



**CIRCULAR No. 01/2024**  
(Sindh Sales Tax on Services)

Dated: 04<sup>th</sup> January, 2024

**SUBJECT: GUIDELINES FOR COLLECTION AND PAYMENT OF SINDH SALES TAX BY A COLLECTION AGENT UNDER THE SINDH SALES TAX SPECIAL PROCEDURE (TAX ON SPECIFIED SERVICES) RULES, 2023**

In exercise of powers conferred by section 72, read with sub-section (2) of section 3, sub-section (3) of section 9 and section 13 of the Sindh Sales Tax on Services Act, 2011 (Sindh Act No. XII of 2011), the Sindh Revenue Board has issued the Sindh Sales Tax Special Procedure (Tax on Specified Services) Rules, 2023, vide its notification No. 3-4/46/2023 dated 27.09.2023 as amended by notification No. SRB-3-4/63/2023 dated 29.12.2023. The said Rules have taken effect on and from the 1<sup>st</sup> day of October, 2023.

2. Under the said Rules, a scheduled bank, as defined in clause (m) of section 2 of State Bank of Pakistan Act, 1956, has been notified to be collection agent in relation to collection and payment of tax on such of the specified services as are specified in the Table in rule 3 of the said Rules, 2023, and for which the recipient of the services (other than a company borne on the Active Taxpayers List maintained either by SRB under the 2011-Act or by FBR under the Sales Tax Act, 1990) which is based in the Province of Sindh and makes payments by using any means for transfer of amounts of consideration to the service provider not resident in Pakistan.

3. After issuance of the said Rules, certain representations were received from few of the Banks requesting to issue guidelines for collection and payment of SST. Accordingly, in addition to the procedure provided in the said Rules, the following guidelines are issued for adoption by the prescribed collection agents: -

- (i) In case the payment is made through a Debit Card or Credit Card, the collection agent shall collect SST at the rate of 13% of the amount remitted under the **merchant category code 7311** for the advertisement services and at the rate of 3% of the amount remitted under the **merchant category codes 4816, 4899, 5815, 5816, 5817, 5818, 7372, 7375, and 7379** for the services of software or IT based system development consultants as covered under clause (84B) of section 2 of the 2011-Act, including cloud-based content streaming services.

- (ii) In case of over the counter payments, the collection agent shall collect SST at the rate of 13% of the amount remitted under the State Bank of Pakistan's (SBP) **outward remittances code 1237** for the advertisement services and the market research agency services and at the rate of 3% of the amount remitted under the SBP **outward remittance code 1182** for the services of software or IT based system development consultants as covered under clause (84B) of section 2 of the 2011-Act, including cloud-based content streaming services.
- (iii) The collection agent shall collect the tax amounts at the prescribed rates in cases where payments for specified services are remitted under the merchant category codes or SBP outward remittances codes other than the ones specified above.
- (iv) The SST so collected shall be deposited by the collection agent in the treasury in the head of account "B-02384--Sindh Sales Tax on Services" by the 15<sup>th</sup> day of the month following the tax period in which the amount of consideration was remitted.
- (v) The SST so collected shall be declared by the collection agent in Annex-C of his tax return (Form SST-03) as an output tax duly indicating the relevant tariff heading/HS-Code of specified service.
- (vi) The collection agent shall use "CA" as prefix in the sub-column "Number" of the column "Document" of Annex-C of the tax return (Form SST-03) in the format such as "CA-XXXXX".

  
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