



SECTION (CLAUSE)	SALES TAX ACT, 1990
(46(e))	<p>The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the terms 'Sales Tax Department' and 'Collector' were respectively substituted with the words "Inland Revenue' and 'Commissioner'.</p>
3	<p><b>SCOPE OF TAX</b></p> <p>The proposed amendment seeks to increase the levy of tax from 16% to 17%. Previously, the rate was increased in 2008 from 15% to 16% vide Finance Act, 2008.</p>
10	<p><b>REFUND OF INPUT TAX</b></p> <p>The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the words 'Collector of Sales Tax' have been substituted with the words "Commissioner Inland Revenue'</p>
11	<p><b>ASSESSMENT OF TAX</b></p> <p>The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the words 'Sales Tax' wherever appearing have been substituted with the words 'Inland Revenue' and the word 'Collector' wherever appearing have been substituted with the word 'Commissioner'.</p>
21	<p><b>DE-REGISTRATION, BLACKLISTING AND SUSPENSION OF REGISTRATION</b></p> <p>The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the word 'Collector' has been substituted with the word "Commissioner'</p>

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**23 TAX INVOICES**

The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the word 'Collector' has been substituted with the word "Commissioner".

**24 RETENTION OF RECORD AND DOCUMENTS FOR FIVE YEARS.**

The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the requirement for the maintenance of record and documents has been increased from 5 to 6 years. Previously, the period was increased from 3 to 5 years vide Finance Act, 2007.

**25 ACCESS TO RECORDS, DOCUMENTS, ETC**

**25(1)** Under the existing sub-section, a Sales Tax Officer on his own motion may require any person to produce the sales tax records or allow access on the computer system on which such date is kept. The proposed section seeks to restrict these powers whereby the Officer of Inland Revenue shall call for such records only under authority of the relevant Commissioner.

**25(2)** Under the existing sub-section, a Sales Tax Officer on his own motion shall conduct a sales tax audit once in a year. The proposed bill seeks an amendment whereby such audits will be performed by an Officer of Inland Revenue only after authority of the relevant Commissioner.

**25(3)** The proposed amendment seeks to substitute the existing sub-sections 25(3) and 25(4) whereby it is made mandatory for Officer of Inland Revenue to obtain an explanation from the impugned registered person before passing an order as a result of an audit.

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25A	<b>DRAWING OF SAMPLES</b>  The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the words 'Sales Tax' have been substituted with the words 'Inland Revenue' and the word 'collectorate' has been substituted with the words 'Large Taxpayers Unit or Regional Tax Office'.
25AA	<b>TRANSACTIONS BETWEEN ASSOCIATES</b>  The proposed amendment seeks to ratify this new section inserted vide Finance (Amended) Ordinance, 2009 whereby Commissioner has been given powers to determine the arms-length value of taxable supplies between the associates.
26	<b>RETURN</b>
26(3)	The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the words 'Collectorate of Sales Tax' have been substituted with the words 'Commissioner Inland Revenue'.
26(4)	The proposed amendment seeks to substitute the words 'Sales Tax' with 'Inland Revenue'.
27	<b>SPECIAL RETURNS</b>
27(b)	The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the word 'Collector' has been substituted with the word 'Commissioner'.
28	<b>FINAL RETURN</b>  The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the word 'Collector' has been substituted with the word 'Commissioner'.

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**30****APPOINTMENT OF AUTHORITIES**

The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the existing section 30 'Appointment of officer' has been substituted with a new section 'Appointment of Authorities' whereby FBR has been given powers to appoint:

1. a Chief Commissioner Inland Revenue (CCIR);
  2. a Commissioner Inland Revenue (CIR);
  3. a Commissioner Inland Revenue (Appeals) (CIR(A));
  4. an Additional Commissioner Inland Revenue (Additional CIR);
  5. a Deputy Commissioner Inland Revenue (DCIR);
  6. an Assistant Commissioner Inland Revenue (Assistant CIR);
  7. an Inland Revenue Officer (IRO);
  8. a Superintendent Inland Revenue (SIR);
  9. an Inland Revenue Audit Officer (IRAO); and
  10. an Officer of Inland Revenue with any other designation (OIR)
- CCIR and CIR (A) shall be subordinate to the FBR and CIR shall be subordinate to the CCIR.

