @17% at import stage as specified at [Twelfth Schedule](#)
- ✓ MVA adjustable from output tax both for importer & manufacturer
- ✓ Certain Class of Persons Excluded from MVA: See [Twelfth Schedule](#)

Section-3: Situations for Levy of Sales Tax

Situation-09

Retailers- Tier-1
Retailer operating as unit of National or International Chain of Store
Retailer operating in Air Conditioned Mall / Shopping Plaza excluding Kiosks
Cumulative electricity bill during Last 12 months Exceeds Rs.1,200,000
Wholesaler cum retailer engaged in bulk import & supplies at wholesale or retail

Section-3: Situations for Levy of Sales Tax

Situation-09

Retailers- Tier-1
Retailer who has acquired point of sales for accepting payment through debit or credit card
A retailer whose deductible withholding tax during last 12 months has exceeded the threshold as may be specified by the Board
Any other person or class of person as prescribed by FBR

Taxation of Tier-1 Retailers

Taxation -Tier-1 Retailers	
Normal tax regime @18% with input tax adjustment entitlement	
On standard / applicable rate instead of reduced rates provided retail outlets integrated for real time reporting of sales with FBR's Computerized System	
Reduced sales tax @15% on finished fabric and locally manufactured finished articles of textile and textile made-ups and leather and artificial leather subject to value addition @4%	
Integration retail outlets for real time reporting sales with Board's Computerized System. In case, retailer failed to comply such provision, adjustable input tax for whole of tax period will be reduced by 60%	

Taxation of Tier-1 Retailers

What is Integration?- Tier-1 Retailers

Section-3: Situations for Levy of Sales Tax

Situation-10

Taxation - Other Than Tier-1 Retailers

In addition to 18%, Following Tax to be charged through monthly electricity bills:

@ 5% - Monthly Bill not Exceeds Rs.20,000 or

@ 7.5% Monthly Bill Exceeds Rs.20,000

Issuance of order by Commissioner Inland Revenue over the person's classification as Tier-1 Retailer or otherwise.

Case Study

Taxation - Other Than Tier-1 Retailers

Whether such retailer required sales tax registration?
Whether such retailer will be liable to further tax?

Section-3: Situations for Levy of Sales Tax

Situation-11

Goods Specified at Thirteenth Schedule:

Minimum production or actual supplies of steel products during a month

Section-3: Liability for Payment of Sales Tax

- In the case of supply of goods, of the **person making supply** [Supplier].
- In the case of supply of goods, of the **person receiving supply** as notified by Federal Government
- In the case of goods imported into Pakistan, of **person importing the goods**.

Section 2(46)- Value of Taxable Supply

Value of taxable supply is **gross amount of** consideration in money inclusive of all Federal & Provincial duties, taxes, levies and charges receives from recipient of goods excluding the amount of sales tax under the Act.

Description	PKR
Cost	100,000
+) Overheads	25,000
+) Local taxes on goods	10,000
+) Profit Margin	5,000
+) Expenses paid on behalf of customers	3,000
-) Discount	(3000)
Value of supply on which GST to be imposed	140,000

Value of Taxable Supply

Description	PKR
Value of Supply	143,000
-) Discount	(3000)
Value of supply on which GST to be imposed	140,000
Amount of Output Tax @18%	25,200

Section 2(46)- Value of Taxable Supply

Description	Value of Supply
A supply is made in the following case: <ul style="list-style-type: none">➤ Between related persons, and➤ Consideration for supply for no or reduced consideration less than the price as offered to other than associated persons	Open market price Price at which good provided to other persons
Consideration in kind or partly in kind and partly in money	Open market price
Taxable supply made to consumer from general public on instalment basis on price inclusive of mark up or charges - higher than open market price	Open market price
In case of trade discounts , invoice must show discounted price and discount to be in conformity with normal business practice	Discounted price
Special nature of transaction where difficult to ascertain value or reason to believe that value of supply	Open market price
The value of supply in case of advance receipt from customers	Amount received to be worked back

