

**GOVERNMENT OF PAKISTAN
REVENUE DIVISION
FEDERAL BOARD OF REVENUE
(Inland Revenue)**


C. No.1(5)ST-LP&E/ZR/Misc/2016/ 121491-R

Islamabad, the 20th September, 2016.

SALES TAX GENERAL ORDER NO. 107 OF 2016.

SUBJECT:- PROCEUDRE FOR ISSUANCE OF GENERAL ORDERS FOR GRANT/WITHDRAWAL AND REJECTION OF ZERO-RATING ON FURNACE OIL, DIESEL OIL AND COAL TO REGISTERED MANUFACTURERS OF THE FIVE SECTORS SPECIFIED IN CONDITION (i) OF NOTIFICATION S.R.O. 1125(I)/2011 DATED 31.12.2011.

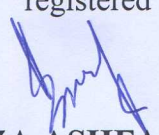
In exercise of powers conferred by condition (xiii) of the Notification S.R.O. 1125(I)/2011 dated 31.12.2011, the Federal Board of Revenue is pleased to direct that the following procedure and requirements shall be observed for the purpose of uniform and expeditious processing and disposal of cases for the grant, rejection or withdrawal of zero-rating on supply of furnace oil , diesel oil & coal to the registered manufacturers of the five sectors specified in condition (i) of notification S.R.O. 1125(I)/2011 dated 31.12.2011, namely:-

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- (i) Upon receipt of an application for zero-rating on furnace oil , diesel oil & coal from the registered manufacturers of the five sectors, whether directly or forwarded by the Board, the LTU or RTO having jurisdiction shall complete the process of physical and other necessary verifications and the Chief Commissioner Inland Revenue shall, within thirty days of receipt of such letter, furnish a report on the format attached as Annexure-A conveying his express recommendation for grant of zero-rating or otherwise. While forwarding the cases to the Board, it shall be ensured that settled CREST discrepancies are properly updated. The cases not fulfilling the requirements as specified in Annexure-A shall not be recommended for zero-rating.
 - (ii) The Board shall, within thirty days of receipt of such report from the concerned LTU/RTO, either issue a General Order for zero-rating for the applicant, or reject the request, as it may deem fit. However, in case the report from LTU/RTO is deficient in any respect, or the Board requires further clarification on any aspect of the case, it may cause such further scrutiny or inquiry as it may require, to be completed within the time frame to be specified.
 - (iii) In case it is detected that a person has obtained zero-rating facility on the basis of any misrepresentation, or after obtaining zero-rating, he misuses the facility by

way of supply of zero-rating furnace oil , diesel oil & coal to any other person, or uses it for any purpose other than for the manufacture of goods specified in S.R.O. 1125(I)/2011 dated 31.12.2011, the zero-rating shall forthwith be withdrawn ab-initio, and action shall be taken to recover the amount of sales tax chargeable on such zero-rated furnace oil , diesel oil & coal alongwith penalty under section 33 and default surcharge under section 34 of the Sales Tax Act, 1990.


(iv) The zero-rating facility on furnace oil , diesel oil & coal shall also be withdrawn in cases where the registered person availing the facility becomes unentitled / ineligible, due to any of the following reasons, namely:-

- (a) the business has been closed down;
- (b) the business or premises has been sold out or to some other person;
- (c) the lease of the premises, where the generators / boilers are installed, has expired;
- (d) the registered person has left the premises where generators / boilers are installed or has shifted to some other location;
- (e) the registered person is a null, nil, non-filer and not an active taxpayer;
- (f) the registered person is making supplies to and from suspended / black-listed unit or his supplies and corresponding input tax credit are not verified;
- (g) inadmissible input tax credits have been claimed;
- (h) outstanding recoverable demand is not paid despite recovery notices;
- (i) The electricity generated through such generators / boilers is being shared with another person;
- (j) Zero-rating facility is being availed by the registered person un-authorisedly.


RAZA ASHFAQ SHEIKH
Secretary IR –ST&FE
(Law, Procedure & Exemptions)

Copy to:

1. PS to Member (Inland Revenue Policy), Federal Board of Revenue, Islamabad.
2. All Chief Commissioners Inland Revenue, LTUs/RTOs.
3. The Director General, Intelligence & Investigation (Inland Revenue), Federal Board of Revenue, Islamabad.
4. The Director General (Law), Federal Board of Revenue, Islamabad.
5. The Director General (Internal Audit), Federal Board of Revenue, Islamabad.


