

**Government of Pakistan**  
(Revenue Division)  
Federal Board of Revenue

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C. No. 5/119-STB/2018 (Pt)

Islamabad, the 21<sup>st</sup> November, 2019

**SALES TAX GENERAL ORDER 107 OF 2019**

**SUBJECT: ENFORCEMENT OF SALES TAX PAYABLE BY WHOLESALERS/  
DISTRIBUTORS OF PRODUCTS ORIGINATING FROM AJ&K**

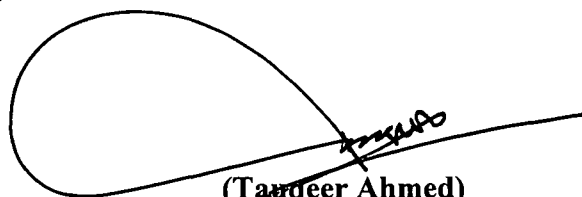
The question has been raised regarding chargeability of sales tax in Pakistan on the goods originating from Azad Jammu & Kashmir (AJ&K), which have been exempted from payment of sales tax under AJ&K law. The issue has been examined under the Sales Tax Act, 1990, as in force in Pakistan and the matter is clarified as under.

02. The sales tax on supplies originating from AJ&K is payable in AJ&K, however, dealers/distributors of such products located in Pakistan are required to discharge their liability on the value added on such products after adjustment of input tax paid in AJ&K as provided in section 7 read with section 2(14)(e) of the Sales Tax Act, 1990.

03. It is further highlighted that under an AJ&K Notification No. FD/Tax 1145-1245/95, dated 8.2.1995, sales tax is exempted on all goods manufactured in AJ&K except some specified items. It is emphasized that such notification shall not apply to supplies made in Pakistan and the distributors/dealers in Pakistan of such items originating from AJ&K shall charge sales tax at applicable rates and values, or printed retail price in case of items falling in the Third Schedule to the Act, and deposit the same in Pakistan as per law. In case of items exempt in AJ&K, there shall be no input tax paid in AJ&K, however, any deduction of any input tax paid in Pakistan shall be available under law.

04. In case a manufacturer in AJ&K, establishes self-owned distribution, wholesale or retail establishment in Pakistan and takes the pretext that the supply is originating from AJ&K and is not subject to sales tax law in Pakistan, it is clarified that the establishment of such a concern in Pakistan and making of supplies by the same, shall be construed as engaging in taxable activity and making supplies in Pakistan, and such distribution, wholesale or retail concern shall be required to get itself registered and deposit sales tax on its supplies in Pakistan as per law.

05. Accordingly, the field formations are advised to identify distributors/ dealers of such items in Pakistan and ensure payment of due sales tax by them under law.



**(Tanzeer Ahmed)**  
Secretary (ST&FE-Budget)