



NOTIFICATION

(Sindh Sales Tax on Services)

Notification No. S.R.B.-3-4/1 /2011, dated 24th August, 2011— In exercise of the powers conferred by section 72 of the Sindh Sales Tax on Services Act, 2011 (Sindh Act No XII of 2011), read with the provisions of sub-section (4) of section 3, sub-section (3) of section 9, and section 13 thereof, the Sindh Revenue Board, with the approval of the Government of Sindh, is pleased to make the following rules, namely:--

1. Short title, application and commencement. — (1) These rules may be called the Sindh Sales Tax Special Procedure (Withholding) Rules, 2011.

(2) They shall apply to taxable services as are supplied, provided or rendered to following persons, hereby specified as withholding agents, for the purposes of deduction and deposit of sales tax, namely:--

- (a) federal and provincial government, including local and district government, departments and offices;
- (b) autonomous bodies;
- (c) public sector organizations, including public corporations, state-owned enterprises and regulatory bodies and authorities;
- (d) organizations which are funded, fully or partially, out of the budget grants of the federal or provincial government;
- (e) taxpayers as fall in the jurisdiction of Large Taxpayers Units of Inland Revenue of the Federal Board of Revenue for the purposes of sales tax, federal excise duty or income tax; and
- * (f) recipients of service of advertisement, who are registered for the Federal Sales Tax on goods or for Sindh Sales Tax on Services.

2. **Definitions.**— In these rules, unless there is anything repugnant in the subject or context,---

(1) “Act” means the Sindh Sales Tax on Services Act, 2011;

(2) “Advertisement” means the taxable services of advertisement of tariff heading 98.02;

* The alphabet “(f)” substituted for the alphabet “(e)” vide notification No.SRB-3-4/5/2011 dated 10-09-2011

- (3) “FBR” means the Federal Board of Revenue established under the Federal Board of Revenue Act, 2007;
- (4) “LTU” means the Large Taxpayers’ Units of Inland Revenue as constituted by the FBR;
- (5) “Rules” means the Sindh Sales Tax on Services Rules prescribed under the Act;
- (6) “Sales tax” or “Tax” means the sales tax as defined in sub-section (34) of section 2 of the Act;
- (7) “SRB” means the Sindh Revenue Board established under the Sindh Revenue Board Act, 2010; and
- (8) “Withholding agent” means the withholding agent under these rules and includes the accounting office which is responsible for making payment against the taxable services received by a government department or government office.

3. Responsibility of a withholding agent.-- (1) The withholding agent, intending to receive taxable services, shall indicate in an advertisement or notice for this purpose that the sales tax to the extent as provided in these rules shall be deducted and withheld from the payment to be made to the service provider and deposited in the Government of Sindh’s head of account No “B-02382---Sindh Sales Tax on Services” or as notified by the SRB from time to time.

(2) A withholding agent, other than a person in the jurisdiction of LTU and a recipient of advertisement services, shall deduct an amount equal to one-fifth of the total sales tax shown in the sales tax invoice issued by a registered person and make payment of the balance amount to him as per illustration given below,--

ILLUSTRATION: Value of taxable services excluding sales tax	Rs. 1000
Sales tax chargeable @ 16%	Rs. 160
Sales tax to be deducted by the withholding agent	Rs. 32 (i.e. Rs. 160 ÷ 5)
Sales tax payable by the withholding agent to the service provider	Rs. 128 (i.e. Rs. 160- Rs.32)
Balance amount payable to the service provider by the withholding agent.	Rs. 1128 (i.e. Rs. 1000 + Rs.128).

(3) A withholding agent, having Free Tax Number (FTN) or National Tax Number (NTN) and falling under clause (a), (b), (c), (d) or (e) of sub-rule (2) of rule 1, shall on receipt of taxable services from unregistered persons, deduct sales tax at the applicable rate of the value of taxable services provided or rendered to him from the payment due to the service provider and, unless otherwise specified in the contract between the service recipient and the service provider, the amount of sales tax for the purpose of this rule shall be worked out on the basis of gross value of taxable services.

