

Sales Tax

1. Definition

1. Cottage industry

- Condition of annual turnover increased 3 million to 10 million

2. Online market place

- includes an electronic interface such as a market place, e-commerce platform, portal or similar means which facilitate sale of goods, including third party sale.

3. Tier-1 retailers includes

- 2000 sq feet area or more in case of retailer of furniture
- a retailer operating an online market place supplying goods through e-commerce platform, whether or not the goods are owned by him;
- a retailer who has acquired point of sale for accepting payment through debit or credit cards from banking companies or any other digital payment service provider authorized by State Bank of Pakistan; and”

4. Time of supplies

- Advance payment of a supply of goods other than under hire purchase agreement condition withdrawn, now the supplies recorded as and when goods delivered

2. Scope of Tax

5. The liability to pay the tax includes

- Supply of goods through online market place, of the person running online market place, whether or not the goods are owned by him.
- Tier-1 cash back incentive withdrawn
- Minimum production of steel products define under thirteenth schedule

3. Adjustable input tax.

- Public limited company listed on Pakistan stock exchange excluded under section 8B.
- Tier 1 retailer not integrate his retail outlet – the adjustable input tax for whole of that tax period shall be reduced by 15% 60%

4. Common Identifier Number

- From 1st July 2021
- CNIC shall be common Identifier no in addition to sales tax registration no (STRN) in case of Individual
- NTN shall be common Identifier no in addition to sales tax registration no (STRN) in case of AOP & COM

5. Records

- For compliance of section 73 , salary and labour bills cash book is the part of records.
- Electronic version of records are the part of records

6. Extension of time for furnishing returns.
 - A register person allowed filing extension for submission of sale tax return.
 - Application shall be made by the due date for furnishing of return
 - Reason for extension is
 - Absence from Pakistan
 - Sickness or other misadventure; or
 - Any other reasonable cause.
 - Extension is granted for 15days from the date for furnishing the return.

7. Licensing of brand name.
 - Manufacturers of the specified goods shall be required to obtain brand license for each brand or stock keeping unit (SKU) in such manner as may be prescribed by the Board.
 - Any specified brand and SKU found to be sold without obtaining a license from Board the goods shall be
 - Copied goods not genuine ; and
 - Liable to outright confiscation and destruction;
 - In the prescribed manner as Board define.

8. Recovery of arrears of tax.—
 - get assistance in collection and recovery from a foreign Jurisdiction under a tax treaty, bilateral or a multilateral convention, and inter-governmental agreement or similar agreement or mechanism.

9. Agreement for the exchange of information or assistance in recovery of taxes.

10. Prize schemes to promote tax culture.-

11. Delayed Refund.
 - Where a refund due in the consequence of any order passed under section 66 is not made within 45days of date of such order.
 - Paid to the claimant in addition to the amount of the refund
 - a further sum to KIBOR per annum of the amount of refund;.

12. Certain transactions not admissible.— section 73
 - Any adjustment made by a registered person in respect of amounts payable and receivables to and from the same party as
 - Payments satisfying the provisions of this sub-section subject to
 - Sales tax has been charged and paid by both parties
 - Registered person get prior approval of the Commissioner before making such adjustments.

13. Third schedule
 - Sugar except where it is supplied as an industrial raw material to pharmaceutical, beverage and confectionery industries

14. Fifth Schedule

- Omitted from zero rated
 - Supply and repair and maintenance of any ship , aircraft, spare parts of ship and aircraft,
 - Supply of locally manufactured plant and machinery to petroleum and gas sector exploration and production companies.
 - Petroleum crude oil
 - Raw material , components and sub-components and parts, of imported or purchased locally for use in the manufacturing of such plants and machinery.
- Included in zero rated sector
 - Local supply of raw material, components, parts and machinery to registered exporters authorized under EFC 2021 notified by the Board such condition and limitations and resextriction.
 - Milk (PCT heading 04.01).
 - Fat filled milk excluding that sold in retail packing under a brand name or a trademark (PCT heading 1901.9090).
 - Supply, repair or maintenance of any ship which is neither;
 - a ship of gross tonnage of less than 15 LDT; nor
 - a ship designed or adapted for use for recreation or pleasure.
 - Supply of spare parts and equipment for ships falling under (i) above.
 - Supply of equipment and machinery for salvage or towage services.
 - Supply of equipment and machinery for other services provided for the handling of ships in a port.

