

GCA PUNJAB SALES TAX ON SERVICES ACT 2022 – SUMMARY NOTES

PRESENTATION OF



GCA TEAM

NOTE

**Summary notes are valid for
professionals & students appearing in
ICAP, ICMAP, PIPFA & equivalent
examinations.**

PRRA PUNJAB REVENUE
AUTHORITY
GATEWAY TO DEVELOPMENT

PAYMENT THROUGH BANKING CHANNEL **(SECTION 16A)**

Input tax was not admissible in respect of a transaction exceeding value of Rs 50,000 made other than through banking channel.

Such condition has been made applicable to all payments made to same person in a tax period, in case aggregate thereof exceeds the prescribed limit of Rs 50,000

Payments on account of utilities excluded

EXTENT OF ADJUSTMENT OF INPUT TAX (SECTION 16C)

Old Adjustment

- **80% of output tax.**

New Adjustment

- **90% of output tax.**

TIME LIMITATION FOR ASSESSMENT (SECTION 24)

Old Time Limit

- **8 years**

New Time Limit

- **5 years**

APPLICABILITY

Applicable in respect of tax
periods subsequent to June
2022

ASSESSMENT PROCEEDINGS

Old Proceeding Days

- **120 days**

New Proceeding Days

- **1 year**

**POWER TO AUTHORIZE ANY OFFICER TO PERFORM FUNCTIONS
RELATING TO COMPULSORY REGISTRATION
(SECTION 27)**

Commissioners are empowered to authorize any officer to perform functions relating to compulsory registration of a person through notification in official gazette.

RETENTION AND PRODUCTION OF RECORD (SECTION 32)

Old Period

- **8 years**

New Period

- **6 years**

WITHDRAWAL OF EXEMPTIONS

Exemption available for internet services provided to students valuing not more than PKR 1,500 per month is now withdrawn.

SCOPE ENHANCEMENT OF TAXABLE SERVICES **WITH RETROSPECTIVE EFFECT**

IT enabled services, taxable at 5% (without input tax adjustment) now include services provided by 'real estate aggregators.'

'Ride hailing services', taxable at 4% (without input tax adjustment) now include services provided by 'cab aggregators'.

PENALTIES **(SECTION 48)**

<u>Offense</u>	<u>Previous Penalty</u>	<u>New Penalty</u>
Where any person fails to deposit the amount of the tax due or any part thereof upto 60 days of the time or manner laid down under the Act or the Rules.	Higher of Rs 10,000 or 5% of tax payable for the tax period.	Higher of Rs 10,000 or 5% of tax payable for the tax period, however, if the default is made good within 10 days, a penalty of Rs 500 per day will be imposed.
Any person who fails to maintain records required under the Act or the rules.	Higher of Rs 10,000 or 5% of tax payable for the period.	Higher of (i) amount ranging from Rs 10,000 to Rs 100,000; or 5% of tax payable for the period.
Where a person, without any reasonable cause, fails to produce the record or information despite receipt of a notice.	Rs 25,000 for the first default and Rs 50,000 for each subsequent default.	Rs 25,000 for the first default and Rs 100,000 for each subsequent default. Further, in case, record is not produced despite issuance three notices, non-maintenance of records will be assumed and thus penalty relating thereto shall also be imposed.

<u>Offense</u>	<u>Previous Penalty</u>	<u>New Penalty</u>
A person who knowingly or fraudulently: - submits false/ forged document; - destroys, alters, mutilates or falsifies the record; - makes false statement, declaration or presentation etc.	Higher of Rs 25,000 or 100% of tax payable, in addition to imprisonment (upon conviction)	Higher of Rs 50,000 or 100% tax payable, in addition to imprisonment (upon conviction)
Where any person violates any embargo placed on providing if service or tempers a seal placed by an officer of the Authority.	Higher of Rs 25,000 or 10% of tax recoverable, in addition to imprisonment (upon conviction)	Higher of Rs 100,000 or 100% of tax recoverable, in addition to imprisonment (upon conviction)
Where any person who fails to fulfill any of the conditions, limitations or restrictions prescribed in a notification issued under any of the provisions of the Act or the rules.	Higher of Rs 5,000 or 3% of tax payable for the period.	Higher of Rs 10,000 or 5% of tax payable for the period.

<u>Offense</u>	<u>Previous Penalty</u>	<u>New Penalty</u>
<p>Where any person who contravenes any provision of this Act or the rules for which no penalty has specifically been provided in this section.</p>	<p>Higher of Rs 10,000 or 3% of tax payable for the period.</p>	<p>Higher of Rs 10,000 or 5% of tax payable for the period.</p>
<p>Where any person fails to intimate any change in particulars of registration including the particulars relating to business address, business bank account, changes in taxable/ economic activity etc. within the prescribed period.</p>	<p>Minimum penalty of Rs 50,000.</p>	<p>Rs 50,000 to Rs 100,000.</p> <p>Further, scope of offence has been broadened to include failure to disclose updated information in respect of business bank accounts and changes in taxable/ economic activity</p>
<p>Where a registered person charges sales tax in excess to the rate provided in the Second Schedule.</p>	<p>Higher of Rs 10,000 per invoice or 10% of the invoice amount.</p>	<p>Rs 20,000 for first default and Rs 50,000 for each subsequent default.</p> <p>In addition thereto, business premises may be sealed upto one month in case of three defaults.</p>

NEW PENALTIES

<u>Offense</u>	<u>Penalty</u>
Where any person fails to pay, recover or deposit the actual amount of tax or claims inadmissible tax credit or adjustment or deduction or refund.	Higher of Rs 50,000 or 100% of tax payable, in addition to imprisonment upto five years (upon conviction)
Where any person unauthorizedly issues an invoice in which an amount of tax is specified.	Such person shall be liable to pay a penalty of Rs 10,000 per invoice or 5% of the amount of tax involved, whichever is higher.
Where a bank fails to attach, or delays in attaching the bank account of a person, specified in the notice issued by an officer of the Authority, from whom tax is sought to be recovered, or fails to pay or delays payment of such amount.	Such bank shall be liable to pay a penalty of Rs 100,000 or 100% of the tax sought to be recovered, whichever is higher. The concerned manager or officer in-charge of such bank shall further be liable, upon conviction by a Special Judge, to imprisonment upto one year or with fine, which may extend to an amount equal to the amount of tax sought to be recovered or with both.
Where any person refuses to receive any notice or order issued by an officer of the Authority.	Such person shall be liable to pay a penalty of Rs 50,000 or 100% of the tax payable for the tax period to which the offence relates, whichever is higher.

HOW TO APPROACH GCA

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