



NO.SRB.COM-II/Clubs/1/3033/2012

NO.SRB.COM-I/AC-I/ ADV /2011

**GOVERNMENT OF SINDH
SINDH REVENUE BOARD**

9th Floor Shaheen complex,

M.R Kiyani Road Karachi

P.O Box:-597

Dated: 14th February, 2012

CIRCULAR NO. 1/2012

Subject: **SINDH SALES TAX ON SERVICES PROVIDED OR RENDERED BY CLUBS (TARIFF HEADING 9801.4000) OF THE SECOND SCHEDULE TO THE SINDH SALES TAX ON SERVICES ACT, 2011.**

The services provided by clubs is a taxable service under tariff heading 9801.4000 of the Second Schedule to the Sindh Sales Tax on Services Act, 2011 (Sindh Act No.XII of 2011) read with section 3 thereof. The said Act has taken effect from 01.07.2011. The procedure for payment of Sindh Sales Tax on Services by Clubs (whether proprietary or association of members covered by doctrine of mutuality) is prescribed under rule 42 of the Sindh Sales Tax on Services Rules, 2011. The exemption provisions are contained in S.No.1A of the notification No.SRB Leg(1)/2011 dated 01.07.2011, as amended by notification No.SRB-3-4/17/2011 dated 29.12.2011. The said Act, Rules and notifications are available on SRB website <www.srb.gos.pk>.

2. For the benefit of all the Club service providers, the following clarifications are issued: -

- i. The services provided by Clubs whose initiation fee for members, does not exceed Rs. 30,000/- and whose monthly fee/subscription for members also does not exceed Rs. 100/- shall be exempt from the levy of Sindh Sales Tax. However any donation received by the Club, except for charitable purposes on behalf of registered non-Government organization or non Profit organization covered by section 2(36) of Income Tax Ordinance, 2011, shall be added to the amount of initiation fee or monthly fee, as the case may be for determination of the exemption threshold.
- ii. The Clubs whether Proprietary or formed on the basis of association of members and/or doctrine of mutuality may get registered for filing return(s) and payment of tax etc., under the Sindh Sales Tax on Services Act, 2011 and Rules made thereunder.

- iii. The charges received by Clubs from its members as refundable deposits and voluntary contributions for the welfare (eg. eid gifts, bonuses or gratuity) for the Club staff or for payment to registered non-profit organizations, as defined and for the purpose mentioned in section 2(36) of the Income Tax Ordinance, 2001, shall also be exempt from Sindh sales tax subject to the condition that the amounts, so received for these purpose, are used, entirely and exclusively, for the purpose for which it is received;
- iv. All services, except the ones specifically exempted under a notification issued under the said 2011-Act, are taxable at 16%. The value of taxable services of Clubs shall be the gross amount charged or the consideration received in money including fee relating to award of new membership, monthly membership fee and donations or contributions received from members or applicants for membership and all federal and provincial levies, if any, which the Club receive from its members or clients for providing or rendering taxable services. The term “membership” includes permanent membership, temporary membership, associate membership, honorary membership, corporate membership or membership of any affiliated Club using the services of the other Club;
- v. The amount of Sindh Sales Tax is required to be e-deposited by the 15th day of the second month following the month in which supplies were made by the club in the Sindh Government’s head of account “B-02382” against a SRB-prescribed PSID/Challan (Form SST-04) in one of the SRB-authorized branches of NBP.
- vi. The Club shall e-file a Monthly Tax Return (From SST-03) with SRB by the 18th day of the second month following the tax period to which it relates;
- vii. The Club, allowing its premises to be used for any purpose by a caterer whether on regular basis or on occasional basis, shall keep a record of such caterers and their catering services as the Sindh Revenue Board may require the Clubs to submit a periodical

Statement in this regard in terms of the provisions of section 52(3) of the said 2011-Act. The Clubs are advised , in their own interest, to ensure that such Caterers are duly registered with SRB and hold a SRB-related Sales Tax Registration Number (SNTN) because the catering services are also taxable under tariff heading 9801.5000 of the Second Schedule to the said 2011-Act.

3. Any delays and defaults in compliance of the provisions of the Sindh Sales Tax on Services Act, 2011, and the rules made thereunder entail penal action under section 43 of the said 2011-Act in addition to the determination of their tax liability and the default surcharge thereon under sections 23, 44 and 47 thereof.

SIGNED

(IMTIAZ AHMED BARAKZAI)

Member (Operations)