(4) A person mentioned in clause (f) of sub-rule (2) of rule 1, who receives advertisement services, provided or rendered by a person based in Pakistan or abroad, shall deduct the amount of sales tax as mentioned in the invoice issued by the service provider, from the payment due to the service provider. In case the sales tax amount is not indicated on the invoice, the recipient shall deduct sales tax at the applicable rate of the value of taxable services from the payment due to the service provider.

** (4A) Notwithstanding anything contained in sub-rules (3) and (4), a withholding agent falling under clause (e) of sub-rule (2) of rule 1, who receives taxable services from a registered person, other than a registered service provider also registered in the LTU, shall deduct and withhold one percent of value of taxable services received by him as sales tax from the payment due to that registered service provider. This amount shall be deposited by the withholding agent under the Government of Sindh's head of account "B-02382----- Sindh Sales Tax on Services" by the 15th day of every following month. Simultaneously, the withholding agent shall submit the "Monthly Sales Tax Return for Withholding Agents", as prescribed in sub-rule (5) of rule 3, by the said prescribed date. However, in case the said withholding agent is also registered with the SRB, he shall deposit the withheld amount of tax on the Form SST-04 and shall submit his tax return on Form SST-03 by the respective prescribed due dates. The remaining amount of fifteen percent or more, as the case may be, of the value of taxable services, shall be paid by the withholding agent to the registered service provider who will account for the said amount in his prescribed tax return in Form SST-03.

(5) Where the services are received by a government department or office specified in clause (a) sub-rule (2) of these rules, the following procedure shall be observed, namely:--

(a) the Drawing and Disbursing Officer (DDO), preparing the bill for the accounting office, shall indicate the amount of sales tax withheld as prescribed above. The accounting office shall adopt the procedure as indicated below:

(i) in case of services received by a department or office under the Federal Government, the office of the Accountant General of Pakistan Revenue shall account for and transfer the amount deducted at source during a month under the Sindh's Government's head of account "B-02382---Sindh Sales Tax on Services". Cheque for the amount will be prepared by the Accountant General of Pakistan Revenues in the name of the Member (Operations), SRB, Karachi, by debit to the aforesaid head of account and sent to the SRB by the 15th day of the following month;

(ii) in case of services received by departments or offices under the Sindh Government or district or local governments thereof, the Accountant General of the Sindh or the District Accounts Officer, as the case may be, shall credit the amount deducted at source during a month to the head of account "B-02382---Sindh Sales Tax on Services" and send an intimation to the Member (Operations), SRB, Karachi, by the 15th day of the following month;

(iii) in case of services received by the departments and offices under a Provincial Government, other than the Government of Sindh, or districts or local governments thereof, the Accountant General of that Province or the respective District Accounts Officer, as the case may be, shall credit the amount deducted at source during a month to the Sindh Government's head of account "B-02382---Sindh Sales Tax on Services". Cheque for the amount will be prepared by the respective Accountant General or District Accounts Officer, as the case may be, in the name of the Member (Operations), SRB, Karachi, by debit to the aforesaid head of account and send the same to the said Member (Operations) by the 15th day of the following month; and

(iv) where the services are received by the departments falling in purview of Military Accountant General, the MAG shall account for the amount

deducted at source during a month under the Sindh Government's head of account " B-02382---Sindh Sales Tax on Services", and send intimation to the Member (Operations), SRB, Karachi, by the 15th day of the following month. The amount, so deducted at source, shall simultaneously be reported by MAG office to Accountant General Sindh through civil exchange accounts; and

- (b) the concerned Drawing and Disbursement Officer shall prepare the return in the form as in the Annex to these rules for each month and forward the same to the Member (Operations), SRB, Karachi, by the 15th day of the following month.

