

**THE BALOCHISTAN SALES TAX SPECIAL PROCEDURE
(TRANSPORTATION OR CARRIAGE OF PETROLEUM OILS
THROUGH OIL TANKERS) RULES, 2019**

(Rules of 2019)

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**BALUCHISTAN SALES TAX SPECIAL PROCEDURE
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NOTIFICATION

(Balochistan Sales Tax on Services)

[11th January, 2019]

No. BRA/HQ/10/2019. -- In exercise of the powers conferred by section 78 read with section 14 and sub-section (4) of section 3, sub-section (3) of section 11 of the Balochistan Sales Tax on Services Act, 2015 (Act No VI of 2015), the Balochistan Revenue Authority, with the approval of the Government of Balochistan, is pleased to make the following rules, namely: -

1. Short title, Application and Commencement. -- (1) These rules may be called the Balochistan Sales Tax Special Procedure (Transportation or Carriage of Petroleum Oils through Oil Tankers) Rules, 2019.

(2) These rules shall apply to such of a service or the services of inter-city transportation or carriage of petroleum oils by road as are provided or rendered through oil tankers and are classified under tariff heading 9804.1000 of the Second Schedule to the Balochistan Sales Tax on Services Act, 2015 (Act No VI of 2015).

(3) These rules shall come into force at once and shall apply in relation to such of a service or the services as are provided or rendered on or after the first day of July, 2018.

2. Definitions. -- In these rules, unless there is anything repugnant in the subject or context-

- (a) **“Act”** means the Balochistan Sales Tax on Services Act, 2015 (Act No. VI of 2015);
- (b) **“Authority”** means the Balochistan Revenue Authority established under section 3 of the Balochistan Revenue Authority Act, 2015 (Act No. VII of 2015);
- (c) **“Form”** means the form prescribed under these rules;
- (d) **“Inter-Province service or services”** means a service or the

services originating in or from any place in the province of Balochistan and terminating at any place outside the Province of Balochistan;

- (e) **“Intra-Province service or services”** means a service or the services originating in or from any place in the Province of Balochistan and also terminating at any place within the Province of Balochistan;
- (f) **“Invoice”** includes bill, bilty, consignment note, cash memo, credit memo, advice or any other such transaction related document containing the particulars mentioned in section 30 of the Act read with rule 42 and sub-rule (4) of rule 46 of the Balochistan Sales Tax on Services Rules, 2018;
- (g) **“Non-tariff Area”** in relation to inter-province service or the services, means the State of Azad Jammu and Kashmir, Gilgit Baltistan, Islamabad Capital Territory and other similar territories or areas where sales tax on a service or the services of inter-city transportation or carriage of petroleum oils by road through oil tankers has not been levied under the reverse charge mechanism;
- (h) **“Petroleum oils”** means the petroleum oils classified under heading 27.10 of the Pakistan Customs Tariff, as given in the First Schedule to the Customs Act, 1969 (Act No. IV of 1969);
- (i) **“Registered Person”** means a person who is registered with the Authority under sections 25, 26 or 27 read with clause (134) of section 2 of the Act;
- (j) **“Sales Tax” or “Tax”** means the Balochistan Sales Tax as defined in clause (167) of section 2 of the Act;
- (k) **“Service” or “services”** means such of a service or the services of inter-city transportation or carriage of petroleum oils by road through oil tankers, as are classified under tariff heading 9804.1000 of the Second Schedule to the Act;
- (l) **“Service provider”** means a person registered with the Authority under the Balochistan Sales Tax on Services Act, 2015 (Act No. VI of 2015), for providing or rendering such of a service or the services as are mentioned in clause (k) of these rules;

- (m) **“Service recipient”** means the person receiving a service or the services, to whom the service provider issues the invoice or invoices;
- (n) **“Un-registered person”** means a person liable to be registered under the Act but is not registered;
- (o) **“Withholding agent”** means a person as defined in sub-rule (2) of rule 1 of the Balochistan Sales Tax Special Procedure (Withholding) Rules, 2018; and
- (p) **“Withholding Rules”** means the Balochistan Sales Tax Special Procedure (Withholding) Rules, 2018.

Explanation: The words and expressions used in these rules but not defined herein; shall have the same meaning as assigned to them under the Act.

3. Rate of tax. -- The rate of tax on inter-province and intra-province service or services shall be 15% of the value of the services.

4. Registration. -- The service provider for the purpose of these rules, shall get himself register with the Authority.

5. Tax invoice. -- The service provider, shall in relation to a service or the services provided or rendered, shall issue an invoice to the service recipient.

6. Withholding of tax. -- The service recipient being withholding agent, shall withhold whole of the amount of sales tax and shall deposit fifty percent of the withheld amount in the Balochistan Government's head of account **“B-02387”** in the manner as prescribed in the Balochistan Sales Tax Special Procedure (Withholding) Rules, 2018. The balance withheld amount of fifty percent shall be deposited within the jurisdiction of the tax Authority of the respective province, other than the non-tariff area, where the service is terminated in the manner as may be prescribed by the other authority, in accordance with agreement recorded in paragraph 3 of the minutes of the meeting held on 13th September, 2017, as circulated under the Ministry of Energy (Petroleum Division), Islamabad's letter No. DOM- 1(24)/2015-III dated 22nd September, 2017, **as given in the Schedule.**

7. Return. -- (1) The service provider shall e-file the tax return, as defined in clause (141) of section 2 of the Act, in the prescribed manner:

Provided that where a service recipient agrees with the service provider to e-file the prescribed return on behalf of the service provider, such a service recipient shall e-file the prescribed return of the service provider.

