

Section	Subsection	Clause	Amendment of Sales Tax Act, 1990.- In the Sales Tax Act, 1990,-	Gazette Finance Act 2020 NEW / inserted Deletion or Omitted Substituted
			In the Sales Tax Act, 1990 the following further amendments shall be made, namely:-	

2			Definition
		(1)	"active taxpayer" means a registered person who does not fall in any of the following categories, namely:-
		(a)	who is blacklisted or whose registration is suspended or is blocked in terms of section 21;
		(d)	who fails to file two consecutive monthly quarterly or an annual withholding tax statement under section 165 of the Income Tax Ordinance, 2001;
		(20)	" output tax ", in relation to a registered person, means - a) tax levied under this Act on a supply of goods, made by the person; b) tax levied under the Federal Excise Act, 2005 in sales tax mode as a duty of excise on the manufacture or production of the goods, or the rendering or providing of the services, by the person; c) Provincial sales tax levied on services rendered or provided by the person; sales tax levied on the services rendered or provided by the person under Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (XLII of 2001);" ; and
		(46)	Value of supply - means
		(h)	in case of supply of electricity by an independent power producer or ¹WAPDA , the amount received on account of energy purchase price only; and the amount received on account of capacity purchase price, energy purchase price premium, excess bonus, supplemental charges etc. shall not be included in the value of supply; and
		² (j)	in case of registered person who is engaged in purchasing used vehicles from general public on which sales tax had already been paid at the time of import or manufacturing, and which are, later on, sold in the open market after making certain value addition, value of supply will be the difference between sale and purchase price of the said vehicle.";
3			Scope of Sale
	(7)		The tax shall be withheld by the buyer at the rate as specified in the Eleventh Schedule, by any person or class of persons ³ being purchaser of goods or services as withholding agent for the purpose of depositing the same, in such manner and subject to such conditions or restrictions as the Board may prescribe in this behalf through a notification in the official Gazette.
7			Determination of tax liability
	(5)		Notwithstanding anything contained in this Act or the rules made thereunder, the Board, by notification in the official Gazette, may impose restrictions on wastage of material on which input tax has been claimed in respect of the goods or class of goods.

¹ inserted with effect from 1st July, 2019

² Valuation method of the vehicles shall be prescribed by the Board.

³ To enlarge the scope of services in the ambit of sales tax withholding regime.

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8			Tax credit not allowed
	(1)		Notwithstanding anything contained in this Act, a registered person shall not be entitled to reclaim or deduct input tax paid on -
		(m)	the input goods ⁴ or services attributable to supplies made to un-registered person, on pro-rata basis, for which sale invoices do not bear the NIC number or NTN as the case may be, of the recipient as stipulated in section 23.
	⁵ (4)		Notwithstanding anything contained in sub-section (1), (2) and (3), input tax allowed in case of locally manufactured electric vehicles subject to reduced rate of tax under the Eight Schedule shall be limited to the extent of amount of output tax and no refund or carry forward of excess input tax shall be allowed.
11C			Power of tax authorities to modify orders, etc.-
	(1)		Where a question of law has been decided by a High Court or the Appellate Tribunal in the case of a registered person, on or after first day of July, 1990, the Commissioner or an officer of Inland Revenue may, notwithstanding that he has preferred an appeal against the decision of the High Court or made an application for reference against the order of the Appellate Tribunal, as the case may be, follow the said decision in the case of the said taxpayer in so far as it applies to said question of law arising in any assessment pending before the Commissioner or an officer of Inland Revenue, until the decision of the High Court or of the Appellate Tribunal is reversed or modified.
	(2)		In case the decision of High Court or the Appellate Tribunal, referred to in sub-section (1), is reversed or modified, the Commissioner or an officer of Inland Revenue may, notwithstanding the expiry of period of limitation prescribed for making any assessment or order, within a period of one year from the date of receipt of decision, modify the assessment or order in which the said decision was applied so that it conforms to the final decision." And

⁴ To enlarge the scope of disallowance of input tax on account of non-mentioning of CNIC of the buyer by the seller on the invoice as required under section 23 of the 1990 Act.

⁵ it has been provided that the input tax claimed on such vehicles shall not exceed the output tax payable thereon and the input tax which is not adjustable as a result of this restriction shall neither be carried forward nor refunded.

