

| S.No | SALES TAX ACT, 1990<br>Important Points (Finance Act 2018-19 update)   |
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| 1    | Section 3 - Scope of tax<br>- Unregistered person further tax rate increased 2% to 3%  |
| 2    | Restore the power of Federal Government instead of Board with the approval of Federal Minister in charges.<br>- Section 3 (Scope of tax)<br>- Section 4 (Zero rating)<br>- Section 7 (Determination of tax liability)<br>- Section 8 (Tax credit not allowed).<br>- Section 60 (Power to deliver certain goods without payment of tax)<br>- Section 65 (Exemption of tax not levied or short levied as a result of general practice)<br>- Section 71 (Special procedure) |
| 3    | Tax credit not allowed<br>- import of scrap of compressors falling under PCT heading 7204.4940   |
| 4    | New section 11B (Assessment giving effect to an order)<br>- give effect to, any finding or direction in any Order made under<br>i. Chapter-VIII by the Commissioner (Appeals)<br>ii. Appellate Tribunal<br>iii. High Court or<br>iv. Supreme Court<br>- an order of assessment of tax is to be issued to any registered person.<br>- The Commissioner and IRO empowered in this behalf shall<br>- issue the order within one year.                                       |
| 5    | Exemption - power of Federal Minister in charge abolish  |
| 6    | Access to record, documents etc.,<br>- Audit under section 25 shall be conducted only once in every three years.   |
| 7    | Directorate General, (Intelligence and Investigation)IR consist by notification in the official Gazette<br>- The Board may specified the functions and jurisdiction<br>- Confirm the power of authorities specified in section 30.   |
| 8    | Default Surcharge<br>- 9% increased<br>- KIBOR +3% to KIBOR + 12%  |
| 9    | Posting of IRO<br>- Chief Commissioner and Commissioner Power removed.<br>- mere Board may post officer of IR to the premises of registered person<br>- to monitor production, sale of taxable goods and the stock position.   |
| 10   | Alternative dispute resolution- redefine<br>- where interpretation of question of law having effect on identical other cases is involved.<br>- Board appoint a committee consisting of<br>i. IRO not below the rank of Commissioner<br>ii. Two retired High Court Judges<br>iii. Retired District and Session Judges<br>iv. Chartered or Cost Accountants<br>v. Advocates<br>vi. Income Tax Practitioners<br>vii. Reputable taxpayers                                    |

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| 11   | <b>Recovery of arrears of tax</b> <ul style="list-style-type: none"> <li>- If a taxpayer filed appeal under section 45B</li> <li>- and to get stay order for any notices from CIR or IR</li> <li>- tax payment condition reduced to 10% from 25%</li> </ul>  |
| 12   | <b>Liability for payment of tax in the case of Private Companies or business enterprises</b> <ul style="list-style-type: none"> <li>- Condition contain under the Companies Ordinance 1984(XLVII of 1984) removed and;</li> <li>- Companies Act, 2017 (XIX of 2017) inserted.</li> </ul>   |
| 13   | <b>Validation of all notification and orders issued and notified extended to Finance Act, 2018.</b>  |
| 14   | <b>Fifth Schedule</b> <ul style="list-style-type: none"> <li>- Scope of zero rated extended               <ol style="list-style-type: none"> <li>i. Color in sets</li> <li>ii. Writing, drawing and making inks</li> <li>iii. Erasers</li> <li>iv. Exercise books</li> <li>v. Pencil sharpeners</li> <li>vi. Geometry boxes</li> <li>vii. Pens, ball pens, markers and porous tipped pens</li> <li>viii. Pencil including color pencils.</li> </ol> </li> </ul>  |
| 15   | <b>Sixth Schedule</b> <ul style="list-style-type: none"> <li>- Scope of sales tax exemption extended               <ol style="list-style-type: none"> <li>i. 60gm/m<sup>2</sup> for printing of Holy quran</li> <li>ii. Fish feed</li> <li>iii. Fans for dairy farms</li> <li>iv. Bovine semen</li> <li>v. Preparation for making animal feed</li> <li>vi. Promotional and advertising material</li> <li>vii. Hearing Aids (all types)</li> <li>viii. Hearing assessment equipment.</li> <li>ix. LNG imported by fertilizer manufacturer for use as feed stock</li> <li>x. Plant, machinery, equipment including dumpers and special purpose motor vehicles, if not manufactured locally, imported by M/s China State Construction Engineering Corporation Limited (M/s CSCECL) for the construction of Karachi - Peshawar Motorway (Sukkur - Multan Section) and M/s China Communication Construction Company (M/s CCCC) for the construction of Karakorum Highway (KKH) Phase-II (Thakot - Havellian Section) subject to the condition.</li> <li>xi. Equipment, whether or not locally manufactured, imported by M/s China Railway Corporation to be furnished and installed in Lahore Orange Line Metro Train Project subject to the</li> <li>xii. Goods supplied to German Development Agency GIZ.</li> <li>xiii. Imported construction materials and goods imported by M/s China State Construction Engineering Corporation Limited (M/s CSCECL), whether or not locally manufactured, for construction of Karachi-Peshawar Motorway (Sukkur-Multan Section) subject to fulfilment of same conditions, limitations and restrictions.</li> </ol> </li> </ul> |

