

Rule	Sub-Rule	Clause	Amendment in Sales Tax Rules, 2006	Amended Bill 2019-20 NEW / inserted Deletion or Omitted Substituted
			By SRO 698(1)/2019 dated 28 th June 2019	

		Preamble	In exercise of the powers conferred by sub-section(I) of section 4, section 40 and section 45A of the Federal Excise Act, 2005, section 219 of the Customs Act, 1969 (IV of 1969), section 50 and sub-section (1) of section 71 of the Sales Tax Act, 1990, read with sub-section (7) of section (3), sub-section (2) of section 8 clause (b) of sub-section (1) of section 8, clause (ii) of sub-section (2) of section 8B, sections 9,10,14, 21 ,21A and 28,clause(c) of sub-section(1) of section 22, first proviso to sub-section (1) of section 23, section 26, section 33 , section 40C, sub-section (6) of section 47A, sections 48, 50A,52,52A and 66 thereof, the Federal Board of Revenue is pleased to make the following rules, namely:--
5			Application for registration.
	1		A person required to be registered under the Act shall, before making any taxable supplies, apply on the computerized system through owner, authorized member or partner or authorized director, as the case may be, in the Form STR-1, as annexed to these rules. Such application shall specify the RTO in whose jurisdiction the registration is sought, as per criteria given below, namely:--
		a	(a) A person required to be registered under the Act shall, before making any taxable supplies, apply on the computerized system through owner, authorized member or partner or authorized director, as the case may be, in the Form STR-1, as annexed to these rules. Such application shall specify the RTO in whose jurisdiction the registration is sought, as per criteria given below, namely:-- registered office is located;
		b	In case of other companies— (i) if the company is primarily engaged in manufacture or processing, the place where the factory is situated; and (ii) if the company is primarily engaged in business other than manufacture or processing the place where main business activities are actually carried on;
		c	in case of a person not incorporated, the jurisdiction where the business is actually carried on; and
		d	in case of a person not incorporated, having a single manufacturing unit and whose business premises and mManufacturing unit are located in different areas, the jurisdiction where the manufacturing unit is located: Provided that the jurisdiction of Large Taxpayers Units shall remain as specified by the Board: Provided further that the Board may transfer the registration of any registered person to a jurisdiction where the place of business or registered office or manufacturing unit is located.

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	2		The applicant having NTN or income tax registration shall, using his login credentials, upload following information and documents- (a) bank account certificate issued by the bank in the name of the business; (b) registration or consumer number with the gas and electricity supplier; (c) particulars of all branches in case of multiple branches at various locations; (d) GPS-tagged photographs of the business premises; and (e) in case of manufacturer, also the GPS-tagged photographs of machinery and industrial electricity or gas meter installed.
	3		On furnishing above documents, the system shall register the applicant for sales tax.
	4		After registration, the applicant or his authorized person shall visit e-Sahulat Centre of NADRA within a month for bio-metric verification. In case of failure to visit or failure of verification, the registered person's name shall be taken off the sales tax Active Taxpayer List.
	5		In case of manufacturer, the Board may require post-verification through field offices or a third party authorized by the Board.
	6		In case, the field office, during scrutiny after the registration, finds that any document provided is non-genuine or fake or wrong, it may request through the system, to provide the missing document, in fifteen days, failing which the registered person shall be taken off from the sales Active Taxpayer List, subject to approval of the Member (IR-Operations), FBR.”;
	<u>7</u>		<u>The application shall be processed by the computerized system and if found complete in all respects, shall be assigned a risk score. In case the application is found low risk, registration shall be issued by the computer system and certificate shall be sent to the applicant by courier service. The high risk cases shall, for further inquiry and scrutiny of documents, be sent to the Commissioner Additional Commissioner Inland Revenue, designated in the RTO for the purpose.</u>
	<u>7A</u>		<u>The process leading to determination of risk score shall be completed within one working day of submission of complete application and biometric verification, whereas the scrutiny, including physical verification of premises to be carried out by an officer not below the rank of assistant Commissioner, in high risk cases shall be completed within three working days in case of manufacturers and within seven working days in case of non-manufacturers”;</u> <u>and</u>

