

A BILL

to rationalize, levy and enhance certain taxes and duties in the Province of Sindh and to amend certain laws in the Province of Sindh;

WHEREAS it is *expedient* to rationalize, levy and enhance certain taxes and duties in the Province of Sindh and to amend certain laws in the Province of Sindh, in the manner hereinafter appearing;

Preamble.

It is hereby enacted as follows:-

1. (1) This Act may be called the Sindh Finance Act, 2016. **Short title and commencement.**
(2) It shall come into force on and from 1st day of July, 2016.
2. In the Stamp Act, 1899, in its application to the Province of Sindh – **Amendment of sections 31, 73 and Schedule of Act No. II of 1899.**
 - (i) in section 31, in sub-section (1), for the words “five rupees and not less than fifty paisa”, the words “two hundred rupees” shall be substituted;
 - (ii) in section 73, in sub-section (2), for the words “twenty”, the words “thirty” shall be substituted; and
 - (iii) In the Schedule -
 - (a) in Article 7, in column 2, for the words “five hundred”, the words “one thousand” shall be substituted;
 - (b) in Article 8, in column 2, for the figures “1.50”, the figure “3” shall be substituted;
 - (c) in Article 19, in clauses (i), (i-a), (ii), (iii), (iv), (v) (vi) & (vii), in column 2, for the figures and words “0.2”, “one thousand”, “two thousand and five hundred”, “ten thousand”, “twenty five thousand”, “Fifty thousand” and “One lac”, the figures and words “0.3”, “Fifteen hundred”, “Three thousand and eight hundred”, “Fifteen thousand”, “Thirty eight thousand”, “Fifty three thousand”, “Seventy five thousand” and “One lac fifty thousand” shall be substituted, respectively; and
 - (d) in Article 27, in clauses (a), (b), (c), (d), (ee) and (f), in column 2, for the words “Twenty five”, “One hundred”, “two hundred”, “Five hundred”, “Three thousand” and “Ten”, the words “One hundred”, “Two hundred”, “Five hundred”, “One thousand”, “Five thousand” and “One hundred” shall be substituted, respectively;
3. In the Sindh Urban Immovable Property Tax Act, 1958 - **Amendment of West Pakistan Act V of 1958**
 - (a) in section 3, after sub-section (2), the following new sub-section (2A) shall be inserted namely:-

“(2A) A rebate equal to five percent of the amount of annual tax for a financial year will be allowed, if the amount of annual tax

is paid in lump sum on or before the 30th day of September of the respective financial year.”; and

- (b) in section 15, in sub-section (1), for the words “surcharge, not exceeding ten percent”, the words “ten percent surcharge” shall be substituted.

4. In the Sindh Finance Act, 1994, for the existing Schedule, the following shall be substituted:-

**Amendment in
Schedule of
Sindh Finance
Act 1994.**

**“SCHEDULE
(See section 9)**

Net weight of goods	Rate of Cess along with distance
Upto 1250 kilograms	1.10% of total value of goods as assessed by the Custom Authorities plus one paisa per kilometer.
Exceeding 1250 kilograms but not exceeding 2030 kilograms.	1.11% of total value of goods as assessed by the Custom Authorities plus one paisa per kilometer.
Exceeding 2030 kilograms but not exceeding 4060 kilograms.	1.12% of total value of goods as assessed by the Custom Authorities plus one paisa per kilometer.
Exceeding 4060 kilograms but not exceeding 8120 kilograms.	1.13% of total value of goods as assessed by the Custom Authorities plus one paisa per kilometer.
Exceeding 8120 kilograms but not exceeding 16000 kilograms.	1.14% of total value of goods as assessed by the Custom Authorities plus one paisa per kilometer.
Exceeding 16000 kilograms.	1.15% of total value of goods as assessed by the Custom Authorities plus one paisa per kilometer.

Explanation: For the purpose of the Schedule, the “value” means the total value of goods as assessed by the Custom Authorities upon entering in and using the infrastructure of the Province and “distance” means the distance covered within the Province.”.

5. In the Sindh Sales Tax on Services Act, 2011 -

**Amendment
in Act XII of
2011.**

(i) in section 2 -

- (a) in clause (14), after the figures “87”, the word “of the First Schedule” shall be inserted;
- (b) after clause (29), the following new clause shall be inserted, namely:-

“(29A) “cosmetic and plastic surgery” includes the services provided or rendered by any person, in relation to aesthetic or cosmetic surgery or plastic surgery like

abdominoplasty (tummy tuck), blepharoplasty (eyelid surgery), mammoplasty, buttock augmentation and lift, rhinoplasty (reshaping of nose), otoplasty (ear surgery), rhytidectomy (face lift), liposuction (removal of fat from the body), brow lift, cheek augmentation, facial implants, lip augmentation, forehead lift, cosmetic dental surgery, orthodontics, aesthetic dentistry, laser skin surfacing, hair grafting, hair transplant and such other similar surgery.”;