Value of Taxable Supply

Description	Value of Supply
In case of imported goods,	Value determined under Section 25 by Customs Authorities including Customs Duty & FED. Goods in Third Schedule on Retail Price
Value not declared correctly at invoice	Value determined by Valuation Committee
Toll manufacture	Conversion Charges
Where Goods provided at higher value as fixed by Board	Value at which goods provided until otherwise directed by Board

Determination of Value for Imported Goods

Assessed Value:	200,000
Customs Duty:	10,000
Value for FED Computation	210,000
Rate of FED @5%:	10,500
Value for ST Computation	220,500
Sales Tax@18%	39,690

Section-4: Zero Rating of Sales Tax

Following goods shall be charged to Sales Tax @ 0%:-

- ✓ Goods exported
- ✓ Goods specified in Fifth Schedule;
- ✓ Supply of **stores and provisions for consumption** aboard a conveyance proceeding to a destination outside Pakistan,
- ✓ Goods specified by Notification in case of necessary circumstances

Section-4: Goods Not Covered for Zero Rating of Sales Tax

- ✓ Goods exported, but have been or are intended to be re-imported into Pakistan;
- ✓ Have been entered for export, but are not exported;
- ✓ Have been exported to a country specified by the Federal Government
- ✓ Facility of input tax adjustment have been restricted by Federal Government

Case Study

Zero Rating Vs. Taxable Supply

What is difference between zero rates and taxable supply?

Section-6: Time for Payment of Sales Tax to Treasury:

- ✓ At Import Stage when Payment of Custom Duty is Made;
- ✓ Filing of Sales Tax Returns – Local Supplies

Section-7: Deduction of Input Tax from Output Tax

Determination of Tax Liability

- A registered person can deduct input tax **paid or payable during the tax period** for the **purpose of taxable supplies made, or to be made**, by him **from the output tax**
- Input tax not deducted within relevant period, may be claimed / adjusted in the return for any of the six succeeding tax periods.
- Deduction of input tax from the output tax is admissible if registered person holds a tax invoice & goods declaration in his name and bearing his **registration number**.
- Goods purchased in auction, the buyers hold treasury challan in his name and bearing his registration number

Input-Output Tax Adjustment

Value of supply on which GST to be imposed	140,000
Amount of Output Tax @18%	25,200

Description	Purchase Value	Input Tax	Input Adjustable
Chemicals	100,000	17,000	Yes
Electricity	5,000	1500	Yes
Diesel	3,000	500	Yes
Overheads	3500	-	
Value of Purchase & GST Paid	111,500	19,000	19,000

Payable to Government: $25,200 - 19,000 = 6,200$

Input-Output Tax Adjustment

Value of supply on which GST to be imposed	140,500
Amount of Output Tax @18%	25,200

Description	Purchase Value	Input Tax	Input Adjustable
Chemicals	100,000	17,000	Yes
Electricity	5,000	1,500	Yes
Diesel	3,000	500	No
Overheads	3500	-	
Value of Purchase & GST Paid	111,500	19,000	18,500

Payable to Government: $25,200 - 18,500 = 6,700$

Section 2(14): Input Tax

In relation to a registered person means the tax levied on:

- ▶ Supply of goods to the person
- ▶ Goods imported and cleared under the Customs Act
- ▶ Provincial sales tax levied on services rendered or provided to the person
- ▶ Levied under ST Act as adapted in State of AJK
- ▶ Federal Excise Duty in sales tax mode on goods or services to the person.

* Input tax on services from ICT Ordinance, 2000?

