

GOVERNMENT OF PAKISTAN
MINISTRY OF FINANCE, ECONOMIC AFFAIRS
STATISTICS AND REVENUE
(REVENUE DIVISION)

Amended via SRO 869(I)/2002

Islamabad, the 23rd August, 2002.

NOTIFICATION

SALES TAX

S.R.O. 555(I)/2002. In exercise of the powers conferred by clause (a) of sub-section (2) of section 13 of the Sales Tax Act, 1990, the Federal Government is pleased to exempt, the substances registered as drugs under the Drugs Act, 1976 (XXXI of 1976), and medicaments as are classifiable under any heading of Chapter 30 of the First Schedule to the Customs Act, 1969 (IV of 1969) from the whole of sales tax leviable thereon except the following, even if medicated or medicinal in nature, namely :-

- a) filled infusion solution bags imported with or without infusion giving sets;
- b) scrubs, detergents and washing preparations;
- c) soft soap or no-soap soap;
- d) adhesive plaster;
- e) surgical tapes;
- f) liquid paraffin;
- g) disinfectants;
- h) cosmetics and toilet preparations; and
- i) absorbent cotton wool.

2. The registered manufacturers and importers of the medicines and medicaments shall not deposit sales tax on supplies made during the period from 1st to 22nd August, 2002 (both dates inclusive) and the amount of sales tax, deposited by such manufacturers and importers for the period from 1st July to 31st July, 2002 (both dates inclusive) shall be refunded subject to the conditions stated in clause (a) and through the procedure laid down in clause (b) below: --

(a) **CONDITIONS:** (i) Each person whether importer or local manufacturer-cum-supplier individually as well as through Pakistan Pharmaceutical Manufacturers Association (PPMA) and Pharma Bureau shall be responsible for defacing the amount or component of sales tax printed on the containers, packing, packets or bottles, etc. of such medicines and medicaments already supplied for sale in the market;

(ii) PPMA and Pharma Bureau as well as each person claiming refund shall be responsible that all medicines supplied through their distributors, dealers and retailers are sold to the buyers without passing any incidence of sales tax to such buyers;

(iii) payment of refund of sales tax to importers shall be subject to the fulfillment of their legal obligations under

corporate tax law;

(iv) refund shall also be admissible even in case where a taxpayer is not a member of any association like PPMA and Pharma Bureau, etc.;

(v) no refund of sales tax shall be claimed or paid on goods which are still liable to sales tax as mentioned against items (a) to (i) of paragraph 1 of this notification;

(vi) the provisions of section 3B of the Sales Tax Act, 1990 shall not be invoked while processing, sanctioning and paying refund under this notification; and

(vii) the admissible amount of refund of sales tax may be adjusted against any outstanding liability or demand of income tax unless there is already determined refund of income tax for adjustment against any outstanding liability or demand of income tax, or the person claiming sales tax refund is not liable to pay income tax under the Income tax Ordinance, 2001, in which case refund shall be processed and sanctioned by the concerned Collectorate of Sales Tax or as the case may be by the Large Taxpayers Unit under section 10 of the Sales Tax Act, 1990; and

(b) **PROCEDURE:** (i) the person seeking refund of sales tax paid for the month of July, 2002 shall file their refund claim through their concerned association to the Central Board of Revenue or directly in case they are not member of any such association; and

(ii) on receipt of refund claim as aforesaid, the Central Board of Revenue shall, after necessary scrutiny, transmit the same to the concerned Collector of Sales Tax or as the case may be, Collector of Sales Tax, Large Taxpayers Unit, who shall ascertain the amount of admissible refund and refer the case to the concerned Regional Commissioner of income Tax or as the case may be, the Director General, Large Taxpayers Unit, Karachi for adjustment of the admissible amount of sales tax refund against the income tax liability or demand and if there is no such liability or demand for the assessment year 2002-03 or for earlier years, the refund shall be processed and sanctioned as stated in sub-clause (vii) of clause (a).

3. This notification shall take effect from 1st July, 2002

(Dr. Manzoor Ahmad)

Additional Secretary