- (c) after clause (31), the following new clause shall be inserted, namely:-

“(31A) “debt collection services and other debt recovery services” means the services provided by a person to a banking company or a financial institution including non-banking financial company or any other body corporate or a firm or a person, in relation to recovery of any sums due to such banking company or a financial institution including non-banking financial company or any other body corporate or a firm or a person, in any manner;”;

- (d) after clause (60), the following new clause shall be added and shall be deemed to have been added on and since the 1st day of July, 2011:-

“(60A) “notification in the official Gazette” means a notification issued under this Act shall be effective from the day specified therein, notwithstanding the fact that the issue of the official Gazette in which such notification appears is published at any time after that day;”;

- (e) after clause (69), the existing clauses (69A), (69B), (69C), (69D) and (69E) shall be renumbered as clauses (69B), (69C), (69D), (69E) and (69F), respectively, and the following new clause (69A) shall be inserted, namely:-

“(69A) “public relations services” includes strategic counselling based on industry, media and perception research, corporate image management, media relations, media training, press release, press conference, financial public relations, brand support, brand launch, retail support and promotion, events and communications and crisis communications;”;

- (ii) in section 15, the full-stop at the end shall be replaced by a colon and thereafter the following proviso shall be inserted:-

“Provided that the refund arising as a result of a claim of adjustments or deductions, if any, shall be made on yearly basis in the month following the end of the financial year.”;

(iii) after section 15, the following new section shall be inserted, namely:-

“15A. Input tax credit not allowed. (1) Notwithstanding anything contained in this Act, a registered person shall not be entitled to claim, reclaim, adjust or deduct input tax in relation to -

- (a) the goods or services used or to be used for any purpose other than for the taxable services provided or rendered or to be provided or rendered by him;
- (b) the goods in respect of which sales tax has not been deposited in the Federal Government treasury by the respective suppliers of goods;
- (c) the services in respect of which the Provincial sales tax has not been deposited in the treasury of the respective Provincial Government, and the services in respect of which the Islamabad Capital Territory sales tax has not been deposited in the treasury of the Federal Government;
- (d) further tax, extra tax or value addition tax levied under the Sales Tax Act, 1990, and the rules or notifications issued thereunder;
- (e) fake, false, forged, flying or fraudulent invoices or the invoices issued by persons black-listed or suspended by Board or FBR or any other Provincial Sales Tax Authority;
- (f) capital goods and fixed assets not exclusively used in providing or rendering of taxable services;
- (g) the following goods or services, excluding the ones directly used and consumed in the economic activity of a registered person in provision of the services paying sales tax at a rate not less than thirteen *per cent ad valorem*:-
 - (i) vehicles classified under Chapter 87 of the First Schedule to the Customs Act, 1969 (Act No. IV of 1969) and parts (including batteries and tyres and tubes) of such vehicles;
 - (ii) calendars, diaries, gifts, souvenirs and giveaways;
 - (iii) garments, uniforms, fabrics, footwear, handwear, headwear for the employees;
 - (iv) food, beverages and consumptions on entertainments, meetings or seminars or for the consumption of the registered person or his Directors, shareholders, partners, employees or guests;
 - (v) electricity, gas and telecommunication services supplied at the residence of the employees or in the residential colonies of the employees;

- (vi) building materials including cement, bricks, mild steel products, paints, varnishes, distemper, glass products;
 - (vii) office equipment and machines (excluding electronic fiscal cash registers), furniture, fixtures or furnishings;
 - (viii) electrical and gas appliances, pipes and fittings;
 - (ix) wires, cables, sanitary fittings, ordinary electric fittings, electric fans and electric bulbs and tubes; and
 - (x) crockery, cutlery, utensils, kitchen appliances and equipment;
- (h) utility bills not in the name of the registered person unless evidence of consumption of such utilities is provided to the satisfaction of the officer of the SRB not below the rank of an Assistant Commissioner;
- (i) goods or services procured or received by a registered person during a period exceeding six months prior to date of commencement of the provision of taxable services by him;
- (j) goods or services used or consumed in a service liable to sales tax at *ad valorem* rate lesser than thirteen *per cent* or at specific rate at fixed rate or at such other rates not based on value;
- (k) the amount of sales tax paid on the telecommunication services in excess of nineteen *per cent ad valorem* and the amount of sales tax paid on other taxable goods or services in excess of thirteen *per cent ad valorem*; and
- (l) such goods or services as are notified by the Board to be in-admissible for input tax claim or reclaim or credit or adjustment or deduction.
- (2) In case where a registered person deals with taxable and non-taxable or exempt services, he shall be entitled to claim or reclaim, for input tax credit or adjustment or deduction, only such proportion of the input tax as is attributable to taxable or non-exempt services in such manner as may be prescribed by the Board.
- (3) No person other than a person registered under sections 24, 24A or 24B of this Act shall claim or deduct or adjust any input tax in respect of sales tax paid on any goods or services received or procured by him for use or consumption in the provision of taxable services.”;
- (iv) in section 18 --
- (a) in the margin, the word “**registered**” shall be omitted;

