

Section 4 – S.R.O 1125 dated 31st December 2013, History

S.R.O 420(1)/2014 - dated 4 th June 2013	17%	Amendment in conditions v
S.R.O 898(1)/2013 - dated 4 th Oct 2013	3% + 2% VAT	Commercial imports of fabrics Condition (x), proviso substituted. Refund against local supplies, if any.
Clarification - dated 31 st Aug 2013	5% + 1% VAT	- Finished Fabric
S.R.O 682(1)/2013 - dated 26 th July 2013	2% or 5% or 17%	- Finished articles TABLE inserted - TABLE I = Finished articles - TABLE II = Raw material - Condition iv,v,vi,vii and viii amended - Condition ixa inserted
S.R.O 504(1)/2013 - dated 12 th June 2013 (Budget 2013-14)	2% or 17%	- Change in description of goods. - 5 Sectors - Finished articles excluding those in finished condition - sales tax @ 17% - Item 56 - excluding master batches (sales tax @ 17%) - Items 68 - Shoe adhesives omitted
S.R.O 221(1)/2013 - dated 19 th March 201	2%	Amendment & addition in conditions
S.R.O 154(1)/2013 - dated 28 th February 2013	2%	Amendment in conditions
S.R.O 1125(1)/2013 - dated 31 st December 2013	Zero or 5%	Conditional 5 sectors + 238 items
S.R.O 1058(1)/2011 - dated 23 rd November 2011	Zero or 4% or 6%	Conditional 5 sectors + 128 items
S.R.O 1012(1)/2011 - dated 4 th November 2011	Exempt or Zero or 5%	Conditional 5 sectors + 126 items
S.R.O 283(1)/2011 - dated 1 st April, 2011	Zero or 4% or 6%	Conditional 5 sectors + 185 items
S.R.O 509(1)/2011 - dated 9 th June 2007	Zero rated	5 sectors + 141 items
S.R.O 525(1)/2006 - dated 5 th June 2006	Zero rated	5 sectors + 144 items
S.R.O 621(1)/2005 - dated 17 th June 2005	zero rated	5 sectors + 147 Items
S.R.O 536(1)/2005 - dated 6 th June 2005	Zero rated	Table I = Textiles 245 items Table II = Leather 73 items Table III = Carpet 6 items Table IV = Surgical goods 13 items Table V = Sports Goods 20 items

S.R.O 420(1)/2014 – dated 4th June, 2014

In exercise of the powers conferred by clause (c) of section 4 read with clause (b) of sub-section (2) and sub-section (6) of section 3, clause (b) of sub-section (1) of section 8 and section 71 of the Sales Tax Act, 1990, the Federal Government is pleased to direct that the following further amendment shall be made in its Notification No. S.R.O 1125(1)/2011 dated the 31st December, 2011, namely:-

In the aforesaid notification, in Condition (v), for the word "five", the word "seventeen"

Condition v = Import of finished goods ready for use by the general public, shall be charged to tax at the rate of ~~five~~ **17%** percent and value addition tax at the rate of two percent;

S.R.O 898(1)/2013 – dated 4th October, 2013

In exercise of the powers conferred by clause © of section 4 read with clause (b) of sub-section (2) and sub-section (6) of section 3, clause (b) of sub-section (1) of section 8 and section 71 of the Sales Tax Act, 1990, the Federal Government is pleased to direct that the following further amendments shall be made in its Notification No. S.R.O 1125(1)/2011 dated the 31st December, 2011, namely:-

In the foresaid Notification,-

- (i) After condition (vii), the following new condition shall be inserted, namely:-
(viia) notwithstanding anything contained in any other condition of this Notification, Import and supplies of fabric shall be charged to sales tax at the rate of three per cent and value addition tax at the rate of two per cent shall be chargeable on commercial imports of fabrics,; and
- (ii) In condition (x), for the proviso, the following shall be substituted, namely:-

Provided that refund against local supplies, if any, shall be admissible only subject to pre-refund audit and in case of value addition of less than ten percent subject to the condition that the registered persons furnishes a revolving bank guarantee valid for at least ninety days issued by a scheduled bank to the satisfaction of the Commissioner, Inland Revenue having jurisdiction, of an amount not less than the average monthly refund claim during last twelve months.

Provided further that the post-refund audit shall be conducted and finalized within a period of ninety days and certificate to the genuineness of the refund claim shall be issued for each and every claim by the Commissioner, Inland Revenue having jurisdiction.

