

SALIENT FEATURES

SALES TAX & FEDERAL EXCISE BUDGETARY MEASURES 2013-14

BRIEF POINTS ON MAJOR FISCAL MEASURES

RELIEF MEASURES

1. Amendment is made in Sales Tax Act, 1990 and Federal Excise Act, 2005 to allow Commissioner (Appeals) to grant stay of 30 days in hardship cases.
Enforced through amendment in Finance Bill, 2013, effective from the 01.07.2013.
2. Amendment is made in Sales Tax Act, 1990 to harmonize provision relating to rectification of mistake with Income Tax Ordinance, 2001.
Enforced through Finance Bill, 2013, effective from the 01.07.2013.

REVENUE MEASURES

3. Enhancement in standard rate of sales tax from 16% to 17%.
Enforced through Finance Bill, 2013, effective from the 13.06.2013.
4. Charging further tax @ 2% on taxable supplies to a person who has not obtained registration number.
Enforced through Finance Bill, 2013, effective from the 13.06.2013.
5. Withdrawing sales tax exemption on milk preparations obtained by replacing one or more constituent of milk by another substance and supplies against international tender.
Enforced through Finance Bill, 2013, effective from the 13.06.2013.

6. Charging sales tax @ 5% in addition to the standard of 16% on non-registered commercial and industrial consumers of electricity and gas having monthly bill in excess of Rs. 15,000.
Enforced through Finance Bill, 2013, effective from the 13.06.2013 and S.R.O. 509(I)/2013 and S.R.O. 510(I)/2013, both dated 12.06.2013.
7. The rate of federal excise duty on aerated beverages is being increased from 6% to 9% and introduction of capacity based taxation on aerated beverages to stop evasion and malpractices in the sector
Enforced through Finance Bill, 2013, effective from the 01.07.2013.
8. The three tier structure of chargeability of FED on cigarettes is being replaced by a two tier specific rate structure.
Enforced through Finance Bill, 2013, effective from the 13.06.2013.
9. Federal Excise Duty @ 40 paisa per kg on imported seeds, Rs. 1/ per kg on locally produced oil and 10% *ad.val.* on motor vehicles of cylinder capacity of 1800cc or above is being charged.
Enforced through Finance Bill, 2013, effective from the 13.06.2013 and S.R.O. 507(I)/2013 and S.R.O. 508(I)/2013, both dated 12.06.2013.
10. The scope of chargeability of Federal Excise Duty on financial services is being expanded by making all kinds of financial services falling under PCT 98.13 chargeable to Federal Excise Duty @ 16%.
Enforced through Finance Bill, 2013, effective from the 13.06.2013.
11. Exemption of Federal Excise Duty on hydraulic cement and services provided or rendered by Asset Management Companies is being withdrawn.
Enforced through Finance Bill, 2013, effective from the 13.06.2013.
12. Disallowing input tax adjustment in cases where discrepancies indicated by CREST or input tax of purchases is not verifiable in the supply chain.
Enforced through Finance Bill, 2013, effective from the 13.06.2013.

STREAMLINING MEASURES

13. Expansion in list of items which are chargeable to sales tax on retail price.
Enforced through Finance Bill, 2013, effective from the 13.06.2013.
14. Withdrawing the concessions available to thirteen districts of Khyber Pakhtunkhwa, FATA and PATA on the pattern of Income Tax exemptions already withdrawn
Enforced through S.R.O. 500(I)/2013 and S.R.O. 503(I)/2013, both dated 12.06.2013.
15. Substituting zero-rating with exemption on the items of non export oriented sectors
Enforced through S.R.O. 501(I)/2013 and S.R.O. 502(I)/2013, both dated 12.06.2013.
16. Exclusion of finished consumer goods from the list of items chargeable to sales tax @ 2%.
Enforced through SRO 504 (I)/2013 dated 12-06-2013.
17. Expansion of scope of withholding regime for withholding of whole of amount of tax by withholding agents on purchases made from unregistered persons.
Enforced through SRO 505 (I)/2013 dated 12-06-2013.
18. Record relating to gate passes and transport receipts are prescribed as the documents to be maintained under Sales Tax Act, 1990 and Federal Excise Act, 2005.
Enforced through Finance Bill, 2013, effective from the 01.07.2013.
19. Explanation added to sections 25, 38, 38A, 38B and 45A of Sales Tax Act, 1990 and sections 35, 45 and 46 of Federal Excise Act, 2005 to

specify that the power under these sections are independent of the powers under section 72B and 42B respectively.

Enforced through Finance Bill, 2013, effective from the 01.07.2013.

20. Modification in sales tax rules to streamline the place of registration of registered persons.

Enforced through SRO 506 (I)/2013 dated 12-06-2013.

21. Amendment is made in Sales Tax Act, 1990 and Federal Excise Act, 2005 to allow monitoring or tracking of manufacturing activities, sales, clearances, etc. by electronic or other means.

Enforced through Finance Bill, 2013, effective from the 01.07.2013.

22. Amendment is made in Sales Tax Act, 1990 and Federal Excise Act, 2005 to allow provision for reward to Inland Revenue officers/officials in detection of cases involving concealment or evasion of duty and taxes.

Enforced through Finance Bill, 2013, effective from the 01.07.2013.