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ORDINANCE No. IV of 2014

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ORDINANCE

further to amend the Sales Tax Act, 1990

WHEREAS it is expedient further to amend the Sales Tax Act, 1990 for the purposes hereinafter appearing;

AND WHEREAS the Senate and National Assembly are not in session and the President is satisfied that circumstances exist which render it necessary to take immediate action;

NOW, THEREFORE, in exercise of the powers conferred by clause (1) of Article 89 of the Constitution of the Islamic Republic of Pakistan, the President is pleased to make and promulgate the following ordinance, namely:—

1. **Short title and commencement.**— (1) This Ordinance may be called the Sales Tax (Amendment) Ordinance, 2014.

(2) It shall come into force at once.

2. **Amendments of section 3, Sales Tax Act, 1990.**— In the Sales Tax Act, 1990, hereinafter referred to as the Act, in section 3, for sub-section (8) the following shall be substituted, namely:—

“(8) Notwithstanding anything contained in any law or notification made there-under, in case of supply of natural gas to CNG stations, the Gas Transmission and Distribution Company shall charge sale tax from the CNG stations at the rate of seventeen per cent of the value of supply to the CNG consumers, as notified by the Board from time to time, but excluding the amount of sales tax, as provided in clause (46) of section 2.”

3. **Amendment of section 3B, Sales Tax Act, 1990.**— In section 3B, for sub-section (2), the following shall be substituted and shall be deemed to have been always so substituted, namely:—

“(2) Notwithstanding anything contained in any law or judgment of the court, including Superior Courts, any amount payable to the Federal Government under sub-section (1) shall be deemed to be an arrear of tax or charge payable under this Act and shall be recoverable accordingly and any claim for refund in respect of such amount shall neither be admissible to the registered person nor payable to any court of law or to any person under direction of the court.”

STATEMENT OF OBJECTS AND REASONS

Honourable Supreme Court of Pakistan vide its judgments dated 21.06.2013 and 10.12.2013 declared the extra sales tax (a) of 9% on the supply of CNG as against the Constitution and law. Accordingly, the Court directed the FBR to deposit Rs.28 Billion collected as extra sales tax with effect from 01-07-2007 to 10.12.2013 with the Registrar, Supreme Court of Pakistan. As the prevailing legal dispensation empowers the FBR to issue refund of sales tax only to the registered persons; it was found that the FBR is legally incapacitated to implement the directions of the Honourable Supreme Court of Pakistan. Immediate loss of revenue of Rs.28 billion and future loss of revenue (not precisely quantifiable at this stage) can be effectively saved by urgently bringing certain amendments in the Sales Tax Act, 1990.

The Bill is designed to achieve the aforesaid object.

Minister-In-charge