Section-8: Tax Credit Not Allowed

- (a) Goods or services not meant for taxable supplies made or to be made by him;
- (b) Goods or services, specified by the Federal Government through a notification, e.g. SRO 490 of 2004 dated June 2004

Section-8: Tax Credit Not Allowed

SRO 490(I)/2004,

- Vehicles
- Food, beverages, garments, fabrics,
- Consumption on entertainments
- Gifts and give-aways
- Supply of electricity and gas to residential colonies of registered person
- Building material
- Office equipments & machines, furniture, structure, fixture & fittings excluding those directly used in taxable activity

Section-8: Tax Credit Not Allowed

SRO 490(I)/2004

- Electrical & gas appliances, pipes, fittings excluding those directly used in taxable activity
- Wires, cables, ordinary electrical fittings & sanitary fittings excluding those directly used in taxable activity
- Crockery, cutlery, utensils, etc. excluding those directly used in taxable activity

Stock in Trade:

means goods purchased by a registered person in the course of business for sale of for further processing or manufacture

SRO 1232(I)/90

- Export of cigarettes from Pakistan by land route or to Afghanistan, Iran or China

Section-8: Tax Credit Not Allowed

- (c) Goods specified liable to extra-tax.
- (ca) Goods or services in respect of which sales tax has not been deposited in Government treasury by respective supplier;
- (caa) CREST Discrepancy or input tax not verifiable in supply chain
- (d) Fake invoices;
- (e) Registered person fails to furnish information required by the Board

Section-8: Tax Credit Not Allowed

- (f) Goods and services not related to taxable supplies
- (g) Goods & services acquired for personal or non-business consumption
- (h) Goods used in / permanently attached to immovable property such as building and. Construction materials, paints, electrical and sanitary fittings, pipes, wires and cables

Exclusion: **Pre-fabricated buildings**

Such goods for **sale or re-sale** or for **direct use in manufacture of taxable goods**

- (i) Vehicles falling under Chapter 87, parts of vehicles, electrical & gas appliances, furniture, furnishings, office equipments excluding those acquired for sales or re-sale
- (j) Services in respect of which input tax adjustment is barred under the respective provincial sales tax law;

Section-8: Tax Credit Not Allowed

- (k) Import or purchase of agricultural machinery or equipment subject to sales tax at the rate of 7% under Eighth Schedule to this Act; and
- (l) Such goods and services which, at the time of filing of return by the buyer, have not been declared by the supplier in his return or has not paid amount of tax due as indicated in his return.
- (m) Supplies / Services made to unregistered distributors for which sales invoices do not bear NIC or NTN of the buyer
- (n) Tier-I retailer failed to integrate his outlets, the adjustable input tax upto 60% shall not be adjustable
- (o) Sales made to unregistered person exceeding Rs.10 million per month or Rs.100 million in financial year. Exception to some class of persons.
- (p) Payment for purchase exceeding value of Rs.50,000 if not made through banking instrument in favour of the supplier from the business bank account of the buyer.

Practical Questions: Tax Credit Not Allowed-Case Studies

- ✓ Building material used in factory construction
- ✓ Building material used in administrative block of office for construction
- ✓ Whether input tax allowed on goods not used in manufacturing but are utilized for business?
- ✓ Ratio of input tax disallowed if not having CNIC / NTN of registered distributor
- ✓ Vehicles and parts thereof - input tax adjustment?
- ✓ Whether input tax pertaining to services is claimable for registered person?

Section-8: Tax Credit Not Allowed

2. **Tax Credit Not Allowed.**— 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
3. **3. Tax Credit Not Allowed.**— Only registered person can make adjustment of input tax in respect of taxable supplies made or to be made by him.

Types of Input Tax:

- **Used in Taxable Supplies**
- **Used in Exempt Supplies**
- **Used in both Taxable & Exempt Supplies [residual input tax]**

Section 8: Apportionment of Input Tax

Registered person dealing in taxable and exempt supplies who has consumed input tax for both taxable and exempt goods need to apportion input tax as per following formula:

$$\text{Residual Input Tax Credit on Taxable Supplies} = \frac{\text{Value of Taxable Supplies}}{\text{Value of Taxable} + \text{Exempt Supplies}} \times \text{Residual Input Tax}$$

Input tax not available as per above formula is to be disclosed at S. No. 7 of sales tax return

Tax authority behavior on apportionment of input tax.