Under the proposed sub-section, authorities indicated in:

- (4) to (9) above shall be sub-ordinate to the CIR
- .(5) to (9) above shall be sub-ordinate to the Additional CIR

**31****POWERS**

The proposed amendment seeks to substitute the words 'Sales Tax' with 'Inland Revenue'

**32****DELEGATION OF POWERS****32(1)**

The proposed amendment seeks to substitute this section and sub-section (2) whereby FBR or CCIR with the approval of the FBR empower:

- Additional CIR/DCIR to exercise powers of CIR
- DCIR/Assistant CIR to exercise powers of Additional CIR

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- Assistant CIR to exercise powers of DCIR
- OIR to exercise powers of Assistant CIR.

**32A SPECIAL AUDIT BY CHARTERED ACCOUNTANTS OR COST ACCOUNTANTS**

**32A(1)** The proposed amendment seeks to empower Commissioner also to appoint Chartered Accountants or Cost and Management Accountants to conduct special sales tax audits. Previously such powers were held only with the FBR. Further, by virtue of the proposed amendment, notification in the official gazette, of the above appointment will not be issued by the FBR.

**32A(2)** The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the word 'Collector' has been substituted with the word "Commissioner".

**32A(3)** The proposed amendment seeks to substitute the words 'Sales Tax' with 'Inland Revenue'.

**33 OFFENCES AND PENALTIES**

The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby:

- Against S.No.5 in column (2), the words 'Sales Tax not below the rank of Assistant Collector of Sales Tax' will be substituted for 'Inland Revenue not below the rank of Assistant Commissioner Inland Revenue"
- Against S.No.18, in column (2), the words 'Sales Tax', wherever occurring, will be substituted for the words "Inland Revenue" .

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**36 RECOVERY OF TAX NOT LEVIED OR SHORT-LEVIED OR ERRONEOUSLY REFUNDED**

**36(3)** The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the words 'Sales Tax' have been substituted for the words 'Inland Revenue' and the word 'Collector' has been substituted for the word "Commissioner".

**37 POWER TO SUMMON PERSONS TO GIVE EVIDENCE AND PRODUCE DOCUMENTS IN INQUIRIES UNDER THE ACT**

The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the words 'Sales Tax' have been substituted for the words 'Inland Revenue'.

**37A POWER TO ARREST AND PROSECUTE**

**37A(1)** The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the words 'Sales Tax, not below the rank of Assistant Collector of Sales Tax' have been substituted for the words 'Inland Revenue, not below the rank of an Assistant Commissioner Inland Revenue'.

**37A(4)** The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the word 'Collector' has been substituted for the word "Commissioner".

**38 AUTHORIZED OFFICERS TO HAVE ACCESS TO PREMISES, STOCKS, ACCOUNTS AND RECORDS**

Finance Act 2009 withdrew the powers of Collector to authorize their sub-ordinate officer to enter into the registered person's business premises. The proposed amendment seeks to re-instate such powers.

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**38A POWER TO CALL FOR INFORMATION**

The proposed amendment seeks to substitute the word 'Collector' with the word "Commissioner".

**38B OBLIGATION TO PRODUCE DOCUMENTS AND PROVIDE INFORMATION**

The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the word(s):

- 'Collector of Sales Tax' have been substituted with 'Commissioner Inland Revenue" and
- 'Sales Tax' have been substituted with "Inland Revenue".

**40 SEARCHES UNDER WARRANT**

The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the words 'Sales Tax' have been substituted with the words 'Inland Revenue'

**40B POSTING OF INLAND REVENUE OFFICER**

The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the word(s):

- 'Collector' has been substituted with 'Commissioner" and
- 'Sales Tax' has been substituted with "Inland Revenue".

**45 POWER OF ADJUDICATION**

The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby this section has been omitted.

