

Provincial Sales Tax Input Adjustment Sales Tax on Petroleum Products

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Two amendments have been proposed in Sales Tax Act, 1990 during the month of August 2016. Brief comments on the same are as under:

Provincial Sales Tax as Input Tax

Ordinance No. V OF 2016 Dated August 31, 2016/ SRO 814(I)/2016, dated September 2, 2016

Earlier clause 22A of section 2 of Sales Tax Act 1990 which allowed the admissibility of Provincial Sales Tax as input tax against the Federal Liability, was omitted through Finance Act vide SRO 489(I)/2016.

Now, by promulgation of Presidential Ordinance No. V of 2016 dated August 31, 2016, the admissibility of Provincial Sales Tax against Federal Liability has specifically been allowed vide insertion of Clause (d) to Section 2(14).

SRO 814(1)/2016 dated September 02, 2016 has notified all the provincial laws and ICT whose inputs are adjustable under Sales Tax Act, 1990.

Sales Tax on Petroleum Products

SRO 806(I)/2016, dated August 31, 2016

SRO 57(I)/2016, dated January 29, 2016 has been amended and rates of sales tax on petroleum products has been changed. Earlier, these were charged on fixed amount per liter. Now it has been substituted as % ad valorem.

| Description | Rates up to August 31, 2016 | New Rates Effective from September 1, 2016 |
|-----------------------------|-----------------------------|--|
| Motor Spirit excluding HOBC | 17% | 20% |
| HOBC | 17% | 21.5% |
| Kerosene | 5% | 5% |
| High Speed Diesel Oil | 28% | 35.5% |
| Light Diesel Oil | 8.5% | 12% |

Disclaimer: Every care has been taken in preparing these comments. These are only brief comments for information without any recourse of liability on us. Contents of law must be referred before relying on these comments. Please seek professional advice before making any decision based on these comments. Your comments and feedback shall be appreciated.

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