CLARIFICATION – 31st August 2013

The Board has clarified that as per condition (iv) of the subject SRO all commercial importers, on import of goods useable as industrial inputs, shall be charged sales tax at the rate of two percent (2%) along with one percent (1%) value addition tax at the import stage. It is further clarified that the item "finished fabric" is ready for use by the general public and hence, is chargeable to sales tax at the rate of five percent (5%) and value addition tax at the rate of one percent (1%) at the import stage, the FBR added.

S.R.O 682 (1)/2013 - dated 26th July 2013

In exercise of the powers conferred by clause © of section 4 read with clause (b) of sub-section (2) and sub-section (6) of section 3, clause (b) of sub-section (1) of section 8 and section 71 of the Sales Tax Act, 1990, the Federal Government is pleased to direct that the following further amendments shall be made in its Notification No. S.R.O 1125(1)/2011, dated the 31st December, 2011, namely:-

In the aforesaid Notification, -

Old S.R.O 1058(1)/2011 , 1125(1)/2011 & 154(1)/2013	CURRENT UPDATION
notify the goods specified in column (2) of the Table below under the PCT heading numbers mentioned in column (3) of the said Table, including the goods or class of goods mentioned in the conditions stated in this notification, to be the goods on which sales tax shall, subject to the said conditions be charged at zero-rate 2% (S.R.O 154(1)/2013) or, as the case may be, at the rate of five per cent, wherever applicable,	direct that sales tax shall be charged, levied and paid at the rate of two percent of the value of the goods mentioned in column (2) of Table-1 below, at the rate of five percent of the value of the goods mention in column (2) of the Table-II below, falling under PCT heading numbers specified in column (3) of the said respective tables, and at the rates of two, five or seventeen per cent, as the case may be, on the goods, or class of goods mentioned in the conditions stated in this notification.
Existing "Table" re-named	Table - I
	After Table-I, re-named, the following new Table shall be added, namely:-

TABLE - II

S.No.	Description of goods	PCT Heading No.
01.	Finished articles of leather and artificial leather	Respective headings
02.	Finished articles of textiles and textile made-ups excluding used and worn clothing;	Respective headings

In the conditions:-

Clause No	
Iv	On import by commercial importers of goods useable as industrial inputs sales tax shall be charged at the rate of two percent along with tow percent value addition tax at the import state, which shall be accountable against their subsequent liabilities arising against supply of these goods to persons in the five sectors mentioned in condition (i) at the rate of two percent, and to persons outside the said five sectors at the rate of five-cent 17%. The balance amount shall be paid with the monthly sales tax return, or in case of excess payment shall be carried forward to the next tax period.
V	Import of finished goods ready for use by the general public, shall be charged to tax at the rate of two five percent and value addition tax at the rate of two percent;
Vi	Supplies of goods, usable as industrial inputs, to registered persons of the five sectors mentioned in condition (i), shall be charged to tax at the rate of two percent, whereas supplies to persons not belonging to the said five sectors shall be charged to tax at the rate of five 17% percent;
Vii	Supplies of finished products of the sectors specified in condition (i) to registered retailers shall be charged to sales tax at the rate of two five percent;

Viia	notwithstanding anything contained in any other condition of this Notification, Import and supplies of fabric shall be charged to sales tax at the rate of three per cent and value addition tax at the rate of two per cent shall be chargeable on commercial imports of fabrics,; and
Viii	Registered persons engaged in the retail sale of these goods shall pay sales tax at the rate of two five percent on their retail sales and shall be entitled to input tax adjustment. Such goods supplied at the rate of two percent shall not constitute part of turnover for the purpose of turnover tax payable as prescribed under Chapter III of the Sales Tax Special Procedure Rules, 2007.
NEW ix a	Goods specified in Table-I, imported or supplied to registered manufacturers, whether or not of the five sectors, for manufacture of goods specified in Table-I or Table-II, shall be charged sales tax at the rate of two percent on their import or supply;.

SUMMARY OF CONDITION APPLY TO SRO 682(1)/2013 dated 26th July 2013

Clause No	Sector	Mode of supply	Condition	Sales Tax Rate
iv	Five sectors mentioned in condition (i).	On Import By Commercial Importers	Goods useable as Industrial inputs	2% + 2% value addition tax at the import state.
v	General public	Import	Finished goods ready for use	5% + value addition tax 2%
vi	Registered persons of the five sectors mentioned in condition (i)	Supply of goods	Usable as industrial inputs	2%
	Not belonging to five sectors mentioned in condition (i)	Supply of goods	Usable as industrial inputs	17%
vii	sectors specified in condition (i)	Supplies of finished products	Registered retailers	5%
viii	Register persons	Sale of these goods	Retail sale	5% on their retail sales. Such goods supplied @ 2% shall not constitute part of turnover for the purpose of turnover tax payable as prescribed under Chapter III of the Sales Tax Special Procedure Rules, 2007.
ixa	Registered manufacturers, whether or not of the five sectors	Imported or supplied	For manufacture of goods specified in Table-I or Table-II	2%

Condition (i) updated by S.R.O 154(1)/2013 dated 28th February, 2013

The benefit of this notification shall be available only to persons doing business in textiles (including jute), carpets, leather, sports and surgical goods sectors, who are registered as manufacturer, importer, exporter or wholesaler under the Sales Tax Act, 1990, and appear on the Active Taxpayers List (ATL) on the website of Federal Board of Revenue.

