

The
**SINDH PLACE OF PROVISION OF
SERVICES RULES, 2023**

¹**Notification No. SRB-3-4/21/2023, dated 13th April, 2023.**--In exercise of the powers conferred by section 72 of the Sindh Sales Tax on Services Act, 2011, the Sindh Revenue Board is pleased to prescribe the following rules in relation to determination of place of provision of the taxable services specified in the rules:--

1. Short title, extent and Commencement.--(1) These rules may be called the Sindh Place of Provision of Services Rules, 2023.

(2) They shall extend to the whole of Province of Sindh and shall apply in case of the taxable services, as are specified in these rules and are provided or rendered or received in the Province of Sindh.

(3) They shall take effect on and from the first day of May, 2023.

2. Definitions.--(1) In these rules, unless there is anything repugnant in the subject or context,--

- (i) **“Act”** means the Sindh Sales Tax on Services Act, 2011 (Sindh Act No. XII of 2011);
- (ii) **“Board”** or **“SRB”** means the Sindh Revenue Board established under the Sindh Revenue Board Act, 2010 (Sindh Act No. XI of 2010);
- (iii) **“broadcast station”** shall have the meaning given in clause (ca) of section 2 of the Pakistan Electronic

I Reported as PTCL 2023 St. 584(ii).

Media Regulatory Authority Ordinance, 2002 (Ordinance No. XIII of 2002);

- (iv) **“channel”**, in relation to broadcasting, shall have the meaning given in clause (f) of section 2 of the Pakistan Electronic Media Regulatory Authority Ordinance, 2002 (Ordinance No. XIII of 2002);
- (v) **“distribution services”**, for the purposes of the services of advertisements on TV, shall have the meaning given in clause (ha) of section 2 of the Pakistan Electronic Media Regulatory Authority Ordinance, 2002 (Ordinance No. XIII of 2002);
- (vi) **“PEMRA”** means the Pakistan Electronic Media Regulatory Authority established under section 3 of Pakistan Electronic Media Regulatory Authority Ordinance, 2002 (Ordinance No. XIII of 2002);
- (vii) **“Province”** or **“Provinces”** means the Provinces and the Islamabad Capital Territory as specified in clause (2) of Article 1 of the Constitution of the Islamic Republic of Pakistan;
- (viii) **“provision of service”** shall have the meaning as given in clause (68) of section 2 of the Act;
- (ix) **“rules”** means the Sindh Place of Provision of Services Rules, 2023;
- (x) **“specified services”** means the services of,--
 - (a) **“Advertisement”** as specified in tariff heading 98.02 and the sub-heads thereof in the Second Schedule to the Act;
 - (b) **“Advertising agents”** as specified in tariff heading 9805.7000 in the Second Schedule to the Act;
 - (c) **“Electric power transmission services”** as specified in tariff heading 9854.0000 in the Second Schedule to the Act;

- (d) “Insurance” as specified in tariff heading 9813.1000 and the subheadings thereof in the Second Schedule to the Act;
- (e) “Insurance Agents” as specified in tariff heading 9855.0000 in the Second Schedule to the Act;
- (f) “Franchise” and “Intellectual property” as specified in tariff headings 9823.0000 and 9838.0000, respectively, in the Second Schedule to the Act; and
- (g) “Transportation or carriage of goods by road or through pipeline or conduit” as specified in tariff heading 9836.0000 in the Second Schedule to the Act; and
- (xi) “**uplinking**” shall have the meaning given in clause (w) of section 2 of the Pakistan Electronic Media Regulatory Authority Ordinance, 2002 (Ordinance No. XIII of 2002).

(2) The words and expressions used in these rules but not defined herein shall have the same meaning as assigned to them in the Act.

3. Place of provision of services relating to advertisement.--

(1) In case of advertisements on TV--

- (a) broadcast through satellites, the place of provision of service shall be the location of the beaming station *i.e.*, the broadcast station uplinking the advertisement content; and
- (b) broadcast through terrestrial signals, the place of provision of service shall be the location of the first broadcast station:

Provided that in case of advertisement on TV Channels having landing rights in Pakistan, the place of provision of service shall be the location of

the person having PEMRA license for such landing rights in Pakistan.

(2) In case of advertisement on Internet Protocol TV (IPTV), the place of provision of service shall be the location of the licensing zone as specified in the respective PEMRA license for IPTV.

(3) In case of advertisement on Cable TV or the TV using other distribution service, the place of provision of service shall be the location of the area of coverage assigned to the person holding the respective PEMRA license for Cable TV or the TV using other distribution service.

(4) In case of advertisement on Closed-Circuit TV, the place of provision of service shall be the location of the Closed-Circuit TV system.

(5) In case of advertisement on website or webpage or internet, the place of provision of service shall be the location of the person owning or managing such website or webpage or internet.

(6) In case of advertisement on radio broadcast through satellites, the place of provision of service shall be the location of the broadcast station uplinking the advertisement content.

(7) In case of advertisement on radio broadcast through terrestrial signals, the place of provision of service shall be the location of the first broadcast station.

(8) In case of advertisement on still media including billboards, sign boards, digital boards, poles, *etc.*, the place of provision of service shall be the location of such still media.

(9) In case of advertisement on cinema screens and advertisement through aerial banner towing or smoke writing, the place of provision of service shall be the location of the cinema house and the jurisdiction in which the aerial advertising is performed.

