

GOVERNMENT OF PAKISTAN  
REVENUE DIVISION  
FEDERAL BOARD OF REVENUE  
(INLAND REVENUE WING)  
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C.No. 1/23-STB/2010 (Pt)/17755-R Islamabad the 30<sup>th</sup> December 2011

Chief Commissioner (Inland Revenue)  
Large Tax Payer Unit (LTU)  
Lahore.

SUBJECT: DEPOSIT OF SALES TAX WITHHELD ON ACCOUNT OF SERVICES IN THE SINDH TREASURY FOR THE TAX PERIOD JULY 2011 TO OCTOBER 2011.

I am directed to refer to your letter No. AC(HQ)F.05(ST)/2011/4177, dated 08-12-2011 on the subject cited above and to say that it is the responsibility of the withholding agents, in terms of provisions of sales tax special procedure (Withholding) Rules, 2007, to deduct the amount of sales tax mentioned in the invoices issued by the service provider. The amount so deducted is either to be deposited along with FBR's return or can be adjusted against their output tax. The contention of the Sindh Revenue Board to deposit the amount so withheld with SRB is not correct because in such cases tax payers will not be able to take input adjustments against their output tax. Moreover, as sales tax on advertising services constitutes a significant proportion as inputs into other supplies, revenue collection of FBR will be adversely affected if input adjustments are allowed against payments made in SRB's account.

You are accordingly directed to ensure that sales tax on account of services is withheld in terms of provision of sales tax special procedure (Withholding), Rules, 2007.

(Adnan Iqbal Swati)  
Second Secretary (ST&FE-Budget)

Copy to:

All Chief Commissioners, RTOs/LTUs for information and strict compliance:

(Adnan Iqbal Swati)  
Second Secretary (ST&FE-Budget)

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C. No. 1/23-STB/2010 (Pt)/105231-R Islamabad the 27<sup>th</sup> July, 2012

Chairman,  
Sindh Revenue Board,  
Karachi.

IN WARD	
No #	8029
Date:	21/7/12
Received by	Name & Sign. Sindh Revenue Board

SUBJECT: WITHDRAWAL OF BOARD'S LETTER DATED 30.12.2011

I am directed to refer to Board's letter C. No. 1/23-STB/2010 (Pt)/1775-R, dated 30.12.2011 on the subject cited above and to say that the Federal Board of Revenue is pleased to withdraw its aforementioned letter with immediate effect.

(Adnan Iqbal Swati)  
Secretary (ST&FE-Budget)

Copy to:

All Chief Commissioners, RTOs/LTUs

(Adnan Iqbal Swati)  
Secretary (ST&FE-Budget)