S.R.O 154(1)/2013 – dated 28th Feb 2013

In exercise of the powers conferred by clause (c) of section 4 read with clause (b) of sub-section (2) and sub-section (6) of section 3, clause (b) of sub-section (1) of section 8 and section 71 of the Sales Tax Act, 1990, the Federal Government is pleased to direct the following amendments shall be made in its Notification No. S.R.O 1125(1)/2011, dated 31st December, 2011, namely:-

Zero rated section taxable @ 2% subject to conditions and this notification shall take effect on and from 1st day of March, 2013.

Condition No	Sector	Mode of supply	Condition	Sales Tax Rate
(i)	The benefit of this notification shall be available only to persons doing business in textiles (including jute), carpets, leather, sports and surgical goods sectors, who are registered as manufacturer, importer, exporter or wholesales under the Sales Tax Act, 1990 and appear on the Active Taxpayers List (ATL) on the website of Federal Board of Revenue;			
(ii)	This notification shall apply from - (a) Spinning stage onwards, in case of textile sector; (b) Production of PTA or MEG, in case of synthetic sector; (c) Regular manufacturing, in case of carpets and jute products; (d) Tannery onwards, in case of leather sector; and (e) Organized manufacturing, in case of surgical and sports goods;			
(iii)	Five sector mentioned in condition (i)	On import by registered manufacturers	On goods useable as industrial inputs	2%
(iv)	Five sector mentioned in condition (i)	On import by commercial importer	Usable as industrial inputs	2% + 2% value addition,
	Outside the five sectors	On import by commercial importer	Usable as industrial inputs	5% The balance amount shall be paid with the monthly sales tax return or in case of excess payment shall be carried forward to the next tax period.
(v)	General public	Import	Finished goods ready for use	2% + 2% value addition.
(vi)	Register person of the five sectors mentioned in condition (i).	Supply of goods	Usable as industrial inputs	2%
	Person not belonging to said five sectors	Supply of goods	Usable as industrial inputs	5%
(vii)	Sectors specified in condition (i)	Supply of Finished goods	To registered retailers	2%

(viii)	Registered persons	Retail sale of these goods	On their retail sales and shall be entitled to input tax adjustment. Such goods supplied @ 2% shall not constitute part of turnover for the purpose of turnover tax payable as prescribed under Chapter III of the sales tax special procedure rules, 2007	2%
(ix)	Registered manufacturers		Process goods owned by others	2% inclusive of processing charges received.
	Explanation : - For the purposes of this provision and in terms of the proviso to sub-section (33) of section 2 of the Sales Tax Act, 1990 the return of goods by the processor to the principal after processing shall market price of such goods inclusive of the processing charges.			
(x)	<p>a registered person who has consumed any other inputs acquired on payment of sales tax, shall be entitled to input tax adjustment or, as the case may be, refund against taxable supplies made by him, subject to the relevant provisions of the Sales Tax Act, 1990 and Rules made there under;</p> <p>Provided that refund against local supplies, if any, shall be admissible only subject to pre-refund audit and in case of value addition of less than ten percent subject to the condition that the registered persons furnishes a revolving bank guarantee valid for at least ninety days issued by a scheduled bank to the satisfaction of the Commissioner, Inland Revenue having jurisdiction, of an amount not less than the average monthly refund claim during last twelve months.</p> <p>Provided further that the post-refund audit shall be conducted and finalized within a period of ninety days and certificate to the genuineness of the refund claim shall be issued for each and every claim by the Commissioner, Inland Revenue having jurisdiction.</p>			
(xi)	registered manufacturers shall be entitled to adjustment of input tax paid on machinery, parts, spares and lubricants acquired by them for their own use, subject to the relevant provision of the Sales Tax Act, 1990 and Rules made thereunder; and			
(xii)	supply of electricity and gas to the registered manufacturers or exporters of the five sectors mentioned in condition (i), shall be charged sales tax at the rate of zero per cent in the manner specified by the Board.			