Government of Pakistan
Revenue Division
Federal Board of Revenue
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Islamabad, the 14th March, 2025.

NOTIFICATION
(Sales Tax)

S.R.O. 364 (I)/2025. - In exercise of the powers conferred by section 50 & 40C of the Sales Tax Act, 1990, read with section 40 & 45A of the Federal Excise Act, 2005, the Federal Board of Revenue is pleased to direct that the following further amendments shall be made in the Sales Tax Rules, 2006, namely:-

In the aforesaid Rules,-

(1) in Chapter XIV-BA, in the heading, for the words "VIDEO ANALYTICS RULES FOR ELECTRONIC MONITORING OF PRODUCTION OF SPECIFICED GOODS", the words "ELECTRONIC MONITORING OF PRODUCTION OF SPECIFIED GOODS" shall be substituted.

(2) in rule 150 ZQR, -

(a) after the words "video surveillance" the comma and words ", video analytics solution" shall be inserted; and

(b) in the proviso, after the word "analytics" the words "solution and digital eye" shall be inserted.

(3) for rule 150 ZQS, the following shall be substituted, namely:-

"**150ZQS. Definitions.-** In this Chapter, unless there is anything repugnant in the subject or context,-

(a) "authorized vendor" means a person who is authorized by the Board under these rules;
(b) "approval committee" means a committee comprising of the officers notified by the Board for the approval of vendors of equipment to be installed at production lines of specified goods;
(c) "applicant" means any person who applies for approval of its equipment for electronic monitoring of production of specified goods under the rules;
(d) "CCU" means Central Control Unit established by the Board";
(e) "digital eye" means Board's software, which can be used to identify specific objects, behavior or attitudes and, which can be used for recording and capturing production count in a video footage;
(f) "person" means person as defined under section of the Income Tax Ordinance,2001;

(g) "pre-qualification" means the selection of authorized vendor on the basis of evaluation criteria given in these rules;

(h) "production monitoring equipment" means hardware, associated software and any other equipment specified by the Board.";

(i) "video analytics" or "intelligent video analytics" means a system for electronic monitoring of production on real-time basis; and

(j) "video surveillance" means recording of production process using recording devices."

(4) for rule 150 ZQT, the following shall be substituted, namely: -

"**150 ZQT Goods to be monitored electronically**– (1) Production of specified goods, manufactured in Pakistan, shall be monitored through video surveillance, video analytics solution and digital eye by installation of production monitoring equipment at production lines, as are approved by the Board for,–

(a) real time capture of production process;
(b) real time collection of data that shows production through object detection and object counting;
(c) transmission of data to Central Control Unit at Board on real time basis, storage and archiving of data;
(d) detection of unexpected stops;
(e) quantitative analyses of productions; and
(f) data analytics for required legal actions.

(2) No person engaged in manufacturing of specified goods shall remove the production from its business premises unless it has undergone the process of production monitoring under these rules."

(5) in rule 150 ZQU, -

(a) in sub-rule (1), for the word "video", the word "production" shall be substituted and thereafter at the end the word "excluding digital eye" shall be deleted; and

(b) in sub-rule (2), for the word "video", the word "production" shall be substituted and thereafter at the end the words "excluding digital eye" shall be deleted.

(6) in rule 150 ZQV, sub-rule (4), shall be omitted.

(7) in rule 150 ZQW,-

(a) for sub-rule (1), the following shall be substituted, namely;-

"(1) A person shall file an application for approval as authorized vendor under these rules shall be made in duplicate to the Board;"

(b) for sub-rule (2), the following shall be substituted, namely:-

"(2) An application under sub-rule (1) shall be accompanied by all the supportive and relevant documents including the following, namely:-

(a) comprehensive profile of the person;
(b) brief about managerial and technical personnel indicating name,

position, qualification and experience;

(c) total number of current employees;

(d) list of major clientele;

(e) technical documents showing relevant capacity of the video equipment;

(f) complete history of activities undertaken and synopsis of the projects done;

(g) current commitments and status of in-hand projects;

(h) National Tax Number (NTN) and Sales Tax Registration (STRN) certificate;

(i) audited accounts of the last three financial years;

(j) Computerized National Identity Cards (CNICs) of the directors and members;

(k) undertaking that the person has never been blacklisted by any Government or private department or organization and has not been involved in fiscal fraud; and

(l) any other document required by Board."

(c) sub-rule (3) shall be omitted.

(8) for rule 150 ZQX, the following shall be substituted, namely: -

"**150 ZQX. Criteria for grant of an authorization**. - The authorized vendor shall be required to demonstrate working of production monitoring equipment as specified by the Board."

(9) for rule 150 ZQY, the following shall be substituted, namely: -

"**150 ZQY. Functions and responsibilities of IT team of Board.-** IT team shall perform functions as specified by the Board."

