From: **Asif Siddiq Kasbati** <asif.s.kasbati@professional-excellence.com>
Date: Tue, Aug 11, 2026 at 6:56 PM
Subject: TLQC3666= 18% FST plus Fixed FST on Steel Manufacturers linked to Electricity Consumption by SRO 1245 and KC Views & Recommendations

590+ Taxes & Levies Quick Commentary – TLQC 3666

A. Background: Please refer earlier relevant TLQCs are in para III.

B. Updated Commentary:

Further to KQU 4025 of 3.8.26, **being an important matter**, we would inform you about Video SRO 1245 of 31.7.26 Imposition of Fixed Sales Tax on Steel Melters and Re-Rollers on the basis of per unit of electricity consumed (**Attachment 3666.1**) in ensuing paragraph, with emphasis ours in **bold & Underline** for quick reading.

2. In exercise of the powers conferred by the provisos to subsection (2) of section 6 of the STA, 1990, the FBR is pleased to prescribe the following procedure for the purposes of categorization of nature of their business activity, rates and manners for collection and payment of sales tax on the basis of per unit of electricity consumed by the steel melters, re-rollers and composite units of steel melting and re-rolling operating on electric power or any other source of energy including those operated by sugar mills or other persons using self-generated electricity from bagasse or other means and regardless of type of electricity connection including captive power producers, namely:—

> **(a) Steel melters and composite using remeltable iron and steel scrap falling under PCT heading 7204.3000, 7204.4100 and 7204.4990 and waste and scrap of compressors falling under PCT heading 7204.4940 shall pay sales tax per unit of electricity consumed for the production of steel billets, ingots and mild steel in addition to sales tax chargeable under sub-section (1) of section 3 of the Act as per following, namely:—**
>
> > (i) The manufacturers **consuming local scrap** shall pay sales tax at Rs 30 per electricity unit consumed;
> >
> > (ii) The manufacturers **consuming imported scrap over seventy percent in aggregate** in the last twelve months shall pay sales tax Rs 5 per electricity unit consumed;
> >
> > (iii) The manufacturers **consuming scrap as supplied by EFS licensee over seventy percent** in aggregate in the last twelve months (from 1.6.26) shall pay sales tax Rs 5 per electricity unit consumed; and
> >
> > (iv) Steel manufacturers **operating under captive power or self-generation of electricity etc.** shall pay Rs 35 per electricity unit consumed.

Provided that per unit rate of sales tax on electricity consumed shall be Rs 5 for those steel melters and composite units only who are **integrated with the Board's Computerized System for real time reporting of sales and their consumption or usage of imported remeltable iron and steel scrap for manufacture of steel billet or ingots exceeds seventy percent of total raw material consumed during immediate preceding twelve months.**

(b) Steel melters and composite units shall be entitled to adjust (KC: Input tax) the sales tax paid under this notification on the basis of electricity units consumed against the output sales tax.

(c) Steel manufacturers **consuming 500,000 per month or more units** of electricity on **single electricity** meter shall be categorized as steel melters or composite units, as the case may be and they shall declare their production and supply accordingly.

The manufacturers consuming less than 500,000 units of electricity per month shall fall under the category of steel re-rollers.

(d) In case of default in payment of sales tax by the due date as mentioned on their electricity bill, besides the other legal action by the concerned field formation, the concerned electric supply companies (DISCOs) shall disconnect the electricity connection of the steel melters or composite units as the case may be;

(e) The DISCOs are required to apply per unit rate of sales tax as specified in clause (a) above from 1.7.26 to all melters, re-rollers and composite manufacturers without any fail;

(f) The name and particulars of steel melters and composite units shall be reviewed after each three months for its updation;

(g) The steel manufacturers falling under paragraphs (ii) and (iii) of clause (a) above shall be notified through sales tax general order by the Board containing following information, namely:—

S. No.	Name of Taxpayer	NTN/STRN.	Electricity Reference No	Name of DISCO
1	2	3	4	5

(h) This notification shall take effect from 1.7.26.

C. Kasbati & Co Views on Retrospective applicability and Recommendations

1. It is always surprising that almost all STGO 8, 9, 10 & 11 (e.g. TLQC 3605 of 7.7.26, TLQC 3610 of 11.7.26, TLQC 3629 of 21.7.26 & TLQC 3627 of 20.7.26) and this too are applicable with immediate effect, the same day the STGO is issued, when the same is unknown to several

Registered Taxpayers, as hardly everyone watches FBR and other websites three times a day like eating food.

2 This SRO is dated 31.7.26 while applicable from 1.7.26.

3. Hence, we recommend that all the Associations should take up this matter with the Finance Ministry / FBR Policy Wing, as to share draft to stakefolders for comments and be made public prior to application.

D. List of Relevant TLQCs

(a) 3664 of 10.8.26 about Corporatization of Iron & Steel Manufacturers' Difficulty Removal by STGO 12
(b) 3629 of 21.7.26 about Voluntary Corporation SOP for Iron & Steel manufacturers via STGO 10 and KC Views & Recommendations
(c) 3587 of 29.6.26 about Budget 2026-27: Finance Act Gazette plus 1,500 pages & KC Recommendations

E. Further Details & Services

Should you require any clarification or explanations in respect of the above or otherwise, or require Income Tax, Federal & Provincial Sales Tax or Withholding Tax Statement, Advisory, Return Filing or Review services, please feel free to email Mr Amsal at amsal@kasbati.co with CC to info.kasbati@professional-excellence.com, asif.s.kasbati@professional-excellence.com.

Best regards for Here & Hereafter
Asif S Kasbati (FCA, FCMA & LLB)

Managing Partner
Kasbati & Co (1400+ Tax, Levies, Companies, Economy, Inflation, HR, Banking, Finance, etc Quick Commentary Service Provider and High Level 440+ Tax & Levies Laws Consultants)
Head of Tax & Professional Excellence Services (Symbols of High Quality Practical Tax, Levies & Corporate Training for Beginners to High Levels' Professionals)
PTCL: 92-21-34329108 **Mobile:** 0334 322 3161 **Website:** kasbati.co **Facebook:** https://www.facebook.com/taxexcellence/
Google Map link: Tax Excellence **YouTube Channel** Tax Excellence