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23			Tax Invoices -
	(1)		A registered person making a taxable supply shall issue a serially numbered tax invoice at the time of supply of goods containing the following particulars, in Urdu or English language, namely: -
		(b)	name, address and registration, number of the recipient and NIC or NTN of the unregistered person, as the case may be, excluding supplies made by a retailer where the transaction value inclusive of sales tax amount does not exceed rupees fifty ⁶ one hundred thousand, if sale is being made to an ordinary consumer. Explanation. - For the purpose of this clause, ordinary consumer means a person who is buying the goods for his own consumption and not for the purpose of re-sale or processing: Provided that the condition of NIC or NTN shall be effective from 1st August, 2019;
25			Access to record, documents, etc. -
	(2A)		For the purpose of sub-section (2) of section 25, the Commissioner may conduct audit proceedings electronically through video links, or any other facility as prescribed by the Board.
26			Return
	(1)		Every registered person shall furnish not later than the due date a true, 7complete and correct return in the prescribed form to a designated bank or any other office specified by the Board, indicating the purchases and the supplies made during a tax period, the tax due and paid and such other information, as may be prescribed; Provided that the Board may, by notification in the official Gazette, require any person or class of persons to submit return on quarterly basis: Provided further that the Board may, by notification in the official Gazette, require any person or class of persons to submit such return as may be prescribed annually in addition to the monthly return or quarterly return: Provided also that the return filed electronically on the web or any magnetic media or any other computer readable media as may be specified by the Board shall also be deemed to be a return for the purpose of sub-section (1) and the Board may, by notification in the official Gazette, make rules for determining eligibility of the data of such returns and e-intermediaries who will digitize the data of such returns and transmit the same electronically under their digital signatures.

⁶ Now, it would not be compulsory for the retailers to mention NIC of buyer if transaction value does not exceed Rs. 100,000 where supply is made to an ordinary consumer.

⁷ The expression "complete" has been inserted in the existing requirement of filing of return for more clarity. Accordingly, changes in the electronic format of the sales tax return are being made so that incomplete returns/ returns missing to fill-in essential fields cannot be electronically filed.

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Offences and penalties.-				
33		Offences	Penalties	Section of the Act to which offence has reference
	(1)	(2)	(3)	
	25	Any person, who is required to integrate his business for monitoring, tracking, reporting or recording of sales, production and similar business transactions with the Board or its computerized system, fails to get himself registered under the Act, and if registered, fails to integrate in the manner as required under law.	Such person shall be liable to pay a penalty up to Rs. 1,000,000, and if continues to commit the same offence after a period of six two months after imposition of penalty as aforesaid, his business premises shall be sealed and an embargo shall be placed on his sales till such time he integrates his business in the manner as stipulated under sub-section (9A) of section 3 or section 40C, as the case may be.	sub-section (9A) of section 3 and section 40C
	28	Any person who is required to share information under section 56AB, fails to do so in the manner as required under the law	Such person shall pay a penalty of twenty five thousand rupees for first default and fifty thousand rupees for each subsequent default	56AB
38		Authorised officers to have access to premises, stocks, accounts and records		
	(1)	Any officer authorised in this behalf by the Board or the Commissioner shall have free access including real-time electronic access to business or manufacturing premises, registered office or any other place where any stocks, business records or documents required under this Act are kept or maintained belonging to any registered person or a person liable for registration or whose business activities are covered under this Act or who may be required for any inquiry or investigation in any tax fraud committed by him or his agent or any other person; and such officer may, at any time, inspect the goods, stocks, records, data, documents, correspondence, accounts and statements, utility bills, bank statements, information regarding nature and sources of funds or assets with which his business is financed, and any other records or documents, including those which are required under any of the Federal, Provincial or local laws maintained in any form or mode and may take into his custody such records, statements, diskettes, documents or any part thereof, in original or copies thereof in such form as the authorised officer may deem fit against a signed receipt.		
	(4)	For the purpose of sub-section (1), the Board may make rules relating to electronic real-time access for audit or a survey of persons liable to tax.		