15. Sixth Schedule – exempted goods

- Table -1 (Import or supplies)

Sales tax exemption removed from following items on Import stage

- Eggs ([restore](#))
- Cereals ([conditional restore](#))
- [Sugar beet](#)
- Edible oil and vegetable gee
- Fruit juices
- Ice and water
- Table salt including iodized salt
- Glass bangles
- [Milk \(move to Table-2\)](#)
- Milk and creams
- Flavored Milk
- Yogurt
- Whey
- Butter
- Desi ghee
- Cheese ; Processed cheese

- Frozen prepared or preserved sausages and similar products of poultry meat or meat offal
- Meat and similar products of prepared frozen or preserved meat or meat offal of all types including poultry, meat and fish
- Preparations suitable for infants (restore)
- Fat filled milk
- Energy saver lamps
- Bicycles
- Raw and pickled hides and skins, wet blue hides and skins, finished leather, and accessories, components and trimmings,
- Import of Halal edible offal of bovine animals
- Components or sub-components of energy saver lamps
- Plant, machinery and equipment imported for setting up fruit processing and preservation units in Gilgit-Baltistan, Balochistan Province and Malakand Division
- Aircraft,
- Maintenance kits for use in trainer aircrafts
- Spare parts for use in aircrafts, trainer aircrafts or simulators
- Aviation simulators imported by airline company recognized by Aviation Division.
- Steel billets, ingots, ship plates, bars and other long re-rolled profiles
- Included in zero rated – section 4
 - Imported Art paper and printing paper for printing of Holy Quran
 - Import of CKD (in kit form) of following electric vehicles (4 wheelers
 - Goods temporarily imported into Pakistan by International Athletes
 - Import of auto disable Syringes
 - Import of plant, machinery, equipment and raw materials for consumption of these items within Special Technology Zone
 - Import of raw materials, components, parts and plant and machinery by registered persons authorized under Export Facilitation Scheme, 2021
- Table – 2 Local supplies only

Sales tax exemption removed from following items on local supplies

 - Raw and pickled hides and skins, wet blue hides and skins
 - Supplies made by manufacturers of marble and granite having turnover < then 5million
 - Bricks
 - Crushed stone
 - LED or SMD lights and bulbs meant for conservation of energy
 - Cottonseed oil

Sales tax exemption on local supplies

 - Supply of locally produced silos till 30.06.2026
 - Eggs including eggs for hatching (restore exemption on import allowed)
 - Cereals and products (restore exemption on import allowed)
 - Wheat Bran
 - Sugar beet.
 - Fruit juices

- Milk and cream
 - Flavored milk
 - Yogurt
 - Whey
 - Butter
 - Desi ghee
 - Cheese ; Processed cheese
 - Sausages and similar products
 - Products of meat or meat offal
 - Preparations suitable for infants (restore exemption on import allowed)
 - Fat filled milk (restore exemption on import allowed)
- Table – 3 (Conditional exempt)
- Import of POS machines
- Table – 4
- supplied within the limits ;
 - of the Border Sustenance Markets, established in cooperation with Iran and Afghanistan, shall be exempted from the whole of the sales tax, subject to the conditions,:-
 - 114 items listed in annexure supplied within limits of the Border sustenance markets.

16. Eight Schedule – Reduce rate of tax

Items omitted from the list

- Soyabean meal
- Raw cotton and ginned cotton
- Plant and machinery not manufactured locally (restore reduce rate of tax applicable)
- Flavoured milk (restore reduce rate of tax applicable)
- Yogurt (restore reduce rate of tax applicable)
- Cheese (restore reduce rate of tax applicable)
- Butter (restore reduce rate of tax applicable)
- Cream (restore reduce rate of tax applicable)
- Milk and cream (restore reduce rate of tax applicable)
- Ingredients of poultry feed (restore reduce rate of tax applicable)
- Waste paper
- Plant, machinery, and equipment used in production of bio- diesel (restore reduce rate of tax applicable)
- Soya bean seed
- Harvesting, threshing and storage equipment: (restore reduce rate of tax applicable)
- machinery for poultry sector (restore reduce rate of tax applicable)
- LNG/RLNG
- Fat filled milk (restore reduce rate of tax applicable)
- Silver, in unworked condition (restore reduce rate of tax applicable)
- Gold, in unworked condition (restore reduce rate of tax applicable)
- Articles of jewellery, or parts thereof (restore reduce rate of tax applicable)
 - value of diamond rate increased by 0.5% to 2%

- Ginned cotton
- LNG imported for servicing CNG sector
- Following items under reduce rates
 - locally manufactured or assembled electric vehicles 4 wheelers)
 - Motorcars
 - Import and local supply of Hybrid Electric Vehicles:
- Potassium Chlorate (KClO₃) 17% alongwith rupees **80 90** per kilogram
- Supplies as made from retail outlets (POS) integrated with FBR sales tax rate reduced **12%** to 10%
- Goods supplied from tax-exempt areas (FATA/PATA) sales tax @ 16%

17. Eleventh Schedule

Rate of withholding and deduction by the withholding agent's includes

- Registered persons manufacturing lead batteries
 - Persons supplying reclaimed lead or used lead batteries
 - Whole of the sales tax applicable
- Online market place
 - Person other than ATL
 - 2% of gross value of supplies;

18. Thirteenth Schedule (Minimum Production of steel products)

- New sub-section (9AA) of section 3
- The minimum production for steel products shall be determined as per criterion specified against each in the Table.