

Section	Subsection	Clause	Amendment of Sales Tax Act, 1990.- In the Sales Tax Act, 1990,-	Amended Bill 2015-16 NEW / inserted Deletion or Omitted Substituted
			In the Sales Tax Act, 1990 the following further amendments shall be made, namely:-	
2			DEFINATION	
		1	“Appellate Tribunal” means the Appellate Tribunal Inland Revenue established under section 130 of the Income Tax Ordinance 2001 (XLIX of 2001);	
		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;	
		(b)	who fails to file the return under section 26 by the due date for two consecutive tax periods;	
		(c)	who fails to file an Income Tax return under section 114 or statement under section 115, of the Income Tax Ordinance, 2001(XLIX of 2001), by the due date; and	
		(d)	who fails to file two consecutive monthly or an annual withholding tax statement under section 165 of the Income Tax Ordinance, 2001;	
		1(A)	“Appellate Tribunal” means the Appellate Tribunal Inland Revenue established under section 130 of the Income Tax Ordinance 2001 (XLIX of 2001);	
		5AB	“cottage industry” means a manufacturer whose annual turnover from taxable supplies made in any tax period during the last twelve months ending any tax period does not exceed five million rupees or whose annual utility (electricity, gas and telephone) bills during the last twelve months ending any tax period do not exceed seven <u>eight</u> hundred thousand rupees;	
		28	“Retailer” means a person supplying goods to general public for the purpose of consumption. Provided that any person, who combines the business of import and retail or manufacture or production with retail, shall notify and advertise wholesale prices and retail prices separately, and declare the address of retail outlets; and his total turnover per annum shall be taken into account for the purposes of registration under section 14.	
		33	“supply”	
		33(d)	in case of manufacture of goods belonging to another person, the transfer or delivery of such goods to the owner or to a person nominated by him:”;	
		46(A)	“whistleblower” means whistleblower as defined in section 72D of the Sales Tax Act, 1990”; (An informant who exposes wrongdoing within an organization in the hope of stopping it)	

3			Scope of tax
	1(A)		Subject to the provision of sub section (6) of section 8 or any notification issued there under, where taxable supplies are made to a person who has not obtained registration number, there shall be charged, levied and paid a further tax at the rate of one two percent of the value In addition to the rate specified in sub sections 1),(1B),(2)(5)and (6) provided that the Federal Govt. may, by notification in the official Gazette, specify the taxable supplies in respect of which the further tax shall not be charged, levied and paid.
	2		Notwithstanding the provisions of sub-section (1)
		(b)	the Federal Government may, subject to such conditions and restrictions as it may impose, by notification in the official Gazette, declare that in respect of any goods or class of goods imported into or produced or any taxable supplies made by a registered person or a class of registered persons any taxable goods , the tax shall be charged, collected and paid in such manner and at such higher or lower rate or rates as may be specified in the said notification.
6			Time and manner of payment.
	1		The tax in respect of goods imported into Pakistan shall be charged and paid in the same manner and at the same time as if it were a duty of customs payable under the Customs Act, 1969 [and the provisions of the said Act [including section 31A thereof], shall, so far as they relate to collection, payment and enforcement including recovery of tax under this Act on such goods where no specific provision exists in this Act, apply,
7			Determination of tax liability.
	2	(ii)	in case of goods imported into Pakistan, he holds bill of entry or goods declaration in his name and showing his sales tax registration number, duly cleared by the customs under section 79, section 81 or section 104 of the Customs Act, 1969 (IV of 1969);
8			Tax credit not allowed.
	1	(h)	goods used in, or permanently attached to, immoveable property, such as building and construction materials, paints, electrical and sanitary fittings, pipes, wires and cables, but excluding pre-fabricated building and such goods acquired for sale or re-sale or for direct use in the production or manufacture of taxable goods; and
		(j)	services in respect of which input tax adjustment is barred under the respective provincial sales tax law;
		(k)	import or purchase of agricultural machinery or equipment subject to sales tax at the rate of 7% under Eighth Schedule to this Act; and
		(l)	from the date to be notified by the Board, such goods and services which, at the time of filing of return by the buyer, have not been declared by the supplier in his return.";
8A			Joint and several liability of registered persons in supply chain where tax unpaid, <u>of which the burden to prove shall be on the department</u>