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45B			Appeals.
	(1)		Any person, other than the Sales Tax Department, aggrieved by any decision or order passed under sections 10, 11, 25, 36, or 66, by an officer of Inland Revenue may, within thirty days of the date of receipt of such decision or order, prefer appeal to the Commissioner Inland Revenue (Appeals): Provided that an appeal preferred after the expiry of thirty days may be admitted by the Commissioner Inland Revenue (Appeals) if he is satisfied that the appellant has sufficient cause for not preferring the appeal within the specified period: Provided further that the appeal shall be accompanied by a fee of one thousand rupees to be paid in such manner as the Board may prescribe.
	(1A)		An appeal under sub-section (1) shall- (a) be in the prescribed form; (b) be verified in the prescribed manner; (c) state precisely the grounds upon which the appeal is made; (d) be accompanied by the prescribed fee specified in sub-section (1B); and (e) be lodged with the Commissioner (Appeals) within the time set out in sub-section (1).
	(1B)		The prescribed fee shall be- (a) in the case of an appeal against an assessment- (i) where the appellant is a company, five thousand rupees; or (ii) where the appellant is not a company, two thousand and five hundred rupees; and (b) in any other case- (i) where appellant is a company, five thousand rupees; or (ii) where the appellant is not a company, one thousand rupees."; and
	(1A)(1C)		Where in a particular case, the Commissioner (Appeals) is of the opinion recovery of tax levied under this act, shall cause undue hardship to the taxpayer, he, after affording opportunity of being heard to the commissioner or officer of Inland revenue against whose orders appeal has been made, may stay the recovery of such tax for a period not exceeding thirty days in aggregate.]
	(5)		The Commissioner (Appeals) shall not admit any documentary material or evidence which was not produced before the Officer Inland Revenue unless the Commissioner (Appeals) is satisfied that the appellant was prevented by sufficient cause from producing such material or evidence before the Officer Inland Revenue.

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47A			Alternative dispute resolution.—
	(1)		Notwithstanding any other provision of this Act, or the rules made thereunder, an aggrieved person in connection with any dispute pertaining to—
		(a)	the liability of tax against the aggrieved person, or admissibility of refunds, as the case may be;
		(b)	the extent of waiver of default surcharge and penalty; or
		(c)	any other specific relief required to resolve the dispute, may apply to the Board for the appointment of a committee for the resolution of any hardship or dispute mentioned in detail in the application, which is under litigation in any court of law or an Appellate Authority, except where criminal proceedings have been initiated or where interpretation of question of law having effect on identical cases is involved having effect on other cases.
	(2)		The Board may, after examination of the application of an aggrieved person, appoint a committee, within sixty days of receipt of such application in the Board, comprising, —
		(a)	Chief Commissioner Inland Revenue having jurisdiction over the case; and
		(b)	two persons from a panel notified by the Board comprising of chartered accountants, cost and management accountants, advocates, having minimum of ten years' experience in the field of taxation and reputable businessmen.
	(3)		The Board shall communicate the order of appointment of committee to the court of law or the appellate authority where the dispute is pending and the Commissioner.
	(4)		The Committee appointed under sub-section (2) shall examine the issue and may, if it deemed necessary, conduct inquiry, seek expert opinion, direct any officer of the Inland Revenue or any other person to conduct an audit and shall decide the dispute through consensus, within one hundred and twenty days of its appointment.
	(5)		The Committee may, in case of hardship, stay recovery of tax payable in respect of dispute pending before it for a period not exceeding one hundred and twenty days in aggregate or till the decision of the Committee or its dissolution, whichever is earlier.
	(6)		The decision of the committee under sub-section (4) shall be binding on the Commissioner when the aggrieved person, being satisfied with the decision, has withdrawn the appeal pending before any appellate authority or the court of law and has communicated the order of withdrawal to the Commissioner: Provided that if the order of withdrawal is not communicated to the Commissioner within sixty days of the service of decision of the committee upon the aggrieved person, the decision of the committee shall not be binding on the Commissioner.

