

**SINDH REVENUE BOARD**3rd Floor Shaheen Complex,

M.R Kiyani Road, Karachi.

Dated September 30, 2020

Name	M/s S B Enterprises (Private) Limited
SNTN	3759900-3
Address	Plot No. 238 A, Block No. II, Shahrah-e-Qaideen, PECHS, Karachi.
Date of Suspension	17.08.2020
Reason of Suspension	Non-compliance of Section 17 of the Sindh Sales Tax on Services Act, 2011

ORDER FOR REVOCATION OF SUSPENSION OF M/S S B ENTERPRISES

M/s SB Enterprises, bearing SNTN 3759900-3, are registered with SRB under the service category 'Technical Testing & Inspection Services', covered under tariff heading 9840.0000 to the Second Schedule of the Sindh Sales Tax on Services Act, 2011 (here-in-after referred to as the 'Act, 2011'). The said services are chargeable to SST at the prescribed rate under section 8 of the Act, 2011 read with aforesaid tariff heading 9840.0000.

02. Scrutiny of annexure C of the sales tax returns, as filed by M/s. S B Enterprises for the tax periods Mar-17 to Jun-17 & Aug-17 to Jul-19, reveals that they have provided taxable services involving SST amounting to **Rs. 4,997,594** during the said tax periods. Despite declaring the value of taxable services and SST charged thereon, M/s S B Enterprise have failed to deposit the same in Sindh Government head of account No. B-02384. The act of charging and collecting SST amount but not depositing the same in Sindh exchequer is covered by the terminology of tax fraud, as provided under section 2(94) of the Act, 2011 and constitutes an offenses punishable under serial no 3 and 6(d) of the Table under section 43 of the Act, 2011. This is serious violation of section 8 of the Act, 2011 read with sections 9 and 17 of the Act, 2011.

03. The above legal and factual position was communicated to M/s S B Enterprise, vide this office notice dated 29.07.2020, however, M/s S B Enterprise did not submit any response to the statutory notice issued to them. In view of above, M/s S B Enterprises were served with a notice regarding Suspension of Registration, bearing NO. SRB-COM-IV/AC-16/TI/S B ENTERPRISES/2020/0139 dated 17.08.2020. M/s S B Enterprise was informed that their registration with SRB was being suspended for failing to deposit the admitted SST amount and for committing violation of provisions of section 8, 9 and 17 of the Act, 2011, till the following remedial action are not be taken by them on or before 24.08.2020:



- aforesaid self-declared Sindh sales tax liability of **Rs. 4,997,594/-** is discharged by depositing the same in the Government of Sindh head of account B-02384, along with default surcharge u/s 44 of the Act, 2011;
- bank statements of all bank accounts from July 2016 to July 2019 are provided under section 52 of the Act, 2011; and
- copies of income tax returns of FY 2016, 2017, 2018 & 2019 are provided under section 52 of the Act, 2011.

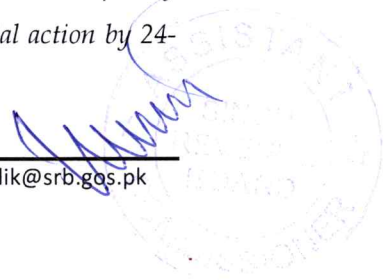
04. The said notice is reproduced as under for ready reference;

"Whereas, section 25(1)(a)(ii) of the Sindh Sales Tax on Services Act, 2011 provides that registration of a registered person can be temporary suspended where registered person "has failed to comply with its obligations under this Act". Rule 10 of the Sindh Sales Tax on Services Rules, 2011 also provides that where a registered person commits any act of fraud or deliberate and intentional non-payment, short payment or evasion of tax, the Board or an officer of SRB authorized by the Board in this behalf may, without prejudice to any other action under the law for the time being in force, suspend the registration of such person.

2. *Scrutiny of your SRB tax profile reveals that you have declared taxable services and have self-assessed output tax payable thereon amounting to **Rs. 4,997,594** for the tax periods Mar-17 to Jun-17 & Aug-17 to Jul-19; however you have failed to deposit the same in the provincial kitty. This is tantamount to tax fraud which is defined under section 2 (94) of the said Act, 2011. Please note that failing to deposit the amount of tax due or any amount thereof constitutes an offense punishable under serial no 3 of the Table under section 43 of the Act, 2011. Furthermore, the act of tax fraud is liable to be penalised under serial no. 6(d) of the Table under section 43 of the Act, 2011.*

3. *This office has informed you in writing vide SRB's letter dated 29.07.2020, about the aforesaid offence (i.e failing to deposit the amount of tax due or any amount thereof) committed by you but, you have failed to deposit the said amount of Sindh sales tax due as required. This is a serious violation of the above referred statutory provisions of the Act-2011 and the Rules made thereunder.*

