Government of Pakistan
Revenue Division
Federal Board of Revenue
Inland Revenue (Policy Wing)
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C.No. 3(7) ST&FE-POLICY/2026 **Islamabad, the 7th July, 2026**

Sales Tax General Order No. 9 / 2026 / IR policy

Subject: PROCEDURE AND CONDITIONS FOR APPLICATION OF MINIMUM VALUE ADDITION TAX AT THE RATE OF ONE PER CENT ON IMPORT OF COAL UNDER CLAUSE (6) OF THE TWELFTH SCHEDULE TO THE SALES TAX ACT, 1990

In terms of clause (6) under the heading **"Procedure and Conditions"** of the Twelfth Schedule to the Sales Tax Act, 1990, the Federal Board of Revenue hereby prescribes the following procedure and conditions for the application of minimum value addition tax at the rate of one per cent (1%) as specified therein on the import of coal, namely:—

1. **Applicability.**—This General Order shall apply to the import of coal falling under Chapter 27 of the Pakistan Customs Tariff where such coal is imported exclusively for, and directly supplied to, Coal-Fired Independent Power Producers.

2. **Conditions.**—The minimum value addition tax at the rate specified in clause (6) of the Twelfth Schedule shall be applicable only where—
   (a) the importer is registered under the Sales Tax Act, 1990;
   (b) the imported coal is imported exclusively for direct supply to a Coal-Fired Independent Power Producer holding a generation licence issued by the National Electric Power Regulatory Authority (NEPRA);
   (c) at the time of import, the importer furnishes to the Collector of Customs a purchase order, supply agreement, contract or such other documentary evidence as may establish that the imported coal is intended exclusively for direct supply to such Coal-Fired Independent Power Producer;
   (d) the importer maintains complete documentary evidence relating to the import and subsequent direct supply of the coal and produces the same on demand before the Commissioner Inland Revenue or the Collector of Customs, as the case may be; and
   (e) the importer complies with such verification or audit requirements as may be prescribed under the Sales Tax Act, 1990 and the rules made thereunder.

3. **Verification**.—The Collector of Customs may allow assessment of imported coal in accordance with clause (6) of the Twelfth Schedule on the basis of the documents furnished by the importer and may subsequently verify fulfilment of the prescribed conditions through post-clearance audit or in coordination with the Inland Revenue authorities.

4. **Recovery of Differential Tax.—Where it is established that—**
   (a) the imported coal has been supplied to any person other than a Coal-Fired Independent Power Producer;
   (b) the imported coal was not imported exclusively for direct supply to a Coal-Fired Independent Power Producer; or
   (c) any condition prescribed under this General Order has not been fulfilled,

(d) the importer shall be liable to pay the differential amount of minimum value addition tax, together with default surcharge and penalty, if any, in accordance with the provisions of the Sales Tax Act, 1990.

5. Definitions.—For the purposes of this General Order, unless there is anything repugnant in the subject or context,—

(a) **"Coal-Fired Independent Power Producer (IPP)"** means an Independent Power Producer generating electricity from coal under a generation licence issued by the National Electric Power Regulatory Authority (NEPRA);

(b) **"Direct supply"** means the supply of imported coal by the importer directly to a Coal-Fired Independent Power Producer without any intermediate sale, transfer or diversion; and

(c) words and expressions used but not defined in this General Order shall have the same meanings as assigned to them in the Sales Tax Act, 1990, the Customs Act, 1969, and the rules made thereunder.

6. This General Order shall come into force with immediate effect.

07-07-2026

(Izhar Zuheri)
Second Secretary (ST&FE-Policy)