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	(7)		If the Committee fails to decide within the period of one hundred and twenty days under sub-section (4), the Board shall dissolve the committee by an order in writing and the matter shall be decided by the court of law or the appellate authority where the dispute is pending.
	(8)		The Board shall communicate the order of dissolution to the court of law or the Appellate Authority and the Commissioner.
	(9)		The aggrieved person, on receipt of the order of dissolution, shall communicate it to the court of law or the appellate authority, where the dispute is pending.
	(10)		The aggrieved person may make the payment of sales tax and other taxes as decided by the committee under sub-section (4) and all decisions and orders made or passed shall stand modified to that extent.
	(11)		The Board may prescribe the amount to be paid as remuneration for the services of the members of the Committee, other than the member appointed under clause (i) of sub-section (2).
	(12)		The Board may, by notification in the official Gazette, make rules for carrying out the purposes of this section.
56			Service of orders; decisions etc.
	(1)		subject to this Act , any notice, order or requisition required to be served on a resident individual, other than in a representative capacity for the purposes of this Act shall be treated as properly served on the individual if -
		(d)	sent electronically through email or to the e-folder maintained for the purpose of e-filing of sales tax-cum-Federal excise returns by the limited companies, both public and private ⁸ registered person.
56AB			Real-time access to information and databases.—
	(1)		Notwithstanding anything contained in any law for the time being in force, including but not limited to the National Database and Registration Authority Ordinance, 2000 (Ordinance VIII of 2000), and the Emigration Ordinance, 1979 (Ordinance XVIII of 1979), arrangements shall be made to provide real-time access of information and database to the Board in the prescribed form and manner by-
		(a)	the National Database and Registration Authority with respect to information pertaining to National Identity Card (NIC), Pakistan Origin Card, Overseas Identity Card, Alien Registration Card, and other particulars contained in the Citizen Database;
		(b)	the Federal Investigation Agency and the Bureau of Emigration and Overseas Employment with respect to details of international entry and exit of all persons and information pertaining to work permits, employment visas and immigration visas;
		(c)	the Islamabad Capital Territory and Provincial and local land record and development authorities with respect to record-of-rights including digitized edition of record-of-rights, periodic record, record of mutations and report of acquisition of rights;

⁸ The amendment is only clarificatory and aims at facilitating electronic service of notices on all persons.

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		(d)	the Islamabad Capital Territory and Provincial Excise and Taxation Departments with respect to information regarding registration of vehicles, transfer of ownership and other associated record;
		(e)	all electricity suppliers and gas transmission and distribution companies with respect to particulars of a consumer, the units consumed and the amount of bill charged or paid: Provided that where the connection is shared or is used by a person other than the owner, the name and NIC of the owner and the user shall also be furnished: Provided further that all electricity suppliers and gas transmission and distribution companies shall make arrangements by the 1st day of January, 2021 for allowing consumers to update the ratio of sharing of a connection or the particulars of users, as the case may be; and
		(f)	any other agency, authority, institution or organization, notified by the Board.
	(2)		The Board shall make arrangements for laying the infrastructure for real-time access to information and database under sub-section (1) and aligning it with its own database in the manner as may be prescribed.
	(3)		Until real-time access to information and database is made available under sub-section (1), such information and data shall be provided periodically in such form and manner as may be prescribed.
	(4)		Subject to section 56B, all information received under this section shall be used only for tax purposes and kept confidential;
58A			Representatives.
	(3)		Subject to sub-section (4), where a person is a non-resident person, the representative of the persons for the purpose of this Act for a tax year shall be any person in Pakistan subject to sub-section (4), where a person is a non-resident person, the representative of the said person for the purpose of this Act, for a financial year in which the relevant tax period falls, shall be any person in Pakistan:
		(f)	who is declared by the Commissioner by an order in writing to be the representative of the non-resident person.
			Explanation.- For the purposes of this sub-section, non-resident person shall have the same meaning assigned thereto under the Income Tax Ordinance, 2001 (XLIX of 2001).

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73			Certain transactions not admissible.	
	(4)		A registered manufacture or producer ⁹ person shall make all taxable supplies to a person who has obtained registration under this Act excluding supplies not exceeding a value of one hundred million Rupees in a financial year and ten million Rupees in a month, failing which the supplier shall not be entitled to claim credit adjustment or deduction of input tax as attributable to such excess supplies to unregistered person.	
		(d)	Persons or classes of person, specified by the Board through notification in the official Gazette subject to such conditions and restrictions as may be specified therein.	

⁹ Now this precondition for allowability of input tax shall be applicable to all registered persons irrespective of their status whether manufacturer/ producers or not. Further, the Board has also been empowered to exclude any persons or class of persons from purview of restriction in this sub-section subject to such conditions or restrictions as it may notify.