- (b) for the words “a registered”, the word “a” shall be substituted; and
- (c) for the word “another”, the word “a” shall be substituted;
- (v) in section 19 –
- (i) for the words “sales tax chargeable on”, the words “tax chargeable or assessed or determined in relation to the” shall be substituted.; and
- (ii) the full stop at the end shall be replaced by a colon and, thereafter the following proviso shall be added:-
- “Provided that if the tax payable by person remains unpaid, the amount of the unpaid tax shall be the first charge on the assets of the business and the persons buying and selling the business shall be jointly and severally liable for payment of the tax.”;
- (vi) in section 23 –
- (i) in sub-section (2), for the words “five years”, the words “eight years” shall be substituted; and
- (ii) in sub-section (8), after the word “tax”, the words “and the Board shall also have the powers to regulate the system of assessment including the powers for transfer of cases and extension of time limit in exceptional circumstances” shall be inserted;
- (vii) in section 27, in sub-section (1), for the words “five years”, the words “ten years” shall be substituted;
- (viii) in section 30, sub-section (5) shall be omitted;
- (ix) in section 34, in sub-section (1), for clause (f), the following shall be substituted, namely:-
- “(f) a Senior Auditor and an Auditor of the Sindh Revenue Board;
- (g) a Sindh Sales Tax Officer of the Sindh Revenue Board; and
- (h) an officer of the Sindh Revenue Board with any other designation.”;
- (x) in section 47 –
- (a) for the words “five years”, wherever occurring, the words “eight years” shall be substituted;
- (b) after sub-section (1A), the following new sub-section shall be inserted, namely:-
- “(1B) Where any person, required to withhold tax under provision of this Act or rules made thereunder, fails to withhold the tax or fails to deposit the withheld or deducted amount of the tax in the prescribed manner, an officer of the SRB shall determine the amount in default and order its recovery in the prescribed manner.”;

(c) in sub-section (2), after the brackets and figures “(1A)”, the word, brackets and figures “or (1B)” shall be inserted; and

(d) after sub-section (5), the following new sub-section shall be added:-

“(6) Notwithstanding anything contained in this Act, the Board shall have the powers to regulate the system of determination of liability under this section including the powers for transfer of cases and extension of time limit in exceptional circumstances.”;

(xi) in section 60 –

(a) in sub-section (4), for the words “as an”, the words “as a” shall be substituted;

(b) in sub-section (5) -

(i) for the words “five years”, the words “ten years” shall be substituted; and

(ii) in clause (ii), for the word “as an”, the words “as a” shall be substituted;

(xii) in section 74, in the proviso, for the words “five years”, the words “eight years” shall be substituted;

(xiii) in section 75, in sub-section (5), for the words “any service”, the words “of any service” shall be substituted;

(xiv) in the First Schedule, in the Table, after tariff heading “9802.9000” in column (1) and entries relating thereto in column (2), the following shall be inserted, namely:-

“

9803.0000	Chartered flight services within Sindh or originating from any airfield in Sindh
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 ”;

(xv) in the Second Schedule, in the Table, in Part B -

(a) in column (3), for the figure “14%”, wherever occurring, the figure “13%” shall be substituted;

(b) after tariff heading “9802.9000” in column (1) and the entries relating thereto in columns (2) and (3), the following shall be inserted, namely:-

“

9803.0000	Chartered flight services within Sindh or originating from any airfield in Sindh	13%
98.05	Services provided or rendered by persons authorized to transact business on behalf of others	

 ”;

(c) against tariff heading “9815.9000” in column (1) for the words “Tax consultants” in column (2), the words “Other consultants including tax consultants, human resources and personnel development consultants” shall be substituted;

(d) after tariff heading “9819.9100” in column (1) and entries relating thereto in columns (2) and (3), the following shall be inserted, namely:-

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9819.9200	Public relations services	13%
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 ”; and

(e) after tariff heading “9841.0000” in column (1) and the entries relating thereto in columns (2) and (3), the following shall be inserted, namely:-

9842.0000	Cosmetic and plastic surgery and transplantations	13%
9843.0000	Visa processing services, including advisory or consultancy services for migration or visa application filing services	13%
9844.0000	Debt collection services and other debt recovery services provided or rendered by debt collection agencies or recovery agencies or other persons	13%
9845.0000	Supply chain management or distribution (including delivery) services	13%

STATEMENT OF OBJECTS AND REASONS

In order to rationalize, levy and enhance certain taxes and duties and to amend certain laws in the Province of Sindh, it is expedient to enact a law in the subject matter.

The Bill seeks to achieve the above object.

MEMBER-IN-CHARGE