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45A	<p data-bbox="570 323 1453 396"><b>POWER OF THE BOARD AND COMMISSIONER TO CALL FOR RECORDS</b></p> <p data-bbox="570 453 1453 569">The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the word(s):</p> <ul data-bbox="570 621 1453 695" style="list-style-type: none"><li>• 'Collector' has been substituted with 'Commissioner'</li><li>• 'Sales Tax' has been substituted with "Inland Revenue".</li></ul>
45B	<p data-bbox="570 751 695 787"><b>APPEALS</b></p>
45B(1)	<p data-bbox="570 844 1453 1045">The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 which has substituted sub-section (1) whereby the aggrieved person has a right to appeal against the departmental orders passed under section 25 as a result of departmental audit or investigation.</p>
46	<p data-bbox="570 1102 1057 1138"><b>APPEALS TO APPELLATE TRIBUNAL</b></p>
46(1)	<p data-bbox="570 1194 1453 1310">The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the word(s):</p> <ul data-bbox="570 1362 1453 1524" style="list-style-type: none"><li>• 'Collector of Sales Tax' have been substituted with 'Commissioner Inland Revenue' and</li><li>• 'Sales Tax' have been substituted with "Inland Revenue"</li><li>• 'Collector' has been substituted with the 'Commissioner'.</li></ul>
46(2)	<p data-bbox="570 1581 1453 1770">The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the words '194A, 194B, 194C of the Customs Act,1969 (IV of 1969)' have been substituted with '131 and 132 of the Income Tax Ordinance, 2001 (XLIX of 2001)'.</p>

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**46(2A)**

The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 inserting this new sub-section according to which all appeals/ proceedings under the Sales Tax Act pending before the Customs, Excise and Sales Tax Appellate Tribunal constituted under the Customs Act shall stand transferred to the Appellate Tribunal constituted under the Income Tax Ordinance 2001 with effect from the 28th day of October, 2009.

**47****REFERENCE TO THE HIGH COURT**

The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the word(s):

- 'Collector of Sales Tax' have been substituted with 'Commissioner Inland Revenue' and
- 'Sales Tax' has been substituted with "Inland Revenue"
- 'Collector' has been substituted with the 'Commissioner'.

**47A****ALTERNATIVE DISPUTE RESOLUTION**

The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the word(s):

- 'Sales Tax not below the rank of Additional Collector' have been substituted with 'Inland Revenue not below the rank of Additional Commissioner' and
- 'Sales Tax' has been substituted with "Inland Revenue".

**48****RECOVERY OF ARREARS OF TAX**

The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the word(s) 'Sales Tax' have been substituted with "Inland Revenue".

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**49A****LIQUIDATORS**

The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the word 'Collector' has been substituted with "Commissioner".

**52****APPEARANCE BY AUTHORIZED REPRESENTATIVE**

The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the word(s) 'Sales Tax' have been substituted with "Inland Revenue".

**55****REMOVAL OF DIFFICULTIES**

The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the word(s) 'Sales Tax' have been substituted with "Inland Revenue".

**56****SERVICE OF ORDERS; DECISIONS ETC**

The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 substituting the section whereby a notice, order or requisition by the department shall be taken to have been served properly to:

- A resident individual if served in any of the following manners:
  - Personally served
  - In case of legal disability, to representative
  - By registered post/courier to registered address, or any other address/business place where there is no registered address or to usual/last known address in Pakistan
  - Served in the manner prescribed under Code of Civil Procedure, 1908.

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- A non-resident individual if served in any of the following manner:
  - Personally served on the representative
  - Registered post/courier to registered address, if any, otherwise any office/business place in Pakistan
  - Served in the manner prescribed under Code of Civil Procedure, 1908.

Where any association of person is dissolved, such notice shall be served on the person who was principal officer/member just before dissolution.

In case of business discontinuance, notice shall be served to the individual in person/representative.

**58A****REPRESENTATIVES**

The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the word 'Collector' has been substituted with "Commissioner"

**58B****LIABILITY AND OBLIGATIONS OF REPRESENTATIVES**

The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the word 'Collector' has been substituted with "Commissioner"

**66****REFUND TO BE CLAIMED WITHIN ONE YEAR**

The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the word(s):

- 'Collector' has been substituted with 'Commissioner' and
- 'Sales Tax' have been substituted with "Inland Revenue".

