



**Pakistan Institute
of Public Finance Accountants**

Model Solutions

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

AGP

Winter Exam-2025

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Winter Exam-2025
Solutions – Sales Tax Act and Rules (Application)

Q.1. Taxable supplies

- Hockey
- Carpets
- Hair Gel
- Motorcycle
- Gold Jewellery

Zero-rated supplies

- Nib for writing pens purchased by manufacturer
- Stitching machine supplied to exporter registered under facilitation scheme
- Refill for ball pens imported by registered manufacturer
- Imported Exercise Books
- Supplies made to a DTRE user

Exempt supplies

- Drawing ink
- Oxford English Dictionary
- Glucose Testing Apparatus
- Angioplasty Equipment
- Imported erasers

Q.2. i) & (ii) Sales tax and value addition tax payable at import stage;

Particulars	Amount
Import value	2,500,000
Customs duty @20%	500,000
Additional Customs duty @6%	150,000
(i) Sales tax @18%	567,000
(ii) Value addition tax @3%	94,500

(ii) Tax payable for the month of August.

Sale value = 3,811,500 x 120% = Rs. 4,573,800/-

Output tax = 4,573,800 x 18% = Rs. 823,284/-

Tax payable for the month of August 2025 = 823,284 – (567,000 + 94,500)
= Rs. 161,784

Q.3. (i) Output tax for the month of October, 2024

2,000 x 2,500 x 18% = Rs. 900,000/-

3,500 x 750 x 18% = Rs. 472,500/-

3,500 x 750 x 4% = Rs. 105,000/- (Further tax @ 4% on supplies made to un-registered person in terms of Section 3 (1A) of the Sales Tax Act, 1990). 4,500 x 500 x 18% = Rs. 405,000/-

(ii) All supplies are taxable and no exempt supply during October, 2024.

(iii) Tax payable for the month of October, 2024 = (900,000+472,000+105,000+405,000) – 1,250,000 = Rs. 632,000/-



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- Q.4.** (i) Input tax = 200,000 x 80 = Rs. 16,000,000
(ii) Output tax = 100,000 x 1,209 (Working) x 18% = Rs. 21,762,000/-

Working of retail price

Value = Rs. 116,000,000 (200,000 x 580)
Duty & taxes = 70,000,000 (200,000 x 350)
Retail price after adding 30% profit = [(116,000,000 + 70,000,000) x 130%] /
200,000 = Rs. 1,209/Liter

- (iii) Tax payable = 21,762,000 – 16,000,000 = Rs. 5,762,000/-

- Q.5.** (i) Output tax = 40,000 x 2,000 x 18% = Rs. 14,400,000/-
(ii) Tax payable for December, 2024 = 14,400,000 – 13,680,000 (Working) = Rs. 720,000/-

Working

(100,000 x 800 x 18%) – (5,000 x 800 x 18%) = 14,400,000 – 720,000 = Rs. 13,680,000/-

- (iii) 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.

- (iv) The goods exported to Sri Lanka are zero-rated supplies in terms of Section 4 of the Sales Tax Act, 1990.

Default surcharge payable up to 30.04.2025.

- (v) According to Section 34 (1) (a) read with Section 34 (2) (b), in the case of non-payment of tax or part thereof, a default surcharge @ 12% per annum and 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 30.04.2024 which was required to be paid upto 15.01.2024, meaning thereby, he deposited the tax late with a delay of 104 days. The default surcharge payable is as under; 720,000 x 12% x 104/365 = Rs. 24,618/-