(2) The service recipient shall e-file his own return in the manner as prescribed in the withholding rules and he shall also issue the prescribed certificate of deduction / withholding in Form BSTW-06, to the service provider, besides complying with the other provisions of the withholding rules.

8. Application of other provisions. -- In relation to a service or the services, all the provisions of the rules and notifications issued under the Act, shall for consistency with these rules mutatis mutandis apply to the service providers, service recipients or withholding agents covered by these rules, to the extent that these rules are not inconsistent with the provisions of these rules.

9. Form of certificate prescribed for withholding agents. -- A form annexed to these rules is prescribed for deduction / withholding of sales tax on services by the withholding agents for the purpose of these rules.

SCHEDULE

MINUTES OF THE MEETING ON PROVINCIAL SALES TAX ON THE SERVICES OF INTER-CITY TRANSPORTATION OR CARRIAGE OF GOODS BY ROAD OR THROUGH PIPELINE OR CONDUIT (13.09.2017)

A meeting on the subject matter was held under the Chairmanship of Additional Secretary, Petroleum Division, Ministry of Energy on 13th September, 2017 with the representatives of Oil Tanker Contractors Association (OTCA), Punjab Revenue Authority, Sindh Revenue Board, Khyber Pakhtunkhwa Revenue Authority, Balochistan Revenue Authority, FBR, OGRA and Ministry of Finance to resolve the long outstanding issue of sales tax imposed by provinces on oil tankers.

(2) At the outset Additional Secretary, Petroleum Division welcomed the participants and appreciated that a consensus has been developed among all Provincial Tax Authorities on distribution formula, therefore the matter has reached towards the resolution.

(3) Provincial Tax Authorities stated that they have agreed on distribution formula (50% at origination and 50% at termination) and uniform rate at 15% of subject tax on inter-province oil movement. Moreover, Provincial Tax Authority were of the view that there is no point of conflict on the subject tax, with regard to intra-province oil movement therefore, the subject tax will be paid by Oil Tankers Contractors Association (OTCA) through Oil Marketing Companies (OMCs). They also informed that unregistered oil contractor will be get registered through NTN and respective OMCs will act on their behalf as withholding tax agent for the collection of sales tax under VAT system while the sales tax registered contractors may deposit sales tax directly.

(4) Oil Tankers Contractors Association (OTCA) have shown their minor concerns over input and output tax adjustment and its registration in case of direct or withholding sales tax payer.

(5) PSO was of the view that MOU agreed between provincial authorities and FBR on input and output sales tax adjustment, requires to be legislated to avoid legal complication in future. (6) OCAC has raised that OMCs have different tax filing module (SAB, ORACLE, etc.)

therefore prior to implement the proposed sales system, the tax authorities should make sure that at the time of making freight payments by OMCs to contractor and withholding proposed sales tax (50:50) thereon, the OMCs existing modules have the capability to give desired results promptly.

(7) The point of view of all stakeholders were heard during the meeting in detail and after thorough discussions following was mutually agreed:

- (a) All four (4) provincial governments will issue necessary notifications for extending the applicability of subject sales tax till 31st December 2017, as early as possible.
- (b) All Provincial Tax Authorities will jointly address above concerns and amend their rules/legislation relating to input/output tax adjustment in case of direct as well as withholding tax payer by 30th September, 2017. The proposed amendments would be shared with OTCA. Thereafter, a meeting would be held between Provincial Tax Authorities and OTCA within 07 days at Karachi to finalize the requisite amendments in the relevant rules/legislation.
- (c) It was agreed that the subject tax on intra-provincial/inter-provincial oil movement will be collected from the date when requisite modalities/rules on the subject tax will be finalized between OTCA and provincial tax authorities.

(8) The meeting ended with a vote of thanks to the Chair.

FORM

Ref No. _____

Dated _____

**CERTIFICATE OF DEDUCTION / WITHHOLDING OF THE BALOCHISTAN SALSSES TAX
ON SERVICES OF INTER-CITY TRANSPORATION OR CARRIAGE OF PETROLEUM OILS
THROUGH OIL TANKERS.**

I/We _____, BNTN _____, STR _____, locate at _____ do hereby certify that we deducted/withheld the following amount of Balochistan sales tax on the services provided to us by M/S. _____ (BNTN/NTN) _____ or CNIC) _____

Sr.No	Tax Invoice No	Tax Invoice Date	Value of taxable services	Amount of tax involved	Amount of tax deducted / withheld	Tax period of the Tax return/ withholding return in which this tax was paid, by the service recipient	CPR NO. & date in which the deducted / withheld tax amount was included in payment under Balochistan Government's head of account "B-02387"	Remarks, if any
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)

This certificate is issued in pursuance of rule 3(11) of the Balochistan Sales Tax Special Procedure (Withholding) Rules, 2018.

Signature _____

Name _____

CNIC _____

Designation _____

Official seal _____