Section 8B: Extent / Ratio of Input Tax Adjustment

Adjustment of Input Tax upto 90% of the output tax during tax period.

Example:

Input Tax:	1000
Output Tax:	800 [90% of output tax, i.e. 720]
Adjustable Input Tax:	$1000 - 720 = 280$
Carry Forward Input Tax	280
Differential Payable to Treasury:	80

Section 8B: Extent / Ratio of Input Tax Adjustment

FBR may exclude certain categories of registered person from 90% input tax adjustment restrictions.

Example in case of immunity from above:

Input Tax:	1000
Output Tax:	800
Adjustable Input Tax:	$1000 - 800$
Carry Forward Input Tax	200
Differential Payable to Treasury:	Nil

Section 8B: Extent / Ratio of Input Tax Adjustment

Non-Application of 8B: Output Tax Exceeds Input Tax

Output Tax :	1000
Input Tax:	800
Adjustable Input Tax:	1000-800
Differential Payable to Treasury	200

Extent / Ratio of Input Tax Allowed- Filing of Return

Exclusion from 90% Input Tax Restrictions - SRO 1190 of 2019, Dated 02 October 2019

1. Persons registered in electrical energy sector
2. OMCs & petroleum refineries
3. Fertilizers manufacturers
4. Persons making zero rates supplies-exports exceeds 50% of total supplies
5. Distributors
6. Gas distribution companies
7. Telecom services
8. Pak Steel Mills, Karachi
- 9 Registered persons other than manufacturer making supplies of Third Schedule goods on which sales tax has been paid by importer or manufacturer on retail price provided value of all taxable supplies exceeds 80% of total supplies in a tax period

Extent / Ratio of Input Tax Allowed- Filing of Return

Exclusion from 90% Input Tax Restrictions - SRO 1190 of 2019, Dated 02 October 2019

- 10 Commercial importers- imports subject to 3% value addition tax exceeds 50% of imports
11. CNG dealers provided the value of natural gas on which sales tax is charged on the basis of value notified by Federal Board of Revenue exceeds 50% of value of all taxable purchases in a tax period.
12. Petroleum dealers of licensed oil marketing companies.
13. ST registered manufacturing companies of cold rolled, GI or coated coils / sheets which are listed in PSE

Extent / Ratio of Input Tax Allowed- Filing of Return

Exclusion from 95% Input Tax Restrictions - SRO 1190 of 2019, Dated 02 October 2019

1. Tier-1 Retailers integrated with Board in term of Chapter XIV-AA of Sales Tax Rules, 2006
2. Wholesalers of yarn
3. Automobiles manufacturing companies which are listed in PSE till June 2021

Case Studies

Extent / Ratio of Input Tax Allowed- Filing of Return

100% adjustment of input tax, not falling above provision of law-
Consequences

Section 8A: Joint & Several Liability of Registered Persons

Upon receipt of taxable supply by registered person from another registered person, it is in knowledge or has reasonable grounds that some or all tax payable would go unpaid, both persons will be jointly and severally liable for payment of such unpaid tax.

Burden to prove lies on department

Section 9: Post Supply Events

Credit-Debit Note & Adjustment of VAT

Situations for Issuance of Credit and Debit Notes

- ✓ Cancellation of Supply
- ✓ Return of Supply
- ✓ Change in Nature of Supply
- ✓ Change in Value of Supply
- ✓ Change in Rate of Sales Tax
- ✓ Some Such Event

Section 9: Post Supply Events

Credit-Debit Note & Adjustment of VAT

Description	Action Required
<p>Tax invoice or tax return may be modified in the following cases:</p> <ul style="list-style-type: none">▪ <u>Cancellation</u> or <u>Return</u> of supply of goods in whole or in part as supplied by registered person to registered buyer▪ <u>Cancellation</u> or <u>Return</u> of supply of goods in whole or in part as supplied by registered person to unregistered person	<p>the buyer shall issue <u>Debit Note</u> and must make adjustment in tax return. The supplier will issue a corresponding <u>Credit Note</u> and adjust his tax return.</p> <p>the supplier shall issue <u>Credit Note</u> and must make adjustment in tax return.</p>

