

Sindh Sales Tax on Services Act, 2011			
S.No	Important Points		
1	Amendment in notification No. SRB-3-4-8-2013 dated 1 <sup>st</sup> July 2013 by SRB 3-4-9-2016 dated 28 <sup>th</sup> June 2016.		
.	Sindh sales tax on various services are proposed (w.e.f 1 <sup>st</sup> July 2016)		
	S.No	Description	From 1 <sup>st</sup> July, 2016
	1	Services liable to tax at	13%
	2	Telecommunication Services - 98.12 and sub-heading thereof	19%
	3	Renting of immovable property services	8%
	4	Legal practitioners and consultants	8%
	5	Accountants and auditors	8%
	6	Tax consultants	8%
	7	Construction services	8%
	8	Services provided or rendered by programme producers and production houses	8%
	9	Services provided or rendered by corporate law consultants	8%
	10	Services provided or rendered by persons engaged in inter-city transportation or carriage of goods by road or through pipeline or conduit	8%
	11	Ready mix concrete services	8%

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2	<p><b>Amendment in notification SRB-3-4-7-2013 dated 18<sup>th</sup> June, 2013 by SRB-3-4-10-2016 dated 28<sup>th</sup> June 2016</b></p> <p><b>A. Following conditional exempt category services threshold increased to 4 million from 3.6 million</b></p> <ol style="list-style-type: none"> <li>1. Services provided or rendered by restaurants</li> <li>2. Services provided or rendered by caterers</li> <li>3. Services provided or rendered for personal care by parlours, beauty clinics, slimming clinics or centers and others</li> <li>4. Services provided or rendered by laundries and dry cleaners</li> <li>5. Auto-workshops, including authorized service stations</li> <li>6. Workshop for electric or electronic equipments or appliances, etc., including computer hardware</li> <li>7. Car or automobile washing or similar service stations</li> </ol> <p><b>B. Services provided or rendered by restaurants 9801.2000 and Services provided or rendered by caterers 9801.5000</b></p> <p>Provided that the exemption shall not apply in case of :-</p> <ol style="list-style-type: none"> <li>(i) <b>restaurants which are air-conditioned on any day in a financial year and restaurant which are located within the building or premises of air-conditioned shopping malls or shopping plazas.</b></li> </ol> <p><b>C. Services provided or rendered by persons engaged in contractual execution of work or furnishing supplies 9809.000</b></p> <p>Services provided or rendered by persons engaged in contractual execution of work or furnishing supplies:-</p> <ol style="list-style-type: none"> <li><del>(i) in relation to the work or supplies the total value of which does not exceed 50 million rupees in a financial year subject to the condition that the value component of service in such contractual execution of work or furnishing supplies also does not exceed 10 million rupees; and</del></li> </ol> <p><b>whose annual turnover does not exceed 4 million rupees in a financial year; and</b></p> <p><b>D. Telecommunication Services 98.12</b></p> <ol style="list-style-type: none"> <li>2. Internet services, falling under respective sub-headings of tariff heading 98.12, whether dial up or broadband, including email services and data communication network services of upto 2mbps speed valued at not more than 1,500 rupees per month per service recipient <b>and of more than 2mbps speed but not more than 4 mbps speed valued at not more than 2,500 rupees per month per service recipient.</b></li> </ol>

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	<p>E. <del>9814.2000 Contractor of building (including water supply, gas supply and sanitary works), electrical and mechanical works (including air conditioning), multi-disciplinary works (including turn key projects) and similar other works</del></p> <p>Services provider or rendered by a contractor of building (including water supply, gas supply and sanitary works), or of electrical and mechanical works (including air conditioning), or of multidisciplinary works (including turn-key projects) and similar other works, subject to the condition that the annual turnover of the person providing or rendering the contractor service does not exceed 4 million rupees in a financial year.</p> <p>F. Construction services 9824.000 Exempt condition</p> <p><del>(i) — projects of commercial and industrial nature, where the value of construction does not exceed 50 million rupees subject to the condition that the value component of service in such a project also does not exceed 10 million rupees;</del></p> <p>construction work undertaken by a person whose annual turnover does not exceed 4 million rupees in a financial year;</p> <p>(iii) construction and repair of roads, ports, airports, railways, transport terminals, <del>bridges and bridges and also of</del> Government (including Local Government and Cantonment Board) buildings as are not meant for commercial purposes or for commercial letting out on rent;</p> <p>(iv) construction and development of EPZ, SEZ, diplomatic and counselor buildings <del>and such other buildings and structures of the organizations as are exempt from application of the Income Tax Ordinance, 2001;</del>and</p> <p><del>(v) construction of independent projects of private residential houses and apartments where the covered area does not exceed 10,000 square feet in respect of houses.</del></p> <p>Construction of an independent private residential house, other than a residential unit covered by tariff headings 9807.0000 or 9814.3000, having total covered area not exceeding 10,000 square feet; and</p> <p>G. 9842.0000 Cosmetic and plastic surgery (other than an aesthetic, cosmetic or plastic surgery undertaken to preserve, protect or enhance physical appearance or beauty) undertaken to restore or reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, degenerative diseases, injury or trauma of individual persons including acid or burn victims.</p>

