



Karachi, dated the 26th November, 2012

M/s Haider Naqi & Company,
109, 1st Floor, Paradise Chambers,
Off: Passport Office,
Saddar, Karachi – 74400.
(Tel: 3568-0570)

ADVERTISEMENT/COMMISSION FROM DISPLAY ON CINEMA SCREENS

Dear Sir,

Kindly refer to your letter No.ME–SRB-2013 dated 13-11-2012 on the above subject.

2. All advertisement services falling under tariff heading 98.02 and the sub-headings thereof (except the ones falling under sub-heading 9802.4000) are liable to Sindh sales tax at 16%. Accordingly, the queries raised by you, in your letter under reference, are answered as hereunder:-

- The advertisements displayed on cinema screen or on banners exhibited inside and around cinema houses are liable to Sindh sales tax at 16%;
- The cinema houses providing or rendering the taxable services of such advertisements, on their cinema screens or on banners exhibited inside and around cinema houses, are liable to registration under section 24 of the Sindh Sales Tax on Services Act, 2011, and they are required to issue prescribed tax invoices in favor of the service-recipients. The service recipient of "advertisement", as defined in rule 2(2) of the Sindh Sales Tax Special Procedure (Withholding) Rules, 2011, is a "Withholding Agent" in terms of rule 1(2)(f) thereof and has to e-sign himself under rule 3(1A) thereof, has to deduct the amount of withholding tax (i.e. 16% of the value of services) in terms of rule 3(4) thereof, and also has to e-deposit the amount of withholding tax in Sindh Government's head of account "B-02384" in the prescribed manner and by the prescribed due date, as specified in sub-rule (6) or sub-rule (7), as the case may be, of rule

3 of the said Rules, besides discharging his other responsibilities as specified in rule 3 of the said Rules. In case the advertiser receives the taxable advertisement services through any Media/Advertising Agent (instead of receiving the same directly from the service provider i.e. the cinema houses, in this case), the procedure prescribed in paragraph 3 of SRB Circular No.6/2012 dated 09-11-2012 (available on SRB website www.srb.gos.pk) has to be complied with. As regards the issue of sales tax on the amount of commission charged by the Advertising Agent/Media Agent (if any), such amount of commission ought to be included in the "value", as described in section 5 of the Sindh Sales Tax on Services Act, 2011. The taxable value, so invoiced by the service provider (cinema houses, in this case), is liable to Sindh sales tax.

3. In case you or any of your clients or any service provider or any service recipient has any query to make or any clarification to seek, you/they may call SRB helpline (021)111-778-000 or visit SRB helpdesk at 9th floor of Shaheen Complex, M.R. Kayani Road, Karachi, or contact SRB at info@srb.gos.pk at your/their convenience.


(Muhammad Iqbal Lakho)
Deputy Commissioner (Hqs)
dchqs@srb.gos.pk

Copy, alongwith a copy of the letter under reference, to:-

1. The Secretary General, Pakistan Film Exhibitors Association (South Zone), Lyric Cinema Building, 70-Garden Road, Karachi. (Tel: 3272-7272), for information and necessary action.
2. Mr. Imtiaz A. Barakzai, Member (Operations), SRB
3. Mr. Imran Khan, Director (Monitoring & Compliance), SRB
4. Mr. Aamir Ali, D.C. (Audit), SRB
5. A.C. (Withholding I/ II/ III), SRB
6. Mr. Shoaib Rajkoti, A.C. (Advertisements), SRB
7. Mr. Javed Akhtar, Manager (Call Center), SRB
8. Ms. Samreen Hanif, Consultant (Audit), SRB for getting it noted by all officers in Audit Wing of SRB.

Encl: (1) as above.


(Muhammad Iqbal Lakho)
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