



Sales Tax Act and Rules (Application)

AGP

Marks-80

Subjective

Duration: 02 Hours 30 Minutes

[Instructions]

- Ensure that the question paper delivered to you is the same, in which you intend to appear.
- Read the instructions given on the title page of Answer Script.
- Start each question from fresh page.

Books Allowed:

- Sales Tax Act, 1990 (as amended up to last Finance Act)
- Sales Tax Rules, 2006 (as amended up to last Finance Act)
- Withholding Rules, 2007
- Special Procedure Rules, 2007
- Customs Act, 1969 (for definition and customs tariff for classification)

Attempt all Questions

Q.1. M/s Mohsin Traders has imported a consignment of LED Televisions with import value of Rs. 25,000,000 during November, 2024. The following duty and taxes has been paid by him;

	Rs.
1. Customs Duty	5,000,000
2. Additional Customs Duty	1,000,000
3. Regulatory Duty	3,750,000
4. Punjab Infrastructure Development Cess	225,000
5. Wharfage Charges	85,000
6. Demurrage Charges	105,000

Required:

15

Calculate:

- (a) Sales tax payable at import stage
- (b) Value addition tax payable at import
- (c) Tax payable for the month of November, 2024 if the 85% imported goods were sold at 30% profit to an unregistered person on 03.11.2024

Q.2. M/s Alam Traders has imported 50,000 kgs of black tea with custom value of Rs. 9,375,000. The impact of duty and taxes at import was as under;

1.	Customs Duties	Rs. 120/kg
2.	Sales Tax	Rs. 75/kg

The importer has repacked the goods in retail packing of 250 grams/packet. The retail price was fixed after adding 25% profit. Out of 50,000 kgs, the importer has sold 75% of imported quantity.

Required:

10

- (a) Calculate the Input Tax
- (b) Calculate Output Tax on retail price
- (c) Calculate tax payable/refund, as the case may be

Contd.....

Q.3. M/s Island Traders has made following sales and purchases during the month of January, 2025;

- (i) Purchase of 4,000 footballs @ Rs. 800/piece
- (ii) Export of 500 footballs to a buyer in Saudi Arabia @ US\$ 10/piece (*Rate of exchange Rs. 280/1\$*)
- (iii) Sale of 20,000 packets of tissue paper @ 500/packet. Out of which, a quantity of 1,000 packets was returned being defaced packing

Required:

- (a) Calculate tax payable for the month of January, 2025 **05**
- (b) Tax treatment of returned goods **05**
- (c) Default surcharge if the tax payable is paid by the taxpayer on 16.05.2025. **05**

Q.4. A registered taxpayer has made following sales and purchases during the month of Feb. 2025;

- (i) A quantity of 8,000 cutlery sets were supplied to **M/s RGH**, an investor in the Export Processing Zone, Faisalabad at the rate of Rs. 800/set for export after polishing. This sale was made after 15% profit after adjusting input tax
- (ii) Sale of 5,000 bags of DAP fertilizer at the rate of Rs. 10,000/bag
- (iii) Supply of 500 electric heaters to a registered person at the rate of Rs. 2,000/unit. The buyer was not active on active taxpayers list of official website of FBR due to non-updation of submission of return data
- (iv) Purchase of 8,000 kgs black tea in packing of 500 grams each at the retail price of Rs. 400/packet. However, the supplier did not deposit the due amount of sales tax for this supply yet
- (v) The taxpayer has purchased three cars for production, sales and marketing managers and each cost Rs. 2,000,000 exclusive of Sales Tax

Required:

Discuss transaction-wise admissibility and inadmissibility of input tax and calculate tax payable for the month of Feb. 2025. **20**

Q.5. Segregate taxable and exempt supplies from the following; **10**

- (a) Wheelchair
- (b) DAP Fertilizer
- (c) High Speed Diesel Oil
- (d) Ingredients for pesticides
- (e) Hearing aid
- (f) Toothpaste
- (g) Soccer Football
- (h) Oxford English Dictionary
- (i) Supplies made to a DTRE user
- (j) Ink for manufacturing exercise books

Q.6. Briefly discuss legal consequences where tax is not paid through crossed cheque. **10**
