

Section	Subsection	Clause	Amendment of Sales Tax Act, 1990.- In the Sales Tax Act, 1990,-	Gazette Finance Act 2021 NEW / inserted Deletion or Omitted Substituted
			In the Sales Tax Act, 1990 the following further amendments shall be made, namely:-	

2			Definition
	(4AA)		"Commissioner (Appeals)" means Commissioner of Inland Revenue (Appeals) appointed under section 30;
	(5AB)		"cottage industry" means a manufacturing concern, which fulfills each of following conditions, namely:- (a) does not have an industrial gas or electricity connection; (b) is located in a residential area; (c) does not have a total labour force of more than ten workers; and (d) annual turnover from all supplies does not exceed three ten million rupees;
	(18A)		"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, in any of the following manner, namely:- (a) by controlling the terms and conditions of the sale; (b) authorizing the charge to the customers in respect of the payment for the supply; or (c) ordering or delivering the goods.";
	(37)		"tax fraud" means knowingly, dishonestly or fraudulently and without any lawful excuse (burden of proof of which excuse shall be upon the accused) - (i) doing of any act or causing to do any act; or (ii) omitting to take any action or causing the omission to take any action, including the making of taxable supplies without getting registration under this Act; or, (iii) falsifying of or causing falsification the sales tax invoices, in contravention of duties or obligations imposed under this Act or rules or instructions issued thereunder with the intention of understating the tax liability or underpaying the tax liability for two consecutive tax periods or overstating the entitlement to tax credit or tax refund to cause loss of tax;
	(43A)		"Tier-1 retailer" means a retailer falling in any one or more of the following categories, namely:-
		(e)	a retailer, whose shop measures one thousand square feet in area or more or two thousand square feet in area or more in the case of retailer of furniture; and
		(f)	a retailer operating an online market place supplying goods through e-commerce platform, whether or not the goods are owned by him;
		(f)(g)	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"
		(f)(h)	any other person or class of persons as prescribed by the Board."

Section	Subsection	Clause	Amendment of Sales Tax Act, 1990.- In the Sales Tax Act, 1990,-	Gazette Finance Act 2021 NEW / inserted Deletion or Omitted Substituted
			In the Sales Tax Act, 1990 the following further amendments shall be made, namely:-	

	(44)		"time of supply" , in relation to,-
		(a)	a supply of goods, other than under hire purchase agreement, means the time at which the goods are delivered or made available to the recipient of the supply <u>or the time when any payment is received by the supplier in respect of that supply, whichever is earlier;</u>
3			Scope of tax.-
	(1B)		On the goods specified in the Tenth Schedule, in lieu of levying and collecting tax under sub-section (1), the tax shall be levied and collected, in the mode and manner specified therein- (a) on the production capacity of plants, machinery, undertaking, establishments or installation producing on or manufacturing such goods; or (b) on fixed basis, from any person who is in a position to collect such tax due to the nature of the business, and different rates may be so prescribed for different regions or areas.
	(3)		The liability to pay the tax shall be,- (a) in the case of supply of goods, of the person making the supply, and (b) in the case of goods imported into Pakistan, of the person importing the goods. and (c) in the case of supply of goods through online market place, of the person running online market place, whether or not the goods are owned by him.
	(9A)		Notwithstanding anything contained in this Act, Tier-1 retailers shall pay sales tax at the rate as applicable to the goods sold under relevant provisions of this Act or a notification issued there under: <u>Provided that the customers of a Tier-1 retailer shall be entitled to receive a cash back of up to five percent of the tax involved, from such date in the manner and to the extent, as may be prescribed by the Board:</u> Provided further that from such date, and in such mode and manner, as prescribed by the Board, all Tier-1 retailers shall integrate their retail outlets with Board's computerized system for real-time reporting of sales.
	(9AA)		In respect of goods, specified in the ² Thirteenth Schedule, the minimum production for a month shall be determined on the basis of a single or more inputs as consumed in the production process as per criterion specified in the Thirteenth Schedule and if minimum production so determined exceeds the actual supplies for the month, such minimum production shall be treated as quantity supplied during the month and the liability to pay tax shall be discharged accordingly.