RAZA ASHFAQ SHEIKH
Secretary IR –ST&FE
(Law, Procedure & Exemptions)

Verification Report

(Please tick the relevant box) **Annexure-A**

1.	Name of LTU/RTO						
2.	Name & Designation of the Visiting Officer (s) Official (s)	1. 2. 3.					
3.	Date of Visit						
4.	Name of Owner / Contact Person, etc.						
5.	Contact details of representative, if any.						
6.	Name of the Unit.						
7.	Sales Tax Registration No.						
8.	NTN No.						
9.	Status of registered person/whether, Individual, AOP, Co., etc.						
10.	Category, i.e., manufacturer-cum-exporter / manufacturer making local supplies or both etc. Pl. specify.						
11.	Address of Head Office / Registered Office.						
12.	Address (es) of Manufacturing Premises.						
13.	Whether the premises are owned, rented or leased by the RP	Owned		Rented		Leased	
14.	Whether premises are singly owned or shared.						
15.	Is unit operational?	Yes		No			
16.	Nature of manufacturing activity and type of product / items being manufactured?						
17.	Do these items fall under S.R.O. 1125(I)/2011 as amended to date?	Yes		No			
18.	Are items other than those covered under S.R.O. 1125(I)/2011 being manufactured	Yes		No			
	If yes, the nature type of items / products and quantum of production (unit of measure (Meters, tons, etc)).						
19.	Whether generators / boilers are installed at given manufacturing premises?	Yes		No			
	If not, then where installed?						
20.	Whether the RP complies with the conditions of S.R.O. 1125(I)/2011 dated 31.12.2011.	Yes		No			
21.	Whether supplies of RP are within the five sectors as specified in condition (i) of S.R.O. 1125(I)/2011 dated 31.12.2011.						
22.	Whether there is any discrepancy (including inadmissible and unverified input tax credits) in registered manufacturer's returns' profile, CREST, etc.	Yes		No			
	If yes, status of discrepancy, amount involved and action taken etc.						
23.	Whether there is any outstanding liability against the registered manufacturer. If yes, the amount and type of revenue involved.	Yes		No			
24.	Whether compliant with provisions of section 8 and 8B.	Yes		No			
25.	Details of machinery installed (please attach list).						
26.	No. of installed generators with capacity.						
27.	No. of installed boilers with capacity.						



28.	Whether furnace oil, diesel oil and coal are exclusively being used for the purpose of manufacturing of goods as specified under S.R.O. 1125(I)/2011 dated 31.12.2011.				
29.	Whether the purchase quantity of furnace oil, diesel oil and coal is compatible to the manufacturing capacity of the registered manufacturer.				
30.	Is furnace oil, diesel oil and coal being used exclusively by the registered manufacturer or being supplied/shared with other? Give details.				
31.	Is electricity produced through furnace oil, diesel oil and coal being used exclusively by the registered manufacturer or being supplied/shared with other? Give details.				
32.	Whether furnace oil, diesel oil and coal are being used for guest houses/residential colonies or others? If yes give details.				
33.	Whether electricity produced through furnace oil, diesel oil and coal are being used for guest houses/residential colonies or others? If yes give details.				
34.	Gas and electricity account No./consumer No./reference No. already availing zero-rating. Please give details along with serial No. of relevant STGO.				
35.	Average consumption of furnace oil, diesel oil and coal to average sales for the last 12 months.				
36.	Whether the average consumption of furnace oil, diesel oil and coal to average sales for the last 12 months is justified?				
37.	Average Utility consumption (including electricity, gas, diesel oil, furnace oil and coal) to average sales for the last 12 months.				
38.	Whether the average Utility consumption (including electricity, gas, diesel oil, furnace oil and coal) to average sales for the last 12 months is justified?				
39.	Detail of supplier(s) of furnace oil.	Name & Address	NTN	LTU/RTO	Quantity to be purchase
40.	Detail of supplier(s) of diesel oil.	Name & Address	NTN	LTU/RTO	Quantity to be purchase
41.	Detail of supplier(s) of coal.	Name & Address	NTN	LTU/RTO	Quantity to be purchase
42.	Whether the registered manufacturer makes purchases of furnace oil and diesel oil directly from Oil Marketing Companies (OMCs).				
43.	Whether the quantity of furnace oil, diesel oil and coal is proportionate to last 12 months' purchases (such purchases should not exceed 110% of the last 12 months purchases).				
44.	Quantity of furnace oil required in a tax period (one month).				
45.	Quantity of furnace oil recommended for a tax period (one month).				
46.	Quantity of diesel oil required in a tax period (one month).				

47.	Quantity of diesel oil recommended for a tax period (one month).				
48.	Quantity of coal required in a tax period (one month).				
49.	Quantity of coal recommended for a tax period (one month).				

General Remarks (If any, other than above):

Documents attaches

Mark 'Yes'

List containing detail of machinery	
Any other	

Name and Signature(s) of the visiting official(s):

Remarks/Recommendation and Certificate of the ACIR/DCIR (Mandatory):
Remarks/Recommendation

Certificate:

This is to certify that the registered person is a bona fide manufacturer / exporter and qualifies for zero rating.

Name, Signature & Stamp of the Assistant/Deputy Commissioner Inland Revenue.

Remarks/Recommendation of Commissioner Inland Revenue (mandatory):

Name, Signature & Stamp of the Commissioner Inland Revenue.

