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Third Schedule Goods under Sales Tax

- Mandatory Display and Printing of Retail Price
- Taxation Framework for Footwear Industry

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THIRD SCHEDULE (RETAIL PRICE) REGIME
FBR CLARIFIES MANDATORY PRINTING SPECIFICATION AND FOOTWEAR TAXATION

INTRODUCTION

The Inland Revenue (Policy Wing) of the Federal Board of Revenue ("FBR") has recently issued a series of Sales Tax General Orders ("STGOs") concerning the administration and compliance requirements applicable to goods specified in the Third Schedule to the Sales Tax Act, 1990 ("the Act").

Through the Finance Act 2026, Twenty (20) additional categories of goods have been brought within the Third Schedule. The expansion of the Third Schedule, together with the recent STGOs, is consistent with FBR's broader objective of strengthening documentation and traceability of transactions through the supply chain, particularly for consumer goods sold in retail packaging.

Against this backdrop, the recent STGOs primarily address the following areas:

1. mandatory display and printing of retail price and sales tax on goods covered by the Third Schedule; and
2. basis for levy, assessment and collection of sales tax on footwear under Serial No. 65 of the Third Schedule, including the treatment of supplies through digitally integrated and POS-compliant supply chains.

The latest developments are particularly relevant for manufacturers, importers, retailers and other businesses dealing in Third Schedule goods.

DISPLAY RETAIL PRICE AND SALES TAX
STGO No. 08 & 15 of 2026

Through Sales Tax General Order No. 08 of 2026 dated 2 July 2026, effective from the same date, the Federal Board of Revenue ("FBR") has directed all manufacturers and importers of goods specified in the Third Schedule to the Act to ensure that the retail price and amount of sales tax are displayed clearly, legibly, prominently and indelibly on the relevant article, packet, container, package, cover or label.

It is pertinent to note that Annexure-A to STGO No. 08 of 2026 contains 56 categories of goods falling under the Third Schedule. However, Finance Act, 2026 subsequently expanded the Third Schedule up to Serial No. 75. Accordingly, taxpayers should not rely solely on the list reproduced in Annexure-A for determining whether a particular product is presently covered by the Third Schedule. The applicability of the Third Schedule should instead be determined with reference to the current statutory provisions.

a) Mandatory Printing Specifications

Annexure-B to STGO No. 08 of 2026 prescribes Mandatory Printing Specifications (MPS) applicable to the retail units of goods covered by the Third Schedule. These MPS are required to be complied with in letter and spirit, and any contravention may attract action under the relevant provisions of the Act and the rules made thereunder. For ease of reference, the STGO also provides illustrative examples to help taxpayers understand the prescribed requirements.

The principal requirements include the following:

- The retail price before sales tax, sales tax amount and applicable rate, and the total price payable by the consumer must be clearly displayed in Rupees.

- The information must be clear, prominent and easy to read, and should stand out against the background.
- The price and tax details must be placed in a way that they remain clearly visible and are not covered or hidden during normal display of the product.
- The information must be printed or embossed as part of the original packaging or label and cannot be applied through a removable, peelable or separate sticker.

b) Special Relief for Confectionery Industry

FBR subsequently recognised the practical difficulty faced by manufacturers in complying with the mandatory printing requirements ("MPS") on individual pieces of chocolates, candies, toffees and similar confectionery products, particularly where the individual wrappers have limited printable space. Accordingly, through *STGO No. 15 of 2026 dated 5 August 2026*, FBR initially allowed the retail price and sales tax to be printed or embossed on the outer package, instead of on each individual piece, where printing on the individual piece was not practically possible. This facility was initially available for packages containing not more than 100 pieces, subject to a maximum retail price of Rs. 5 per piece.

FBR has subsequently expanded/relaxed this facility through *STGO No. 17 of 2026 dated 12 August 2026*. Accordingly, the limits prescribed under STGO No. 15 of 2026 have been revised, and the latest position is as follows:

In case, it is not practically possible to print or emboss the required information on each individual confectionery piece due to limited printable space:

- retail price and sales tax may be printed or embossed on a package containing not more than 250 pieces;
- maximum retail price must not exceed Rs. 10 per piece; and
- weight of each piece must not exceed 10 grams.

The above facility remains subject to compliance with the Act and STGO No. 08 of 2026, including the applicable requirements regarding the clarity and visibility of the printed retail price and sales tax.

FOOTWEAR INDUSTRY - SPECIAL TAXATION FRAMEWORK UNDER SERIAL NO. 65
STGO No. 11 & 19 of 2026

The Finance Act, 2026 inserted Serial No. 65 in the Third Schedule covering footwear of all types, except where the manufacturer exclusively sells its products through FBR digitally integrated and POS-compliant retail outlets.

FBR observed that supplies through documented and digitally verifiable supply chains can be readily ascertained and that, in certain footwear arrangements, manufacturers supplying independent brand owners may not determine the ultimate retail price, which is ordinarily fixed by the retailer. Accordingly, FBR prescribed an Implementation Matrix through Annexure-A to the STGO No.11 for determining the basis of levy, assessment and collection of sales tax under the relevant provisions of the Third Schedule.

Subsequently, FBR has replaced the earlier Implementation Matrix (Annexure-A) through STGO No. 19 of 2026 dated 20 August 2026, issued as a corrigendum to STGO No. 11/2026. The revised Matrix removes goods falling under Serial Nos. 64 and 71 of the Third Schedule and is now restricted to footwear covered under Serial No. 65. Importantly, the corrigendum has been made effective from 1 July 2026 and is to be read together with STGO No. 11/2026.

Accordingly, the current Implementation Matrix applicable to the footwear industry is as follows:

S. No.	Nature of Supply	Tax Treatment
1	Supplies by manufacturer through its own FBR digitally integrated and POS-compliant retail outlets	Outside the retail-price-based regime. Local supplies are taxed on value of supply under Section 2(46).
2	Supplies by importer to registered manufacturers or FBR digitally integrated and POS-compliant retailers.	Outside the retail-price-based regime. Local supplies are taxed on value of supply under Section 2(46).
3	Direct imports by FBR digitally integrated and POS-compliant footwear retailers for onward supply to end consumers	Sales tax is assessable and collectable on a value equal to one hundred and thirty per cent (130%) of the value determined under Section 25 of the Customs Act. 1969, inclusive of the applicable customs duties and Federal Excise Duty.
4	Supplies by digitally integrated manufacturers/importers to specified corporate or government entities as end-consumers for their own use	Outside the retail-price-based regime. Local supplies are taxed on value of supply under Section 2(46).
5	Supplies by a registered taxpayer manufacturing exclusively footwear for an FBR digitally integrated and POS-compliant retailer	Outside the retail-price-based regime. Local supplies are taxed on value of supply under Section 2(46).

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