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|  | <ul style="list-style-type: none"> <li>- Scope of conditional exemption extended- TABLE - 3             <ul style="list-style-type: none"> <li>i. Machinery, equipment, raw materials, components and other capital goods for use in building, fittings, repairing or refitting of ships, boats or floating structures imported by Karachi Shipyard and Engineering Works Limited.</li> <li>ii. 21 different parts for assembling and manufacturing of personal computers and laptops.</li> <li>iii. Plant and machinery, except the items listed under Chapter 87 of the Pakistan Customs Tariff, imported for setting up of a Special Economic Zone (SEZ).</li> </ul> </li> </ul> |
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| 16   | <p><b>Eight Schedule</b></p> <ul style="list-style-type: none"> <li>- Correction of PCT Code             <ul style="list-style-type: none"> <li>i. Agricultural tractors</li> </ul> </li> <li>- Reduction of sales tax 7% to 5%             <ul style="list-style-type: none"> <li>i. 20 different Tillage and seed bed preparation equipment</li> <li>ii. 7 different Seeding or planting equipment</li> <li>iii. 6 different Irrigation, drainage and agro-chemical application equipment</li> <li>iv. 19 different Harvesting, threshing and storage equipment</li> <li>v. 2 different Post-harvest handling and processing &amp; miscellaneous machinery</li> </ul> </li> <li>- Sales tax reduction and condition removed.             <ul style="list-style-type: none"> <li>i. Urea, whether or not in aqueous solution</li> <li>ii. DAP</li> <li>iii. NP (22-20)</li> <li>iv. NP (18-18)</li> <li>v. NPK-I</li> <li>vi. NPK-II</li> <li>vii. NPK-III</li> <li>viii. SSP</li> <li>ix. CAN</li> <li>x. Liquefied Natural Gas</li> <li>xi. Fish feed</li> </ul> </li> <li>- Natural Gas sales tax reduced to 5% from 10%</li> <li>- Following items sales tax rate reduced to 3% to 12%</li> </ul> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;"></th> <th style="width: 70%;">Items</th> <th style="width: 15%;">Sales rate</th> <th style="width: 10%;">Tax</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">i.</td> <td>LNG</td> <td style="text-align: center;">12%</td> <td></td> </tr> <tr> <td style="text-align: center;">ii.</td> <td>RLNG</td> <td style="text-align: center;">12%</td> <td></td> </tr> <tr> <td style="text-align: center;">iii.</td> <td>Fertilizers (all types)</td> <td style="text-align: center;">3%</td> <td></td> </tr> <tr> <td style="text-align: center;">iv.</td> <td>19 different, cinematographic equipment imported during the period commencing on the 1st day of July, 2018 and ending on the 30th day of June, 2023.</td> <td style="text-align: center;">5%</td> <td></td> </tr> <tr> <td style="text-align: center;">v.</td> <td>lithium iron phosphate battery (Li- Fe- PO4)</td> <td style="text-align: center;">12%</td> <td></td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>- Table -2<br/>Capital goods otherwise not exempted, for Transmission Line Projects.</li> </ul> |            | Items | Sales rate | Tax | i. | LNG | 12% |  | ii. | RLNG | 12% |  | iii. | Fertilizers (all types) | 3% |  | iv. | 19 different, cinematographic equipment imported during the period commencing on the 1st day of July, 2018 and ending on the 30th day of June, 2023. | 5% |  | v. | lithium iron phosphate battery (Li- Fe- PO4) | 12% |  |
|------|---|------------|-------|------------|-----|----|-----|-----|--|-----|------|-----|--|------|-------------------------|----|--|-----|--|----|--|----|--|-----|--|
|      | Items   | Sales rate | Tax   |            |     |    |     |     |  |     |      |     |  |      |                         |    |  |     |  |    |  |    |  |     |  |
| i.   | LNG   | 12%        |       |            |     |    |     |     |  |     |      |     |  |      |                         |    |  |     |  |    |  |    |  |     |  |
| ii.  | RLNG  | 12%        |       |            |     |    |     |     |  |     |      |     |  |      |                         |    |  |     |  |    |  |    |  |     |  |
| iii. | Fertilizers (all types)   | 3%         |       |            |     |    |     |     |  |     |      |     |  |      |                         |    |  |     |  |    |  |    |  |     |  |
| iv.  | 19 different, cinematographic equipment imported during the period commencing on the 1st day of July, 2018 and ending on the 30th day of June, 2023.  | 5%         |       |            |     |    |     |     |  |     |      |     |  |      |                         |    |  |     |  |    |  |    |  |     |  |
| v.   | lithium iron phosphate battery (Li- Fe- PO4)  | 12%        |       |            |     |    |     |     |  |     |      |     |  |      |                         |    |  |     |  |    |  |    |  |     |  |