



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

**Sales Tax Act and Rules
(Application)**

AGP

Summer Exam-2025

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- Q.1.** (a) Input tax = $100,000 \times 21$ = Rs. 2,100,000/-
 A (b) Output tax = $55,000 \times 221$ = Rs. 2,187,900/-

Working of retail price:

Value = Rs. 8,000,000 (100,000 x 80)
 Duty & taxes = 9,000,000 (100,000 x 90)
 Retail after adding 30% profit
 = $[(8,000,000 + 9,000,000) \times 130/100] / 100,000$ = Rs. 221/Liter

(c) Tax payable = Output tax – input tax = 2,187,900 – 2,100,000 = Rs. 87,900/-

- Q.2.** a) Output tax = $40,000 \times 500 \times 18\%$ = Rs. 3,600,000/-
 b) Tax payable for January, 2024 = $3,600,000 - 2,457,000$ (Working) = Rs. 1,143,000/-

Working of input tax adjusted after 10,000 sticks returned to the supplier = $(75,000 \times 210 \times 18\%) - (10,000 \times 210 \times 18\%) = 2,835,000 - 378,000 = \text{Rs. } 2,457,000/-$

- c) According to Section 9 of the Sales Tax Act, 1990, where a registered person has issued a tax invoice in respect of a supply made by him and as a result of cancellation of supply or return of goods or a change in the nature of supply or change in the value of the supply or some such event the amount shown in the tax invoice or the return needs to be modified, the registered person may, subject to such conditions and limitations as the Board may impose, issue a debit or credit note and make corresponding adjustment against output tax in the return.
- d) The goods exported in Germany are zero-rated supplies in terms of Section 4 of the Sales Tax Act, 1990.
- e) Default surcharge payable up to 31.03.2024.

According to Section 34 (2) (b), in the case of non-payment of tax or part thereof, the period of default shall be reckoned from the 16th day of a month (following the due date of the tax period to which the default relates) to the day preceding the date on which the tax due is actually paid. As the taxpayer has deposited the tax on 31.03.2024 which was required to be paid upto 15.02.2024, meaning thereby, he deposited the tax late with a delay of 44 days.

$1,143,000 \times 12\% \times 44/365 = \text{Rs. } 16,534/-$

- Q.3.** (a) Output tax during September, 2024;

$5,000 \times 250 \times 18\% = \text{Rs. } 225,000$
 $6,500 \times 240 \times 18\% = \text{Rs. } 280,800$
 $3,500 \times 255 \times 18\% = \text{Rs. } 160,650$
 $3,500 \times 255 \times 4\% = \text{Rs. } 35,700$ (Further tax @ 4% on supplies made to un-registered person in terms of Section 3 (1A) of the Sales Tax Act, 1990.

Total output tax = Rs. 702,150/-

- (b) All the supplies are taxable and no zero-rated supplies during the month of September, 2024.

Q.4. Supplies chargeable to sales tax at retail price;

- Talcum Powder
- Shoe Cream
- Nestle Water
- 60 Inch Display LED
- Electric Heater

Supplies chargeable to sales tax either at standard rate or reduce rate of sales tax;

- Cigar
- Lubricating Oil Supplied in Bulk
- Batteries imported by M/s Honda Cars
- Biscuits imported in Bulk
- Shaving Foam

Q.5. Taxable supplies;

- PTCL Directory
- Soccer Football
- Toothpaste
- Pencil Sharpener
- Silver Jewellery

Exempted supplies;

- Sahi Bukhari
- Oxford English Dictionary
- Glucose Testing Apparatus
- Angioplasty Equipment
- Imported Red Chili Seeds for Sowing Purpose

Q.6. Zero-rated supplies;

- Supplies made to a DTRE user
- Packing Material for Locally manufactured Exercise Books
- Petroleum Crude Oil
- Supplies made to Saudi Embassy
- Imported Exercise Books

Non zero-rated supplies;

- Import of CNG Bus by Gwadar Special Economic Zone
- Eating spoon
- Furnace Oil
- Face Powder
- Baluchi Kameez (Cotton)