¹ Advance against supply

² Minimum production of steel products

Section	Subsection	Clause	Amendment of Sales Tax Act, 1990.- In the Sales Tax Act, 1990,-	Gazette Finance Act 2021 NEW / inserted Deletion or Omitted Substituted
			In the Sales Tax Act, 1990 the following further amendments shall be made, namely:-	

8B			Adjustable input tax.-	
	(1)		Notwithstanding anything contained in this Act, in relation to a tax period, a registered person other than public limited companies listed on Pakistan Stock Exchange shall not be allowed to adjust input tax in excess of ninety per cent of the output tax for that tax period:	
	(6)		In case a Tier-1 retailer does not integrate his retail outlet in the manner as prescribed under sub-section (9A) of section 3, during a tax period or part thereof, the adjustable input tax for whole of that tax period shall be reduced by 15% 60% .	
11			Assessment of Tax & Recovery of Tax not levied or short levied or erroneously refunded	
	(5)		No order under this section shall be made by an officer of Inland Revenue unless a notice to show cause is given within five years, of the relevant date end of the financial year in which the relevant date falls , to the person in default specifying the grounds on which it is intended to proceed against him and the officer of Sales Tax shall take into consideration the representation made by such person and provide him with an opportunity of being heard:	
21B			Common Identifier Number.-	
	(1)		From the tax period July 2021 and onward, in the case of individual, having Computerized National Identity Card (CNIC) issued by the National Database and Registration Authority (NADRA), registered or liable to be registered under the provisions of section 14, CNIC shall be common identifier number in addition to sales tax registration number (STRN).	
	(2)		From the tax period July 2021 and onward, in the case of association of persons or company, having National Tax Number (NTN), registered or liable to be registered under the provisions of section 14, NTN shall be common identifier number in addition to sales tax registration number (STRN).	
22			Records	
	(1)		A registered person making taxable supplies shall maintain and keep at his business premises or registered office in English or Urdu language the following records of goods purchased, imported and supplied (including zero-rated and exempt supplies) made by him or by his agent acting on his behalf in such form and manner as would permit ready ascertainment of his tax liability during a tax period.	
		(e)	invoices, credit notes, debit notes, bank statements, banking instruments in terms of section 73, inventory records, utility bills, salary and labour bills cash book , rental agreements, sale purchase agreements and lease agreements;	
		(eb)	Electronic version of records mentioned in clauses (a) to (ea) of this sub-section.	
25AA			Transactions between Associates.-	
	(2)		The Board may, by notification in official gazette, prescribe rules for carrying out the purpose of sub-section (1).	

Section	Subsection	Clause	Amendment of Sales Tax Act, 1990.- In the Sales Tax Act, 1990,-	Gazette Finance Act 2021 NEW / inserted Deletion or Omitted Substituted
			In the Sales Tax Act, 1990 the following further amendments shall be made, namely:-	

26AB			Extension of time for furnishing returns.	
	(1)		A registered person required to furnish a return under section 26 may apply, in writing, to the Commissioner for an extension of time to furnish the return.	
	(2)		An application under sub-section (1) shall be made by the due date for furnishing the return in terms of section 2(9) for the period to which the application relates.	
	(3)		Where an application has been made under sub-section (1) and the Commissioner is satisfied that the applicant is unable to furnish the return to which the application relates by the due date because of- (a) absence from Pakistan; (b) sickness or other misadventure; or (c) any other reasonable cause, the Commissioner may, by order in writing, grant the applicant an extension of time for furnishing the return.	
	(4)		An extension of time under sub-section (3) shall not exceed fifteen days from the due date for furnishing the return, unless there are exceptional circumstances justifying a longer extension of time: Provided that where the Commissioner has not granted extension for furnishing the return under sub-sections (3) or (4), the Chief Commissioner may on an application made by the registered person for extension or further extension, as the case may be, grant extension or further extension for a period not exceeding fifteen days, unless there are exceptional circumstances justifying a longer extension of time.	
	(5)		An extension or further extension of time granted under sub-sections (3) or (4), as the case may be, shall not, for the purpose of charge of default surcharge under section 34, change the due date for payment of sales tax under section 6.	
40D			Provisions relating to goods supplied from tax-exempt areas.	
	(5)		For the purposes of this section, the expression "tax-exempt areas" means Azad Jammu and Kashmir, Gilgit-Baltistan, Border Sustenance Markets and Tribal Areas as defined in Article 246 of the Constitution of the Islamic Republic of Pakistan and such other areas as may be prescribed.	
40E			Licensing of brand name.-	
	(1)		Manufacturers of the specified goods shall be required to obtain brand licence for each brand or stock keeping unit (SKU) in such manner as may be prescribed by the Board.	
	(2)		Any specified brand and SKU found to be sold without obtaining a licence from the Board shall be deemed counterfeit goods and liable to outright confiscation and destruction in the prescribed manner and such destruction and confiscation shall be without prejudice to any other penal action which may be taken under this Act.	

