

GOVERNMENT OF PAKISTAN
FEDERAL BOARD OF REVENUE
(REVENUE DIVISION)

Islamabad, the 1st June, 2012.

NOTIFICATION
(SALES TAX)

S.R.O. 589(I)/2012.— In exercise of the powers conferred by sub-section (1) of section 4 and section 40 of the Federal Excise Act, 2005, section 219 of the Customs Act, 1969 (IV of 1969), section 50 of the Sales Tax Act, 1990, read with sub-section (2) of section 8, clause (ii) of sub-section (2) of section 8B, sections 9, 10, 14, 21 and 28, clause (c) of sub-section (1) of section 22, section 26, sub-section (6) of section 47A, sections 48, 50A, 52, 52A and 66 thereof, the Federal Board of Revenue is pleased to direct that the following further amendments shall be made in the Sales Tax Rules, 2006, namely:-

In the aforesaid Rules, —

(1) In rule 5, in sub-rule (1), in clause (c), —

(a) in the proviso, -

(i) the word “further “ shall be omitted; and

(ii) for full stop at the end a colon shall be substituted;

(b) after the existing proviso, amended as aforesaid, the following new proviso shall be added, namely:-

“Provided further that the Federal Board of Revenue may transfer the registration of any registered person or any business of a registered person to an area of jurisdiction where the place of business or registered office or manufacturing units is located.”;

(2) in rule 7, after sub-rule (3), the following new sub-rule shall be added, namely:-

“(4) The change of nature of business (e.g. from individual to AOP or corporate person) shall be allowed as under, namely:-

- (i) in case of transfer of individual business from any person to his spouses or children, the change shall be made by LRO on receipt of verification of documents from RTO;
- (ii) in case of change in nature of business from individual to AOP, the change shall be made by LRO on receipt of verification of documents from RTO;
- (iii) in case of change of nature of business from AOP to corporate entity, the same shall only be allowed by LRO on receipt of verification from RTO or LTU, however, this change shall only be allowed in cases where the same persons who are members of AOP are nominated as directors in the corporate entity; and
- (iv) in case of transfer of business or change in nature on any other account, a new Sales Tax Registration Number shall be issued to the entity.

(3) In rule 12, for sub-rules (1), (2), (3), (4) and (5) the following shall be substituted, namely:-

“ Where the Commissioner or Board has reasons to believe that the registered person is to be suspended or blacklisted, the procedure as prescribed by the Board shall be followed.”;

(4) in rule 46, the expression “In terms of clause (a) of section 4 read with Serial No. 4 of the Fifth Schedule to the Act,” shall be omitted.

(5) for rules 50A, 50B and 50C the following shall be substituted, namely:-

“50A. **Application.-** The provisions of this Chapter shall apply to supply of locally produced taxable goods by sales tax registered persons against international tender contracts awarded by the Federal and Provincial departments, local governments, autonomous and semi-autonomous bodies and public sector organizations.

50B. **Procedure and conditions for making exempt supplies.-**In terms of sub-section (1) of section 13 of the Act read with serial No. 12 of Table-II of the Sixth Schedule thereto, supplies of locally produced goods against international tender contracts shall be exempt from sales tax subject to the following procedure and conditions, namely:—

- (a) the supply shall be made against international tender issued by the Federal and Provincial departments, local governments, autonomous and semi-autonomous bodies and public sector organizations (hereinafter referred to as ‘the contract awarding person’);
- (b) the exempt supply of goods against international tender shall be to the extent of foreign grant, aid or loan component of the tender. The foreign component of the international tender shall be received in foreign currency which shall be surrendered by the contract awarding person to the State Bank of Pakistan as per State Bank of Pakistan’s procedure and foreign exchange regulations;
- (c) the invitation of bids for international tender shall be published in reputed newspapers or journals of international circulation and on website of the contract awarding person for international competitive bidding;
- (d) the contract awarding person or the successful bidder shall apply to the Board to avail the benefit of exemption to supplies against the international tender alongwith the following documents, namely:-

- (i) application giving full particulars of the applicant viz name, address, telephone numbers, e-mail address, NTN, STRN, if applicable, and any other information that he wants to submit;
- (ii) a certificate from the contract awarding person that Public Procurement Regulatory Authority Rules, 2006 have been complied with during the process of international competitive bidding or international tender;
- (iii) a certificate from the respective bank or authorized dealer of foreign exchange in proof of deposit of foreign exchange with the State Bank of Pakistan;
- (iv) tender amount of foreign exchange and equivalence in Pak rupees;
- (v) tentative list of goods required for the execution of tender and particulars of the supplier in the following format:-

S.No.	STRN of supplier.	Name and address of supplier.	Description of goods to be supplied.	Value of goods to be supplied.	Applicable rate of sales tax.	Sales tax involved.
(1)	(2)	(3)	(4)	(5)	(6)	(7)

;

- (vi) the facility of exemption from sales tax shall only be available to the goods which actually become part of the project to be completed or goods to be supplied against international tender and shall not be available to consumables, POL used in vehicles, office furniture etc; and
- (vii) any other document that may be required by the Board;

- (e) the contract awarding person or the bidder may submit revised list of goods as required under sub-clause (v) of clause (d) anytime during the currency of the execution of the project;
- (f) the Board, subject to satisfaction, shall issue a provisional authorization for exempt supply of goods and shall endorse one copy of such authorization to each supplier and to the respective RTOs or LTUs;
- (g) after having provisional authorization of the Board, the supplier shall issue exempt invoice for each supply, mentioning full particulars of the buyer and a contract number, besides particulars required in section 23 of the Act;
- (h) after conclusion of the contract, the contract awarding person or the bidder shall submit a complete and final list of goods in the format prescribed in sub-clause (v) of clause (d). Subject to satisfaction, the Board shall issue final authorization certificate for exempt supply of goods and shall endorse one copy to each supplier and to the respective RTO or LTU;
- (i) each registered person shall keep the copy of final authorization certificate as a lawful authorization of supply of exempt goods to the extent given in the final certificate; and
- (j) in case, the goods are found not to be supplied against international tender, the sales tax involved on such goods shall be recoverable from the supplier, besides legal or penal action under appropriate provisions of the Act.

50C. **Miscellaneous.-** Any future supply of locally produced goods against international tender shall be governed under the provisions of this Chapter and the contract awarding person or the successful bidder shall apply afresh for provisional authorization of exempt supply under this Chapter.”;

(6) in rule 58, after the word “Tribunal,” the comma and word, “Board” shall be inserted; and

(7) in rule 62, after the word “Tribunal”, the comma and words, “any officer of the Board” shall be inserted.

2. This Notification shall take effect on and from the 2nd day of June, 2012.

[C.No. 1/42-STB/2012]

(Fahad Ali Chaudhary)
Secretary (ST&FE– L&P)