

Business (https://www.thenews.com.pk/latest/category/business)

SRB allows top Karachi restaurants to collect 15% service tax instead of 8%

Only those restaurants allowed to charge 15% SST, whose POS invoicing systems are duly integrated with SRB

By Ali Imran July 23, 2024



Representational image of a diner making a POS payment at an eatery. — Unsplash

KARACHI: The Sindh Revenue Board (SRB) has authorised 58 restaurants and hotels in Karachi to collect a 15% service tax on digital payments, nearly double the previously applied 8%, thereby withdrawing an incentive that was earlier implemented to broaden economic documentation.

Initially, in the Sindh budget for the fiscal year 2024-25 (FY25), the Sindh Sales Tax (SST) on restaurant services paid through debit and credit cards was reduced from 15% to 8%.



The SRB in a notification said that only a limited number of restaurants had been granted permission to collect the 15% tax, aimed at input adjustment of tax payments on restaurants.

Only those restaurants with a Point of Sale (POS) system are eligible to collect 15% tax.

There are hundreds of thousands of restaurants in the province, but only 1,700 — mostly located in Karachi — are registered with the revenue board. Among these, the high-end eateries are few.

Tax experts suggest that only these larger establishments with a major market share have been given the go-ahead to collect the higher service tax.

The notification said that currently, out of more than 1,700 restaurants registered with the SRB, only 58 had obtained the requisite permission.

"It is also pertinent that only such restaurants have been allowed to charge 15% SST, whose POS invoicing systems are duly integrated with the SRB system besides being compliant with the provisions of the Sindh Sales Tax on Services Act, 2011," the board said in a release.

This development is part of the SRB's new working tariff for the tax year 2024-25, after incorporating amendments introduced through the provincial budget 2024.

According to the notification, these new taxations apply to all restaurant services, including those rendered by dining setups at hotels, motels, guest houses, and farmhouses.

It must be noted that news had been doing rounds in different segments of the press suggesting that the SRB has revoked the lower services tax rate facility for all the restaurants in Karachi.

The board in its official response rejected such reports as not based on facts, saying they were likely aimed at creating misgivings in the minds of the restaurant customers and were, therefore, denied.

"In a section of the press, it has been reported that the facility of reduced rate of the SST on restaurant services where payments are made by customers through digital modes i.e. debit cards, credit cards, mobile wallets or QR scanning has been withdrawn," the board said in a clarification published on its website.

The SRB clarified that the said facility of reduced rate of the SST "has not been withdrawn but is still operative".

"It is pertinent that restaurants that desire to opt standard rate of 15% SST even in cases where payment is made through aforesaid digital modes, are required to obtain permission from the SRB in this regard in terms of rule 42(1)(b) of the Sindh Sales Tax on Services Rules, 2011."

The Sindh tax apparatus also advised customers that before patronising any restaurant, they may check about the applicability of the rate of the SST either by visiting the SRB website or by demanding the restaurant to show the requisite written permission from the SRB. KARACHI: The Sindh Revenue Board (SRB) has permitted 58 restaurants and hotels in Karachi to collect a 15% service tax instead of the previously 8% on digital payments, denying taxpayers a facility introduced earlier to promote documentation of economy.

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Here's a list of restaurant/hotels that are allowed to collect 15% service tax:

Sr No	SNTN	Name
1	S5315894-8	M/S. STARTERS
2	S1363811-4	M/S. HILAL RETAIL BRANDS (PRIVATE) LIMITED
3	CA202020-9	M/S. ORIENTAL TRADING GROUP

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<https://www.thenews.com.pk/latest/1212600-modis-govt-spends-billions-on-jobs-key-allies-in-new-budget>

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<https://www.thenews.com.pk/latest/1212600-ra105bn-recovered-83000-arrested-as-govt-intensifies-anti-power-theft-drive>

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 PM orders fast tracking implementation of China deals to expand foreign investments
<https://www.thenews.com.pk/latest/1212600-pm-orders-fast-tracking-implementation-of-china-deals-to-expand-foreign-investments>

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4	S8949428-8	M/S. BAR B Q TONIGHT (PRIVATE) LIMITED
5	S5459777-8	M/S. DABBAWALAS (PRIVATE) LIMITED
6	S0709798-4	M/S. AVARI HOTELS LTD.
7	S0709690-1	M/S. BEACH LUXURY HOLDINGS PVT. LTD.
8	S7862158-3	M/S. MANDI HOUSE
9	S7129755-0	M/S. KARACHI HALEEM
10	S1211412-0	M/S. NANDO'S PAKISTAN (PRIVATE) LIMITED
11	S7216239-3	M/S. FOOD DYNAMICS
12	S7918344-1	M/S. AKS HOSPITALITY
13	S7930968-5	M/S. J & S CORPORATION
14	S3238694-0	M/S. ESPRESSO COFFEE HOUSES (PVT.) LTD.
15	S7977630-5	M/S. AUSSIE BURGER COMPANY
16	S7358930-8	M/S. EVERGREEN FOODS
17	S0819531-1	M/S. GRAY MACKENZIE RESTAURANTS INTERNATIONAL LIMITED
18	S9358219-1	M/S. CHOP PRIME STEAKHOUSE
19	S1001136-6	M/S. SIZA FOODS PVT LTD
20	S7148373-6	M/S. XANDER'S
21	S7227145-1	M/S. WAGHA FOODS
22	S1693577-2	M/S. U.I.G. (PVT) LTD.
23	S4455160-3	M/S. 4M RESTAURANT
24	S4718927-5	M/S. S & A HOLDINGS
25	S3026726-9	M/S. THE POTATO FACTORY INTERNATIONAL (OPTP)
26	S3660848-8	M/S. OHS FOODS
27	S6518219-5	M/S. ZEYTIN
28	S3664346-7	MR. SIKANDAR RIZVI
29	S0270131-6	M/S. LAL QILA
30	S4044927	M/S WAH BRANDS PVT LTD
31	S2193085	M/S EXPRESS INN
32	S3383526	M/S PIE IN THE SKY
33	S2277926	M/S ZAHID & SONS FOODS (OPTP)
34	S8899292	M/S ALA RAHI
35	S9541993	M/S OZ ENTERPRISES (OPTP)
36	S4455160	M/S 4M RESTAURANT (SEA SALT)
37	SA779249	M/S ENIGMA
38	SA008392	M/S CAFE QABAIL
39	S2565752	M/S MASTER MANGEMENT
40	S0921704	M/S GIVINI FOODS
41	S4925607	M/S BEEF SMASH
42	S3177485	M/S HOUSE OF BOUGAINVILLEA
43	S4370586	M/S MEW'S CAFE
44	S4237492	M/S GREENO CORPORATION
45	S4241322	M/S PRIME TREE HOSPITALITY (GINSOY & BAMBOU)
46	S4973852	M/S BIG HOLDING
47	S4290252	M/S FMAOUS O'S PIZZA
48	S9923476	M/S FMAOUS O'S PIZZA
49	S7131450	M/S LAKHANI FOODS
50	S4229760	M/S ROWTISSERIE
51	S8989789	M/S. ANGUS STEAK HOUSE
52	S1339922	M/S. TANDOORI HUT
53	S7485632	M/S. HDS PREMIER FOODS (OPTP FRANCHISE)
54	S5801700	M/S. K KITCHEN PVT LTD (KHAADI)
55	S7939949	M/S. KRISSEKROSS HOLDINGS (BAMBOU CLIFTON)
56	S3428249	M/S. NOS (NECO'S CAFE)
57	S3390947	M/S. KARACHI FOODS
58	S2071844-3	M/S KABABJEES



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