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3	<b>New Services introduced.</b>				
	S.No	Description	Tariff heading	Statutory rate	Effective rate
	1	Chartered flight services within Sindh or originating from any airfield in Sindh.	9803.0000		
4	<b>New services added</b>				
	S.No	Description	Tariff heading	Proposed for Tax Year 2016	
	1	Chartered flight services within Sindh or originating from any airfield in Sindh.	9803.0000	13%	
	2	Services provided or rendered by persons authorized to transact business on behalf of others	98.05		
	3	Other consultants including tax consultants, human resources and personal development consultants.	9815.9000	13%	
	4	Public relations services	9819.9200	13%	
	5	Cosmetic and plastic surgery and transplantations	9842.0000	13%	
	6	Visa processing services, including advisory or consultancy services for migration or visa application filing services	9843.0000	13%	
	7	Debt collection services and other debt recovery services provided or rendered by debt collection agencies or recovery agencies or other persons	9844.0000	13%	
	8	Supply chain management or distribution (including delivery) services.	9845.0000	13%	
5	<b>Adjustment - Section 15</b>				
	<ul style="list-style-type: none"> <li>- Add proviso</li> <li>- Refund made on yearly basis in the month following the end of the financial year;</li> </ul>				

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6	<p><b>Input Tax credit not allowed - Section 15A</b></p> <ul style="list-style-type: none"> <li>- New section</li> <li>- A registered person shall not be entitled to claim, reclaim, adjust or deduct input tax in relation to. <ul style="list-style-type: none"> <li>a. the goods or services used or to be used for any purpose other than for the taxable services provided or rendered or to be provided or rendered by him;</li> <li>b. the goods in respect of which sales tax has not been deposited.</li> <li>c. the services in respect of which the Provincial sales tax has not been deposited.</li> <li>d. Further tax, extra tax or value addition tax</li> <li>e. fake, false, forged, flying or fraudulent invoices or the invoices issued by persons black-listed or suspended by Board or FBR or any other Provincial Sales Tax Authority.</li> <li>f. capital goods and fixed assets</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>g. the following goods or services, excluding the ones directly used and consumed in the economic activity of a registered person in provision of the services paying sales tax at a rate not less than thirteen per cent ad valorem; <ul style="list-style-type: none"> <li>a. vehicles classified under Chapter 87 of the First Schedule to the Custom Act, 1969 (Act No. IV of 1969) and parts (including batteries and tyres and tubes) of such vehicles;</li> <li>b. calendars, diaries, gifts, souvenirs and giveaways;</li> <li>c. garments, uniforms, fabrics, footwear, handwear, headwear for the employees;</li> <li>d. food, beverages and consumptions on entertainments, meetings or seminars or for the consumption of the registered person or his Directors, shareholders, partners, employees or guest;</li> <li>e. electricity, gas and telecommunication services supplied at the residence of the employees or in the residential colonies of the employees;</li> <li>f. building materials including cement, bricks, mild steel products, paints, varnishes, distemper, glass products;</li> <li>g. office equipment and machines (excluding electronic fiscal cash registers), furnisher, fixtures or furnishing;</li> <li>h. electric and gas appliances, pipes and fittings;</li> <li>i. wires, cables, sanitary fittings, ordinary electric fittings, electric fans and electric bulbs and tubes; and</li> <li>j. crockery, cutlery, utensils, kitchen appliances and equipment;</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>h. utility bills not in the name of the registered person unless evidence of consumption of such utilities is provided to the satisfaction of the officer of the SRB not below the rank of an Assistant Commissioner;</li> </ul>
	<ul style="list-style-type: none"> <li>i. goods or services procured or received by a registered person during a period exceeding six months prior to date of commencement of the provision of taxable services by him;</li> </ul>
	<ul style="list-style-type: none"> <li>j. goods or services used or consumed in a services liable to sales tax at ad valorem rate lesser than thirteen per cent or at specific rate at fixed rate or at such other rates not based on value;</li> </ul>

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	k. the amount of sales tax paid on the telecommunication services in excess of nineteen per cent ad valorem and the amount of sales tax paid on other taxable goods or services in excess of thirteen per cent ad valorem ; and
	l. such goods or services as are notified by the Board to be in-admissible for input tax claim or reclaim or credit or adjustment or deduction.
	In case where a registered person deals with taxable and non-taxable or exempt services, he shall be entitled to claim or reclaim, for input tax credit or adjustment or deduction, only such proportion of the input tax as is attributable to taxable or non-exempt services in such manner as may be prescribed by the Board.
	No person other than a person registered under sections 24, 24A or 24B of this Act shall claim or deduct or adjust any input tax in respect of sales tax paid on any goods or services received or procured by him for use or consumption in the provision of taxable services;
7	<b>Joint and several liability of persons where tax unpaid.— Section 18</b> <ul style="list-style-type: none"> <li>- Boarder the area of liabilities</li> <li>- Remove the word registered persons</li> </ul>
8	<b>Sales of taxable activity or transfer of ownership.— Section 19</b> <ul style="list-style-type: none"> <li>- Remove word sales tax chargeable on</li> <li>- Substitute by tax chargeable or assessed or determined in relation to the</li> <li>- New proviso add</li> <li>- Provided that if the tax payable by person remains unpaid, the amount of the unpaid tax shall be the first charge on the assets of the business and the persons buying and selling the business shall be jointly and severally liable for payment of the tax;</li> </ul>
9	<b>Assessment of Tax.— Section 23</b> <ul style="list-style-type: none"> <li>- Show cause time period extend to eight year from five years.</li> </ul>
10	<b>Retention and production of records and documents.— Section 27</b> <ul style="list-style-type: none"> <li>- Retention and production of records and documents time period extend to 10 years from five years.</li> </ul>
11	<b>Recovery of tax not levied or short-levied.— Section 47</b> <ul style="list-style-type: none"> <li>- Recovery notice time period extend to 10 years from five years.</li> <li>- New sub-section (1B) added</li> <li>- Order to recovery any amount fails to withhold the tax or files to deposited</li> </ul>
12	<b>Removal of difficulties.— Section 74</b> <ul style="list-style-type: none"> <li>- Removal of any law difficulties time period extend to eight years from five years.</li> </ul>