Section 9: Post Supply Events

Credit-Debit Note & Adjustment of VAT

Description	Action Required
<p>Tax invoice or tax return may be modified in the following cases:</p> <ul style="list-style-type: none">▪ Material <u>change in nature of supply</u> which results change in amount of tax;▪ Change in amount of <u>Value of Supply</u> including offer of additional discount▪ Change in amount of <u>Tax</u>▪ If amount of <u>output tax</u> mentioned in the invoice <u>increases</u>	<p>the supplier shall issue <u>Debit Note</u> and must make adjustment in tax return. The buyer will issue a corresponding <u>Credit Note</u> and adjust his tax at sales tax return.</p>

Section 9: Post Supply Events

Credit-Debit Note & Adjustment of VAT

Description	Action Required
<p>Tax invoice or tax return may be modified in the following cases:</p> <ul style="list-style-type: none">▪ Material <u>change in nature of supply</u> which results change in amount of tax;▪ Change in amount of <u>Value of Supply</u> including offer of additional discount▪ Change in amount of <u>Tax</u>▪ If amount of output tax mentioned in the invoice <u>decreases</u>,	<p>the supplier shall issue <u>Credit Note</u> and must make adjustment in tax return. The buyer will issue a corresponding <u>Debit Note</u> and adjust his tax return.</p>

Debit-Credit Note: Case Studies

In case of rate of sales tax decrease from 18% to 5%, whether debit - credit note may be issued by supplier to make adjustment.

In case of taxable goods supplied to customers are subsequently exempted, whether debit - credit note may be issued by supplier to make corresponding adjustment.

What are the consequences for not issuing or providing debit / credit note once required by tax authority

Debit-Credit Note: Case Studies

Whether credit and debit note be issued if post invoice discount is given?

What remedy available in case time of issuance of DN / CN exceeds 6 months?

How to declare debit / credit note at return?

Section-49: Sale of Taxable Activity or Transfer of Ownership by Registered Person

Event	Status of Buyer	Application of Sales Tax	Tax Liability
Termination of Taxable Activity or Part thereof	Unregistered Person	Yes	Supplier
Sales or Transfer of Ownership	Unregistered Person	Yes	Supplier
Sales or Transfer of Ownership as on Going Concern	Registered Person	Zero Rate Supply	Registered Buyer

Section 59: Tax Paid on Stock before Registration

Event	Condition for Input Tax
Person having taxable invoice required to be registered under ST Act	Invoice issued within 30 days of filing registration application Verifiable unsold stock on date of registration or on date of application
Person having Goods Declaration required to be registered under ST Act	Having GD within 90 days of filing registration application Verifiable unsold stock on date of registration or on date of application

Others Provisions - ST Act

Mode of Invoice Payment- Section 73

- Payment for a transaction exceeding value of Rs.50,000 to be made through banking instrument in favour of the supplier from the business bank account of the buyer.
- No input tax allowed if invoice payment made not in the manner as provided above
- Sales made to unregistered person exceeding Rs.10 million per month or Rs.100 million in financial year. **Exception to some class of persons.**

Condonation of Time Limit- Section 74

- Any time or period specified under this Act within which application is to be made or any act or thing to be done, FBR may condone such time period which was not complied with by taxpayer.
- Commissioner also empowered to condone time limit

Schedules under ST Act

THE THIRD SCHEDULE

See section 3

ST @ 18% on Retail Price as fixed by Manufacturer / Importer

32 Goods

THE FIFTH SCHEDULE

See section 4

ST @ 0% on Goods Specified at Schedule

More than 10 Goods -

THE SIXTH SCHEDULE

See section 13

Exemption from ST on Goods

Table-1 : Import or Supplies- More than 150 Goods -

Table-2: Local Supplies only - More than 20 Goods -

Table-3: Import of machinery, plant, equipment & apparatus including capital goods subject to conditions- 20 Goods