(10) in rule 150 ZQZ,-

(a) in sub-rule (5), for the word "thirty", the word "sixty" shall be substituted;

(b) in sub-rule (6), for the word "licensing", the word "approval" shall be substituted;

(c) for sub-rule (8), the following shall be substituted, namely: -

"(8) The qualified applicant shall be required to deposit an unconditional bank guarantee equivalent to five percent of the project cost or rupees five million, whichever is lower to the approval committee, before issuance of the authorization under these rules."; and

(d) for sub-rule (9), the following shall be substituted, namely: -

"(9) The bank guarantee shall be valid for entire duration of the authorization and shall be encashable in case of violation of these rules or terms of authorization.'

(11) in rule 150 ZQZA, -

(a) after sub-rule (3), the following new sub-rule shall be added, namely:-
"(3A) The vendor shall be responsible to procure, install and maintain production monitoring equipment at the production lines.";

(b) for sub-rule (4), the following shall be substituted, namely: -

"(4) The vendor shall specify the expected delivery and installation of production monitoring equipment at production lines, which shall not exceed ninety days from the date of purchase order.";

(c) for sub-rule (5), the following shall be substituted, namely: -
"(5) The vendor shall also assist the IT team of Board to perform their functions."; and

(d) for sub-rule (9), the following shall be substituted, namely: -
"(9) The vendor shall also be responsible for performing following functions namely:-
(i) all upgrades of the associated software;
(ii) all bug fixes; and
(iii) immediate response and repair of any technical problem in the system during holidays or working days to cover the major, minor and moderate problems for uninterrupted working of the system.".

(12) rule 150 ZQZB, shall be omitted.

(13) for rule 150 ZQZC, the following shall be substituted, namely: -

"**150 ZQZC. Technical and training support.** (1) The authorized vendor shall undertake to upgrade, as per the new technological requirement, the installed IT structure, related software, and communication equipment etc., as and when required.

(2) The authorized vendor shall arrange to provide comprehensive technical and operational training to the IR officers and officials and other concerned officials and ensure provision of all documentation and technical manuals, wherever and whenever required.

(3) Appraisal reviews of functioning and efficacy of the equipment shall be carried out by Board."

(14) for rule 150 ZQZD, the following shall be substituted, namely;-

"**150 ZQZD. Fee and charges.**-(1) The vendor shall charge to the manufacturer fee for the purchase, installation, operation and maintenance of production monitoring equipment.

(2) No fee whatsoever shall be charged from any of the field formations or the Board.

(3) The approval committee upon its own motion or on the request of any manufacturer, may decide the maximum amount of fee and charges which can be collected by the authorized vendor from the manufacturer(s).

(4) The approval committee shall notify fees and charges through a public notice for information of all the relevant persons.

(5) The fee and charges determined in accordance with rule will not be revised in normal circumstances during the duration of the authorization.

(6) In cases where the basis of such determination has undergone significant and material change or where major economic disruption has occurred, the authorized vendor may file a petition before the approval committee to revise the fees or charges.

(7) The approval committee may in circumstances mentioned in sub-rule (6) revise such fees and charges:

Provided that in case where petition has been filed for upward revision of fees and charges, the manufacturer shall be given an opportunity to present their point of view during the proceedings."

(8) The authorized vendor may in case where the petition for upward revision has been rejected, will have the option to request the approval committee for cancellation of the authorization issued under these rules.

(9) The approval committee on receipt of such a request under sub-rule (8), may cancel the authorization forthwith."

(8) in rule 150 ZQZE, -

(a) in sub-rule (1), in clause (a), for the word "FBR" the word "Board" shall be substituted;

(b) after clause (a), the following new clause shall be added, namely:-

"(aa) setting up and maintenance of information technology (IT) infrastructure including internet as specified by the Board, wherever needed, for the purposes of these rules.";

(b) in clause(b), for the word "intelligent video analytics or digital eye" the words "production monitoring equipment" shall be substituted;

(c) in clause(c), the word "excluding digital eye solution" shall be omitted;

(d) in clause(d), for the words "intelligent video analytics and digital eye solution" the words "production monitoring equipment" shall be substituted.

(e) in clause(e), for the word "and" the comma and word ",CCU" shall be substituted and thereafter, for the words "twenty-four hours" the words "one hour" shall be substituted and for the words "intelligent video analytics and digital eye solution", the words "installed system" shall be substituted;

(f) in clause (f), for the word "FBR", the word "Board" shall be substituted;

(g) in clause (h), for the words "Commissioner Inland Revenue", the words "Commissioner Inland Revenue or Board" shall be substituted;

(h) in clause (i), for the words "twenty-four hours", the words "one hour" shall be substituted and thereafter, after the word "Commissioner Inland Revenue" occurring for the first time, the comma and words ",CCU" shall be inserted; and

(i) in clause (j), for the words "Commissioner Inland Revenue", the words "Commissioner Inland Revenue or Board" shall be substituted."

(16) in rule 150ZQZG, for the words "FBR", the word "Board" shall be substituted.

[C. No.3(8)ST&FE-Policy/2024]

(Izhar Zuberi)
Second Secretary (ST&FE Policy)