(6) In case of services, not covered by sub-rule (5) above, the sales tax deducted at source shall be deposited, on line, by the withholding agent in the designated branch of National Bank of Pakistan under relevant head of account on sales tax return-cum-payment challan in the form set out at Annex to these rules, by 15th day of the month following the month during which payment has been made to the service provider. The return-cum-payment challan shall be prepared and deposited with the bank in triplicates and the bank shall send the original to the Member (Operations), SRB, Karachi, or its designated officer having jurisdiction, return the duplicate to the depositor and retain the triplicates for its own record:

Provided that a single return-cum-payment challan can be filed in respect of all services received for which the payment has been made in a month.

(7) In case the withholding agent is also registered under the Act, he shall file the return and deposit the withheld amount of sales tax in the manner as provided under Chapter III of the Rules, along with other tax liability, and such person shall not be required to file the return in the terms as set out in the Annex to these rules:

Provided that in case the withholding agent is not registered for sales tax but holds a national tax number assigned under the Income Tax Ordinance, 2001 (XLIX of 2001), he shall file the return, as set out in the Annex to these rules, electronically and deposit the amount deducted at source in the manner as provided for the persons filing returns electronically under rule 13 of the Rules:

Provided further that any other withholding agent may also opt to file the prescribed return electronically and deposit the deducted amount in the manner as provided in this sub-rule.

(8) The withholding agent shall furnish to the Member (Operations), SRB, Karachi, all such information or data as may be required by him for carrying out the purposes of these rules.

(9) A certificate showing deduction of sales tax shall be issued to the supplier by the withholding agent duly specifying the name and registration number of service provider, description of services and the amount of sales tax deducted.

4. Responsibility of the registered service provider.— (1) The registered service provider shall issue sales tax invoice, as stipulated in section 26 of the Act or the rules or notification issued thereunder, in respect of every taxable service provided or rendered to a withholding agent.

(2) The registered service provider shall file monthly return as prescribed in the Rules and shall adjust total input tax against the output tax under section 15 of the Act, taking due credit of the sales tax deducted by the withholding agent, in the manner as prescribed in the return under Chapter III of the Rules.

5. Responsibility of the Member (Operations) and the Commissioner.— (1) The Member (Operations), SRB, and the Commissioner-SRB shall keep a list of all withholding agents falling in his jurisdiction and shall also ensure that the returns prescribed under these rules are duly filed by the withholding agents.

(2) The Member (Operations), SRB, and the Commissioner-SRB shall ensure that the return received from the bank is duly fed in the computerized system, as referred to in clause (12) of section 2 of the Act.

(3) The Member (Operations), SRB, and the Commissioner-SRB shall periodically ensure that the service providers, mentioned in the returns filed by the withholding agents, are filing returns under Chapter-VI of the Act, read with Chapter III of the Rules, and are duly declaring the services provided or rendered to withholding agents.

6. Application of other provisions.- All the provisions of the rules and notifications made or issued under the Act, shall apply to the taxable services, as aforesaid, to the extent that these are not inconsistent with the provisions of these rules.

SIGNED

(MUMTAZ AHMAD)

Member (Legal & Coord.)

**Government of Sindh
Sindh Revenue Board**

Monthly Sales Tax Return for Withholding Agents

Withholding Agent Name & Address

Month Year

Period

NTN/FTN

DETAILS OF SALES TAX DEDUCTED DURING THE MONTH
(attach additional sheets, if required)

S. No.	Name of Service Provider	NTN	No. of Invoices	Amount of Sales Tax Invoiced	Amount of Sales tax withheld
TOTAL AMOUNT OF SALES TAX WITHHELD DURING THE MONTH					

Verification	<p>I, _____, holder of CNIC No. _____ in my capacity as _____, certify that the information given above is/are correct, complete and in accordance with the provisions of the Sindh Sales Tax on Services Act, 2011, and the rules and notifications issued thereunder.</p> <p>Date: _____ Stamp _____ Signature _____</p>
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Head of Account: B-02382----Sindh Sales Tax on Services (withholding)

Amount received: (in figures) Rs. _____

(in words) Rupees _____

Bank Officer's signature _____

Bank Stamp with date _____