

GOVERNMENT OF PAKISTAN
MINISTRY OF FINANCE, ECONOMIC AFFAIRS,
STATISTICS AND REVENUE
(REVENUE DIVISION)

Islamabad, the 28th February, 2013

NOTIFICATION
(SALES TAX)

S.R.O. 154 (I)/2013. In exercise of the powers conferred by clause (c) of section 4 read with clause (b) of sub-section (2) and sub-section (6) of section 3, clause (b) of sub-section (1) of section 8 and section 71 of the Sales Tax Act, 1990, the Federal Government is pleased to direct the following amendments shall be made in its Notification No. S.R.O. 1125(I)/2011, dated the 31st December, 2011, namely:—

In the aforesaid Notification,—

- (a) in the preamble, for the words “at zero-rate”, the words “at the rate of two percent” shall be substituted;
- (b) after the Table, for the Conditions, the following Conditions shall be substituted, namely:—

“CONDITIONS

- (i) The benefit of this notification shall be available only to persons doing business in textiles (including jute), carpets, leather, sports and surgical goods sectors, who are registered as manufacturer, importer, exporter or wholesaler under the Sales Tax Act, 1990, and appear on the Active Taxpayers List (ATL) on the website of Federal Board of Revenue;
- (ii) this notification shall apply from—
 - (a) spinning stage onwards, in case of textile sector;
 - (b) production of PTA or MEG, in case of synthetic sector;
 - (c) regular manufacturing, in case of carpets and jute products;
 - (d) tannery onwards, in case of leather sector; and
 - (e) organized manufacturing, in case of surgical and sports goods;
- (iii) on import by registered manufacturers of the five sectors mentioned in condition (i), sales tax shall be charged at the rate of two per cent on goods useable as industrial inputs,;
- (iv) on import by commercial importers of goods useable as industrial inputs, sales tax shall be charged at the rate of two per cent along with two per cent value addition tax at the import stage, which shall be accountable

against their subsequent liabilities arising against supply of these goods to persons in the five sectors mentioned in condition (i) at the rate of two per cent, and to persons outside the said five sectors at the rate of five per cent. The balance amount shall be paid with the monthly sales tax return, or in case of excess payment shall be carried forward to the next tax period;

- (v) import of finished goods ready for use by the general public, shall be charged to tax at the rate of two per cent and value addition tax at the rate of two per cent;
- (vi) supplies of goods, usable as industrial inputs, to registered persons of the five sectors mentioned in condition (i), shall be charged to tax at the rate of two per cent, whereas supplies to persons not belonging to the said five sectors shall be charged to tax at the rate of five percent;
- (vii) supplies of finished products of the sectors specified in condition (i) to registered retailers shall be charged to sales tax at the rate of two per cent;
- (viii) registered persons engaged in the retail sale of these goods shall pay sales tax at the rate of two per cent on their retail sales and shall be entitled to input tax adjustment. Such goods supplied at the rate of two per cent shall not constitute part of turnover for the purpose of turnover tax payable as prescribed under Chapter III of the Sales Tax Special Procedure Rules, 2007;
- (ix) registered manufacturers who process goods owned by others shall charge sales tax at the rate of two per cent on the value of goods, inclusive of processing charges received by them;

Explanation.- For the purposes of this provision, and in terms of the proviso to sub-section (33) of section 2 of the Sales Tax Act, 1990 the return of goods by the processor to the principal after processing shall constitute supply, and the value of supply of such goods shall be the open market price of such goods inclusive of the processing charges;


- (x) a registered person who has consumed any other inputs acquired on payment of sales tax, shall be entitled to input tax adjustment or, as the case may be, refund against taxable supplies made by him, subject to the relevant provisions of the Sales Tax Act, 1990 and Rules made thereunder;
- (xi) registered manufacturers shall be entitled to adjustment of input tax paid on machinery, parts, spares and lubricants acquired by them for their own

use, subject to the relevant provisions of the Sales Tax Act, 1990 and Rules made thereunder; and

- (xii) supply of electricity and gas to the registered manufacturers or exporters of the five sectors mentioned in condition (i), shall be charged sales tax at the rate of zero per cent in the manner specified by the Board."

2. This notification shall take effect on and from the 1st day of March, 2013.

[C.NO.1(140)C(RGST)/2011 (Pt-VI)]


(Mohammad Raza Baqir)
Additional Secretary