13			Exemption
	2		Notwithstanding the provisions of sub-section (1)
		a	the Federal Government may pursuant to the approval of the Economic Coordination Committee of Cabinet, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations, protection of national economic interests in situations arising out of abnormal fluctuation in international commodity prices, removal of anomalies in taxes, development of backward areas and implementation of bilateral and multilateral agreements, by notification in the official Gazette, exempt any taxable supplies made or [import or supply of] any goods or class of goods, from the whole or any part of the tax chargeable under this Act, subject to the conditions and limitations specified therein; and
		b	the Board may, by special order in each case stating the reasons, exempt any import or supply of goods of such description or class, as may be specified from the payment of the whole or any part of the tax chargeable under this Act.
	3		The exemption from tax chargeable under sub-section (2) may be allowed from any previous date specified in the notification issued under clause (a) or, as the case may be, order made under clause (b) of that sub-section.
	6		The Federal Government shall place before the National Assembly all notifications issued under this section in a financial year.
	7		Any notification issued under sub-section (2), shall, if not earlier rescinded, stand rescinded on the expiry of the financial year in which it was issued.”;

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14			Registration	
			Under this Act, registration will be required for such persons and be regulated in such manner and subject to rules as the Board may, by notification in the official Gazette, prescribe.	
	1		Every person engaged in making taxable supplies in Pakistan, including zero-rated supplies, in the course or furtherance of any taxable activity carried on by him, falling in any of the following categories, if not already registered, is required to be registered under this Act, namely:-	
		a	a manufacturer who is not running a cottage industry;	
		b	a retailer who is liable to pay sales tax under the Act or rules made there under, excluding such retailer required to pay sales tax through his electricity bill under sub-section (9) of section 3;	
		c	an importer;	
		d	an exporter who intends to obtain sales tax refund against his zero-rated supplies;	
		e	a wholesaler, dealer or distributor; and	
		f	a person who is required, under any other Federal law or Provincial law, to be registered for the purpose of any duty or tax collected or paid as if it were a levy of sales tax to be collected under the Act;	
	2		Persons not engaged in making of taxable supplies in Pakistan, if required to be registered for making imports or exports, or under any provisions of the Act, or any other Federal law, may apply for registration.	
	3		The registration under this Act shall be regulated in such manner as the Board may, by notification in the official Gazette, prescribe.	
21A			Active taxpayers list. - The Board shall have the power to maintain active taxpayers list in the manner as may be prescribed by rules and such rules may provide for the restrictions and limitations to be imposed on a person who ceases to be an active taxpayer.”;	
25			Access to record, documents, etc.	
	3		After completion of Audit under this section or any other provision of this Act, the officer of Inland Revenue may, after obtaining the registered person's explanation on all the issues raised in the audit shall pass an order under section (11) or section (36), as the case may be.	

32A			Special Audit by Chartered Accountants or Cost Accountants <u>Special Audit Panels.</u>
	4		The Board or the Commissioner may, appoint a Chartered Accountant as defined under Chartered Accountants Ordinance, 1961 (X of 1961) or a firm of Chartered Accountants or a Cost and Management Accountant within the meaning of the Cost and Management Accountants Act, 1966 (XIV of 1966) or a firm of Cost and Management Accountants, for conducting special audit of records of registered person: Provided that the Board [or the commissioner] may, [...] appoint a firm of Chartered Accountants as defined under the Chartered Accountants Ordinance, 1961 (X of 1961), or a Cost and Management Accountant within the meaning of the Cost and Management Accountants Act, 1966 (XIV of 1966), or a firm of Cost and Management Accountants to conduct audit of refund claims.
	1		The Board may appoint as many special audit panels as may be necessary, comprising two or more members from the following, -
		(a)	an officer or officers of Inland Revenue;
		(b)	a firm of chartered accountants as defined under the Chartered Accountants Ordinance, 1961 (X of 1961);
		(c)	a firm of cost and management accountants as defined under the Cost and Management Accountants Act, 1966 (XIV of 1966); or
		(d)	any other person as directed by the Board, to conduct audit of a registered person or persons, including audit of refund claims and forensic audit and the scope of such audit shall be determined by the Board or the Commissioner Inland Revenue on a case-to-case basis. In addition, the Board may, where it considers appropriate, also get such audit conducted jointly with similar audits being conducted by provincial administrations of sales tax on services.”;
	2		Notwithstanding that records of a registered person have been audited by an officer appointed under section 30, the Board or a [Commissioner] may direct an auditor <u>special audit panel</u> appointed under sub-section (1) to audit the records of any registered person.
	3		An auditor <u>Every member of special audit panel</u> appointed under sub-section (1), shall have the powers of an officer of Inland Revenue under sections 25, 37 and 38.
	4		Each special audit panel shall be headed by a chairman who shall be an officer of Inland Revenue.
	5		If any one member of the special audit panel, other than the chairman, is absent from conducting an audit, the proceedings of the audit may continue and the audit conducted by the special audit panel shall not be invalid or be called in question merely on the ground of such absence.
	6		The Board may prescribe rules in respect of constitution, procedure and working of special audit panel.”;