Section	Subsection	Clause	Amendment of Sales Tax Act, 1990.- In the Sales Tax Act, 1990,-	Gazette Finance Act 2021 NEW / inserted Deletion or Omitted Substituted
			In the Sales Tax Act, 1990 the following further amendments shall be made, namely:-	

48			Recovery of arrears of tax.--	
	(3)		The provision of sub-sections (1) and (2) shall mutatis mutandis apply regarding assistance in collection and recovery of taxes in pursuance of a request from a foreign jurisdiction under a tax treaty, bilateral or a multilateral convention, and inter-governmental agreement or similar agreement or mechanism.	
50			Power to make rules.-	
	(2)		All rules made under sub-section (1) or any other provisions of this Act, shall be collected, arranged and published along with general orders and departmental instructions and rulings, if any, at appropriate intervals and sold to the public at reasonable price or may be placed regularly on the official website maintained by the Board.	
56A			Agreement for the exchange of information or assistance in recovery of taxes.-	
	(1A)		Notwithstanding anything contained in this Act, the Board shall have power to share data or information including real time data videos, images received under the provisions of this Act with any other Ministry or Division of the Federal Government or Provincial Government, subject to such limitations and conditions an may be specified by the Board.	
	(3)		The Federal Government may enter into bilateral or multilateral convention, and inter-governmental agreement or similar agreement or mechanism for assistance in the recovery of taxes.	
56C			Prize schemes to promote tax culture.-	
	(2)		The Board may prescribe procedure for "mystery shopping" in respect of invoices issued by tier-1 retailers integrated with FBR online system randomly and in case of any discrepancy, all the relevant provisions of this Act shall apply accordingly.	
67			Delayed Refund.-	
			Where a refund due under section 10 is not made within the time specified in section 10 from the date of filling of refund claim, there shall be paid to the claimant in addition to the amount of refund due to him, a further sum equal to KIBOR per annum of the amount of refund due, from the date following the expiry of [the time specified as aforesaid, to the day preceding the day of payment of refund: Provided that where there is reason to believe that a person has claimed the refund which is not admissible to him, the provision regarding the payment of such additional amount shall not apply till the investigation of the claim is completed and the claim is either accepted or rejected.	
			Provided further that where a refund due in the consequence of any order passed under section 66 is not made within forty five days of date of such order, there shall be paid to the claimant in addition to the amount of the refund due to him, a further sum equal to KIBOR per annum of the amount of refund, due from the date of the refund order.	

Section	Subsection	Clause	Amendment of Sales Tax Act, 1990.- In the Sales Tax Act, 1990,-	Gazette Finance Act 2021 NEW / inserted Deletion or Omitted Substituted
			In the Sales Tax Act, 1990 the following further amendments shall be made, namely:-	

73			Certain transactions not admissible.-
	(1)		<p>Notwithstanding anything contained in this Act or any other law for the time being in force, payment of the amount for a transaction exceeding value of fifty thousand rupees, excluding payment against a utility bill, shall be made by a crossed cheque drawn on a bank or by crossed bank draft or crossed pay order or any other crossed banking instrument showing transfer of the amount of the sales tax invoice in favour of the supplier from the business bank account of the buyer :</p> <p>Provided that online transfer of payment from the business account of buyer to the business account of supplier as well as payments through credit card shall be treated as transactions through the banking channel, subject to the condition that such transactions are verifiable from the bank statements of the respective buyer and the supplier.</p> <p>Provided further that adjustments made by a registered person in respect of amounts payable and receivable to and from the same party shall be treated as payments satisfying the provisions of this sub-section subject to following conditions, namely:-</p> <p>(a) sales tax has been charged and paid by both parties under the relevant provisions of this Act and rules prescribed thereunder, wherever applicable; and</p> <p>(b) the registered person has sought prior approval of the Commissioner before making such adjustments.</p>
76			Fee and service charges.-
	(2)		The Board may authorize and prescribe the manner in which fee and service charges collected under sub-section (1) shall be expended.