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	<u>8</u>		<u>Where a person, who has furnished a Form for registration, discovers any omission or wrong statement therein, or notices a subsequent change in any information, particulars, annexures, statements, documents or data already furnished, he may, without prejudice to any liability incurred by him under any provision of the Act, furnish a revised Form for registration.</u>	
	<u>9</u>		<u>In case the person applying for registration as manufacturer is sharing the premises, he shall provide evidence of -</u> <ul style="list-style-type: none"> (a) <u>demarcation of manufacturing premises for registration, and</u> (b) <u>installation of sub-meter by the relevant utility company, in case he does not have independent industrial utility connection but is using electricity or gas through sub-meter.</u> 	

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			CHAPTER XIV-D WITHHOLDING OF SALES TAX BY THE RECIPIENT OF SUPPLY	
150ZZH			Application	
	(1)		This chapter shall apply to taxable goods and services as are supplied to the withholding agents as specified in the Eleventh Schedule to the Act, for the purpose of deduction and deposit of sales tax. persons registered as exporters.	
	(2)		This chapter shall also apply to services on which federal excise duty is payable in sales tax mode, and the ones specified in the Schedule to the Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (XLII of 2001).	
	(3)		Withholding agent, in case of supplies to Federal or Provincial Government departments, includes the accounting office which is responsible for making payment against the purchases made by a government department.	
150ZZI			Responsibility of a withholding agent. --	
	(1)		The withholding agent, intending to make purchases of taxable goods, shall indicate in an advertisement or notice for this purpose that the sales tax to the extent as provided in this Chapter shall be deducted from the payment to be made to the supplier.	
	(2)		A withholding agent, other than a recipient of advertisement services, shall deduct an amount as specified in the Eleventh Schedule to the Act and make payment of the balance amount to him as per illustration given below,--	
			ILLUSTRATION (in case 1/5th of sales tax amount is to be deducted)	
			Value of taxable supplies excluding sales tax	Rs 1,000
			Sales tax chargeable @ 17%	Rs. 170
			Sales tax to be deducted by the withholding Agent	Rs. 34 (i.e. Rs. 170 + 5)
			Sales tax payable by the withholding agent to the supplier	Rs. 136 (i.e. Rs. 170- Rs.34)
			Balance amount payable to the supplier by the withholding agent.	Rs. 1136 (i.e. Rs. 1000 + Rs.136)
			Provided that the withholding agent shall not be entitled to reclaim or deduct the amount of tax withheld from such persons as input tax.	
	(3)		A person who receives advertisement services, in case the sales tax amount is not indicated on the invoice received, he shall deduct sales tax at the applicable rate of the value of taxable services from the payment due to the service provider.	

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	(4)		Where the purchases are made by a government department, the following procedure shall be observed, namely:--
		(a)	the Drawing and Disbursing Officer (DDO) preparing the bill for the accounting office shall indicate the amount of sales tax withheld as illustrated above. The accounting office shall adopt the procedure as indicated below:
			<p>(i) in case of purchases made by a department under the Federal Government, the office of the Accountant General of Pakistan Revenue shall account for the amount deducted at source during a month under the Head of Account "B02341-Sales Tax" and send an intimation to the Chief Commissioner, Regional Tax Office, Islamabad, by the 15th of the following month;</p> <p>(ii) in case of purchases by departments under provincial or district governments, the Accountant General of the province or the District Accounts Officer, as the case may be, shall credit the amount deducted at source during a month to the head of account "GI 2777-Sales Tax Deductions at Source under rule 40 & 40A of Chapter Miscellaneous of Sales Tax (Withholding) Rules, 2007". Cheque for the amount will be prepared by the Accountant General or the District Accounts Officer, as the case may be, in the name of Commissioner having jurisdiction by debit to the aforesaid head of account and sent to the Commissioner by the 15th of the following month; and</p> <p>(iii) where the purchases are made by the departments falling in purview of Military Accountant General, the MAG shall account for the amount deducted at source during a month under the Head of Account "B02341-Sales Tax" and send intimation to the Chief Commissioner, Regional Tax Office, Rawalpindi, by the 15th of the following month. The amount so deducted at source shall be reported by MAG office to AGPR through civil exchange accounts; and</p>
		(b)	the concerned Drawing and Disbursement Officer shall prepare the return in the form as set out in STR-28 for each month and forward the same to the Commissioner having jurisdiction by the 15th of the following month.
	(5)		In case of purchases, not covered by sub-rule (4) or sub-rule (6), the sales tax deducted at source shall be deposited by the withholding agent in the designated branch of National Bank of Pakistan under relevant head of account on sales tax return cum- payment challan by 15th of the month following the month during which the purchase has been made. The return-cum-payment challan shall be prepared and deposited with the bank in triplicate and the bank shall send the original to the Commissioner of Sales Tax having jurisdiction, return the duplicate to the depositor and retain the triplicate for its own record:

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			Provided that a single return-cum-challan can be filed in respect of all purchases for which the payment has been made in a month.
	(6)		<p>In case the withholding agent is also registered under the Sales Tax Act, 1990, or the Federal Excise Act, 2005, he shall deposit the withheld amount of sales tax along with return filed for the month in which the purchase was made in the manner as provided in Chapter II, along with other tax liability:</p> <p>Provided that in case the withholding agent is not registered for sales tax or federal excise duty but holds a national tax number assigned under the Income Tax Ordinance, 2001 (XLIX of 2001), he shall file the return, as set out in STR-28, electronically and deposit the amount deducted at source in the manner as provided for persons filing returns electronically under rule 18:</p> <p>Provided further that any other withholding agent may also opt to file the prescribed return electronically and deposit the deducted amount in the manner as provided in this sub-rule.</p>
	(7)		The withholding agent shall furnish to the Commissioner of Sales Tax having jurisdiction all such information or data as may be requested by him for carrying out the purposes of these rules.
	(8)		A certificate showing deduction of sales tax shall be issued to the supplier by the withholding agent duly specifying the name and registration number of supplier, description of goods and the amount of sales tax deducted.
150ZZJ			Responsibility of the registered supplier.
	(1)		The registered supplier shall issue sales tax invoice as stipulated in section 23 of the Sales Tax Act, 1990, in respect of every taxable supply made to a withholding agent.
	(2)		The registered supplier shall file monthly return as prescribed in Chapter II, taking due credit of the sales tax deducted by the withholding agent, in the manner as prescribed in the return.
150ZZK			Responsibility of the Commissioner.—
	(1)		The Commissioner shall keep a list of all withholding agents falling in his jurisdiction and monitor payment of tax deducted by withholding agents falling in his jurisdiction and shall also ensure that the return prescribed under these rules is filed.
	(2)		The Commissioner shall ensure that the return received from the bank is duly fed in the computerized system as referred to in clause (5AA) of section 2 of the Sales Tax Act, 1990.
	(3)		The Commissioner shall periodically ensure that the suppliers mentioned in the return filed by the withholding agents, as fall under his jurisdiction, are filing returns under Chapter II, and are duly declaring the supplies made to withholding agents.

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150ZZL			Exclusions
			The provisions of this Chapter shall not apply to the supplies of the following goods and services if made by a registered person, namely:-
		(i)	electrical energy;
		(ii)	natural gas;
		(iii)	petroleum products as supplied by petroleum production and exploration companies, oil refineries, oil marketing companies and dealers of motor spirit and high speed diesel;
		(iv)	telecommunication services;
		(v)	goods specified in the Third Schedule to the Sales Tax Act, 1990 (VII of 1990), and the goods on which federal excise duty is payable in sales tax mode on the basis of retail price;
		(vi)	supplies made by commercial importers who paid value addition tax on such goods at the time of import as prescribed under Twelfth Schedule to the Act, and
		(vii)	Supplies made by an active taxpayer as defined in the Sales Tax Act, 1990 to another registered person with the exception of advertisement services.
			This notification shall take effect on and from the 1 st day of July, 2019.