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33			Offences and penalties	
			Offences	Penalties
			(1)	(2)
			1. Where any person fails to furnish a return within the due date.	Such person shall pay a penalty of five thousand rupees: Provided that in case a person files a return within fifteen <u>ten</u> days of the due date, he shall pay a penalty of one hundred rupees for each day of default.
			5. Any person who fails to deposit the amount of tax due or any part thereof in the time or manner laid down under this Act or rules or orders made there under.	Such person shall pay a penalty of ten thousand rupees or five per cent of the amount of the tax involved, whichever is higher: Provided that, if the amount of tax or any part thereof is paid within fifteen <u>ten</u> days from the due date, the defaulter shall pay a penalty of five hundred rupees for each day of default: Provided further that no penalty shall be imposed when any miscalculation is made for the first time during a year: Provided further that if the amount of tax due is not paid even after the expiry of a period of sixty days of issuance of the notice for such payments by an officer of [Inland Revenue, not below the rank of Assistant Commissioner Inland Revenue], the defaulter shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to three years, or with fine which may extend to amount equal to the amount of tax involved, or with both.
				Section of the Act to which offence has reference
				(3)
				26
				3, 6, 7 and 48

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40C			Monitoring or Tracking by Electronic or other means.	
	2		From such date as may be prescribed by the Board, no taxable goods shall be removed or sold by the manufacturer or any other person without affixing tax stamp, band role stickers, labels, <u>barcodes</u> etc. in any such form, style and manner as may be prescribed by the Board in this behalf.	
	3		Such tax stamps, banderoles, stickers, labels, barcodes etc., shall be acquired by the registered person referred to in subsection (2) from a licensee appointed by the Board for the purpose, against price approved by the Board, which shall include the cost of equipment installed by such licensee in the premises of the said registered person.	
45A			Power of the Board and Commissioner to call for records	
	1		The Board may, of its own motion <u>or otherwise</u> , call for and examine the record of any departmental proceedings under this Act or the rules made there under for the purpose of satisfying itself as to the legality or propriety of any decision or order passed therein by an Officer of [Inland Revenue], it may pass such order as it may think fit:	
56A			Agreement for the exchange of information.-	
	1		The Federal Government may enter into bilateral or multilateral agreements with provincial governments or with governments of foreign countries for the exchange of information, including electronic exchange of information, with respect to sales tax imposed under this Act or any other law of Pakistan and under the corresponding laws of such countries and may, by notification in the official Gazette, make such provisions as may be necessary for implementing such agreements.	
	2		The provisions of section 107 of the Income Tax Ordinance, 2001 (XLIX of 2001) shall, mutatis mutandis, apply to the provisions of this section.	
56B			Disclosure of information by a public servant.-	
	1		Any information acquired under any provision of this Act or in pursuance of a bilateral or multilateral agreement or tax information exchange agreement shall be confidential and no public servant shall disclose any such information, except as provided under section 216 of the Income Tax Ordinance, 2001 (XLIX of 2001).	
	2		The provisions of section 216 of Income Tax Ordinance, 2001 (XLIX of 2001), shall, mutatis mutandis, apply to the provisions of this section.	
56C			Prize schemes to promote tax culture.-	
			The Board may prescribe prize schemes to encourage the general public to make purchases only from registered persons issuing tax invoices.”;	

72D			Reward to whistleblowers.-
	1		The Board may sanction reward to whistleblowers in cases of concealment or evasion of tax, tax fraud, corruption or misconduct providing credible information leading to such detection of tax fraud;
	2		The Board may, by notification in the official Gazette, prescribe the procedure in this behalf and also specify the apportionment of reward sanctioned under this section for whistleblowers;
	3		The claim for reward by the whistleblower shall be rejected if-
		a	the information provided is of no value;
		b	the Board already had the information;
		c	the information was available in public records; or
		d	no collection of taxes is made from the information provided from which the Board can pay the reward;
	4		For the purpose of this section, "whistleblower" means a person who reports concealment or evasion of sales tax and tax fraud leading to detection or collection of taxes, fraud, corruption or misconduct, to the competent authority having power to take action against the person or a sales tax authority committing fraud, corruption, misconduct, or involved in concealment or evasion of taxes.";