Schedules under ST Act

THE EIGHTH SCHEDULE

See Clause (aa) of sub-section (2) of section 3
Reduced ST @ 5 or 15%

Table-1 : Import or Supplies- **50 Goods**

Table-2: Import only - **09 Goods** [machinery, plant, equipment & apparatus including capital goods subject to conditions]

THE NINTH SCHEDULE

See sub-section (3B) of section 3
Fixed Amount of ST on Mobile

THE TENTH SCHEDULE

See sub-section(1B) of Section 13
Fixed ST on Brick Region-Wise

Schedules under ST Act

THE ELEVENTH SCHEDULE

See sub-section () of Section 3

Sales Tax Withholding: Various ST Rates & Withholding Agents

THE TWEVETH SCHEDULE

See sub-section (2) of Section 7A

Minimum Value Addition ST @3% on Import Value

THE THIRTEENTH SCHEDULE

See sub-section (9AA) of Section 3

Minimum Production of Steel Products

Practical Questions

- ▶ Whether toll manufacturing subject to sales tax under Federal Sales Tax or under Provincial Sales Tax?
- ▶ What will be value of supply for charging sales tax: original or discounted value?
- ▶ Whether fixed assets will be subject to sales tax irrespective of the fact that sales of such items is not cellers' business?
- ▶ For how long registered person may carry forward its excess input tax and may claim refund of excess input tax?
- ▶ Whether input tax not allowed for adjustment is to be reported at Annex-A of Portal.

Assessment of Tax- Section 11 of STA

- ❑ Issuance of Show Cause Notice by Tax Officer within 5 Years of Default
- ❑ *Five Situations for Issuance of Show Cause Notice:*
 - ✓ Non Filing of Sales Tax Return or Short Payment of Tax Due to Miscalculation. If taxpayer fails to file a return, the tax officer is empowered to determine Minimum Tax Liability of Registered Person in term of Sales Tax General Order No. 3 of 2004, dated 12 June 2004.
 - ✓ Non / Short Payment of Sales Tax or Claiming Inadmissible Refund or Input Tax for reasons other than Miscalculation.
 - ✓ Non / Short Payment of Sales Tax or Claiming Inadmissible Refund or Input Tax because of **Collusion or Deliberate act**.
 - ✓ Non / Short Payment of Sales Tax or Claiming Inadmissible Refund or Input Tax because of **Inadvertence, Error or Misconstruction**.
 - ✓ Non Withholding of Sales Tax (as per Sales Tax Withholding Rules)

Assessment of Tax - Section 11 of STA

- ❑ Taxpayer must be awarded an opportunity of being heard.
- ❑ Order-in-Original must be issued within 120 days, extendable by CIR upto 90 days, excluding the time lapsed due to stay proceedings or ADRC or adjournment applied by the taxpayer [not beyond 60 days].
- ❑ Definition of 'tax fraud' describes the cases which tantamount to deliberate evasion of tax. If conditions are not satisfied, the tax officer cannot impose excessive penalties on the registered person.

Section 11A: Short Paid Tax without Show Cause Notice

- ❑ Lesser Payment of Tax than Due Tax as Indicated at Return
- ❑ Such Short Paid Tax to be Recovered from Registered Person by Stopping Goods from Business Premises and Attachment of Business Bank Accounts without Giving Show Cause Notice.
- ❑ Show Cause Notice will be Served Subsequently to Adjudge Actual Tax Liability

Practical Questions:

- ✓ Section 23 & 47 of SSTSA & Section 11 of ST Act
- ✓ Issuance of Show Cause without Notice
- ✓ Invoking Section of Tax Fraud,
- ✓ Simultaneous Invoking of Sections 11(2) (3)
- ✓ Violation of Withholding Adjustment - Section 11(4A) Not Attracted.
- ✓ Difficult for tax officer to distinguish Cases of willful & non-willful evasion