4. *Now, this notice is being issued to you under section 25 of the Sindh Sales Tax on Services Act, 2011 read with Circular No.02 of 2013 and Rule 10 of the Sindh Sales Tax on Services Rules, 2011 to the effect that your registration is hereby suspended temporary with immediate effect, which shall be revoked if you take following remedial action by 24-08-2020;*



- To discharge your aforesaid self-declared Sindh sales tax liability of **Rs.4,997,594/-** by depositing the same in the Government of Sindh head of account B-02384, along with default surcharge u/s 44 of the Act.
- To provide bank statements of all bank accounts from July 2016 to July 2019
- To provide copies of income tax returns of FY 2016, 2017, 2018 & 2019

5. In case of non-satisfactory response or failure to take remedial measures as suggested above on or before 24-08-2020, further proceedings shall be initiated against you as envisaged under the law without any further notice.

6. This notice and suspension of registration are without prejudice to the penal action, prosecution action and recovery action as may be taken against M/s. S B Enterprises in accordance with the provisions of the Act or the Rules."

05. In response to the aforesaid notice, the representative of M/s. S B Enterprises appeared and contended that the SST amount of Rs. 4,997,594/- was erroneously not paid by them. They then submitted two Pay Orders bearing No. 02119581, dated 20.08.2020 amounting to Rs. 284,681/- and No. 02119582 dated 20.08.2020 amounting to Rs. 355,141/- vide their letter dated August 20, 2020 (i.e amount of **Rs. 639,822** out of the total amount of Rs. 4,997,594/-). The instant suspended person then emailed and informed that the balance SST amount of Rs. 4,357,772/- will be deposited by them but currently due to the situation around the world because of Pandemic disease they are unable to deposit the same on lump sum; therefore, they requested to pay the due liability of Rs. 4,357,772 (i.e. 550,000/month) in eight 8 instalments. The screenshot of the email is reproduced below for ready reference:

Muhammad Shareef Malik

From: Abdul Ghaffar Kalhoro <cma.ghaffar@gmail.com>
Sent: Thursday, September 10, 2020 10:39 AM
To: Shareef.malik@srb.gos.pk
Subject: Payment in Installments
Attachments: SB Enterprises.pdf

Dear Shareef sb

We M/s SB Enterprises would like to pay our dues/remaining liability Rs. 4,357,772 (4,997,594 - 639,822) in six to eight installments, because paying this amount along with monthly returns will be a little bit difficult for us to pay during this pandemic situation.

Furthermore, we must mention here, during this Covid-19 pandemic and economic fluctuation, we are facing slow down in business and recovery from clients as well

In this regard, we intend to pay our all remaining amounts, for this reason, we want you to cooperate in this regard and favor us to pay Rs. 550,000/- each month for eight months.

For further clarification, please find the attached file regarding favorable options.

warm regards.



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06. Their request for payment in instalment has been partially considered by the competent authority with the direction to pay Rs. 860,178/- additional in the month of September, 2020; but M/s SB Enterprises has only submitted the pay-order bearing No. 02119672, dated 30.09.2020, amounting to Rs. 600,000/- and informed that due to suspension they are facing financial hardships due to which they are not in a position to pay the total amount of Rs. 860,178; keeping in view their current financial condition, lenient view has been taken in the matter and M/s SB Enterprises is hereby directed to pay the due amount of Rs. 3,757,772/- as per following breakup:

Month	Amount	Remaining
October, 2020	1,252,591	2,505,181
November, 2020	1,252,591	1,252,590
December, 2020	1,252,591	Nil

07. Considering the above facts and the current economic condition of the country due to outbreak of Covid-19 and consequent liquidity crisis being faced by businesses, a lenient view is being taken and the suspension of the registered person is hereby revoked, subject to the condition that M/s. S B Enterprises will pay their due payment of SST on the 15th of every month as mentioned above from October, 2020 to December, 2020, alongwith default surcharge under section 44 of the Sindh Sales Tax on Services Act, 2011. In case of non-compliance or failures to comply with the provisions of Sindh Sales Tax on Services Act, 2011 and rules made thereunder, necessary legal action shall be initiated against M/s. S B Enterprises for the recovery of remaining short paid amount.


(Muhammad Shareef Malik)

Assistant Commissioner-Unit-16

Copy for information to:

1. The Member (Operations), Sindh Revenue Board, Karachi.
2. The Commissioner-IV, Sindh Revenue Board, Karachi.
3. The Project Manager, PRAL, SRB.
4. Deputy Commissioner (IT), SRB, for placing it on SRB website.


(Muhammad Shareef Malik)

Assistant Commissioner-Unit-16