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**69 ISSUANCE OF DUPLICATE OF SALES TAX DOCUMENTS.**

The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the words 'Sales Tax not below the rank of Assistant Collector' has been substituted with 'Inland Revenue not below the rank of Assistant Commissioner'.

**72 REFERENCE TO THE AUTHORITIES**

The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the words 'Sales Tax' has been substituted with "Inland Revenue".

**72A REFERENCE TO AUTHORITIES**

The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 introducing a new section whereby any reference to Collector, Additional Collector, Deputy Collector, Assistant Collector, Superintendent, Senior Auditor and an Officer of Sales Tax, wherever occurring, in the Sales Tax Laws shall be construed as reference to Commissioner Inland Revenue, Additional Commissioner Inland Revenue, Deputy Commissioner Inland Revenue, Assistant Commissioner Inland Revenue, Superintendent Inland Revenue, Inland Revenue Audit Officer and an officer of Inland Revenue, respectively.

**72B SELECTION FOR AUDIT BY THE BOARD**

By virtue of this newly inserted section, FBR has been authorized, with retrospective effect, to select the cases for audit, to be conducted as per procedures specified under section 25, through random/parametric balloting.

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**73****CERTAIN TRANSACTIONS NOT ADMISSIBLE**

The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the word 'Collector' has been substituted with "Commissioner".

**74****CONDONATION OF TIME-LIMIT**

The proposed amendment seeks to ratify the amendment in the Act already made vide Finance (Amended) Ordinance, 2009 whereby the word 'Collector' has been substituted with "Commissioner".

SECTION (CLAUSE)	SALES TAX ACT, 1990
SRO'S	
SRO 395(I)/2010 dated June 05, 2010	SALES TAX AT INCREASED RATES

Section 3(2)(b) of the Sales Tax Act has given powers to Federal Government to levy sales tax at lower or higher than the normal rates in case of any goods or class of goods :

- Imported
- Produced or
- Supplied.

Exercising the above powers, the Federal Government, vide SRO 466(I)/2007 dated June 9, 2007 notified the list of goods the import or supplies of which was chargeable at increased sales tax rate of 20%.

Subsequently, the above SRO was superseded vide another SRO 644(I)/2007 dated June 27, 2009 which notified the list of goods the import or supplies of which was chargeable at the following increased sales tax rate:

- Items contained in Table I (20%)
- Items contained in Table II (17.5%).

Above rates were revised vide SRO 537(I)/2008 dated June 11, 2008 as under:

- Items contained in Table I (21%)
- Items contained in Table II (18%).

As per SRO 395(I)/2010 dated June 05, 2010, the rate of tax have been again amended as under:

- Items contained in Table I (22%)
- Items contained in Table II (19%).

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**SRO 396(I)/2010  
dated June 05, 2010**

Section 3(2)(b) of the Sales Tax Act has given powers to Federal Government to levy sales tax at lower or higher than the normal rates in case of any goods or class of goods:

- Imported
- Produced or
- Supplied.

Further under section 8(1)(b), a registered person shall not be entitled to claim input tax paid on any goods specified by the Federal Government.

Exercising the above powers, the Federal Government vide SRO 313(I)/2006 dated March 31, 2006 levied sales tax at 6% on import of soyabean seed by solvent extraction industries subject to the condition that no refund of input tax shall be admissible.

As per SRO 396(I)/2010 dated June 05, 2010, the rate of tax has been increased from 6% to 7%.

**SRO 397(I)/2010 dated  
June 05, 2010**

Exercising the above indicated powers under section 3(2)(b), the Federal Government vide SRO 69(I)/2006 dated January 28, 2006 levied sales tax at 14% on import of sunflower seed and Canola seed by solvent extraction industries.

As per SRO 397(I)/2010 dated June 05, 2010, the rate of tax has been increased from 14% to 15%.

**SRO 398(I)/2010  
dated June 05, 2010**

**SALES TAX ON SUPPLY OF NATURAL GAS**

This notification has amended the first proviso to Rule 20 of Sales Tax Special Procedures Rules, 2007 according to which in case of supply of natural gas to CNG stations, the gas transmission and distribution company shall charge sales tax at the rate of 9% in addition to the tax chargeable under section 3 of the Sales Tax Act.