(10) Notwithstanding anything contained in this rule, where the advertisement is booked in at any place in Sindh for broadcasting on channels beamed or uplinked from a place outside Pakistan, the services of advertisement shall be deemed to have been provided in Sindh irrespective of the fact whether or not the channel has PEMRA's landing rights permission in Pakistan and, similarly, where the advertisement is booked at any place in Sindh for placing on the web or internet of persons not resident in Pakistan, the place of provision of service shall be the location of the person booking such advertisement for such non-resident owner of the web or internet.

4. Place of provision of services relating to advertising agents.--In case of services provided or rendered by Advertising Agents, the place of provision of service shall be the location of the place of business of the respective Advertising Agent where the advertisement is booked.

5. Place of provision of services relating to insurance and reinsurance.--(1) In case of life insurance and health insurance services, whether for an individual or a group of individuals, the place of provision of service shall be the location of the office or the branch of the insurance company providing the insurance service to the individual or to the person acquiring the services of group insurance, as the case may be.

(2) In case of insurance of immovable property, the place of provision of service shall be the location of the immovable property insured or to be insured.

(3) In case of insurance of movable property, the place of provision of service shall be the location of the movable property where it is registered by the respective registration authority:

Provided that in case of insurance of movable property other than the ones requiring registration, the place of provision of service shall be the location of such movable property at the time of insurance thereof:

Provided further that in case of marine insurance of goods, the place of provision of service shall be the port of embarkation or dis-embarkation in Pakistan of the respective goods.

(4) In case of reinsurance services, the place of provision of service shall be the location of the office or branch of the person providing the reinsurance services in Pakistan:

Provided that in case of reinsurance services provided or rendered by a reinsurance company not resident in Pakistan, the place of provision of services shall be the location of the resident insurance company receiving or procuring such reinsurance services.

6. Place of provision of services relating to insurance agents and insurance brokers.--(1) In case of services provided or rendered by insurance agents, the place of provision of service shall be the location ¹[of the insurance agent].

(2) In case of services provided or rendered by insurance brokers, the place of provision of service shall be the location of the person paying the remuneration, commission or fee to the insurance broker:

Provided that where the insurance broker receives remuneration, commission or fee from a place outside Pakistan, the place of provision of service shall be the location of the insurance broker in Pakistan.

7. Place of provision of services relating to franchise services and intellectual property services.--In case of the franchise services and intellectual property services provided or rendered by a person whether resident in Pakistan or otherwise, the place of provision of service shall be the location of the resident person receiving or procuring such services:

1 Substituted for the words “of the office or branch of the insurance company paying amount of commission to the respective agent” by Notification No. No. SRB/3-4/33/2023, dated 26th June, 2023, reported as PTCL 2023 St. 830(ii).

Provided that where the tax on franchise services and intellectual property services provided by a resident person is not levied in a Province or area in which such services are received or procured, the place of provision of service shall be the location of resident person providing or rendering such services.

8. Place of provision of services relating to transportation of goods.—(1) In case of services of transportation of goods, provided or rendered by companies in relation to transportation by road or by any person in relation to transportation through pipeline or conduit, the place of provision of service shall be the place of the origin and the destination of such service in a manner that the amount of tax involved is shared equally by the Provinces in which the transportation originated and in which such transportation terminated:

Provided that where the transportation of goods by road or through pipeline or conduit originates and terminates in one and the same province the place of provision of service shall be the Province itself:

Provided further that where the transportation of goods by road or through pipeline or conduit originates in a Province where the tax is levied but terminates in a Province or area where such tax is not levied, the place of provision of service shall be the Province where the transportation originates:

Provided further that where the transportation of goods by road or through pipeline or conduit originates in a Province or area where the tax is not levied but terminates in a Province or area where such tax is levied, the place of provision of service shall be the Province where the transportation terminates:

Provided further that in case of the services, provided or rendered by persons, whether a company or otherwise, in relation to road transportation of petroleum oils, the provisions of the Sindh Sales Tax Special Procedure (Transportation or Carriage of Petroleum Oils through Oil Tankers) Rules, 2018 shall apply notwithstanding the provisions of these rules:

Provided further that where the rate of tax leviable in the Province in which the transportation originated is different than the rate of tax leviable in the Province in which such transportation terminated, the invoice shall clearly indicate the amount of tax payable to the respective Provinces as determined on the basis of the respective rates of tax on 50 *per cent* of the value of that inter-province transportation service.

(2) In case of the services provided or rendered by persons other than companies in relation to transportation of goods by road, the place of provision of service shall be the location of booking office of the person transporting the goods.

9. Place of provision of services relating to electric power transmission.--In case of electric power transmission services, the place of provision of service shall be the place of the origin and the destination of transmission in a manner that the amount of tax involved is shared equally by the Provinces in which the transmission originated and in which such transmission terminated:

Provided that where the electric power transmission originates and terminates in one and the same province the place of provision of service shall be the Province itself:

Provided further that where the electric power transmission originates in a Province where the tax is levied but terminates in a Province or area where such tax is not levied, the place of provision of service shall be the Province where the transmission originates:

Provided further that where the electric power transmission originates in a Province or area where the tax is not levied but terminates in a Province where such tax is levied, the place of provision of service shall be the Province where the transmission terminates:

Provided further that where the rate of tax leviable in the Province in which the transmission originated is different than the rate of tax leviable in the Province in which such transmission terminated, the invoice shall clearly indicate the amount of tax

payable to the respective Provinces as determined on the basis of the respective rates of tax on 50 *per cent* of the value of that inter-province transmission service.

10. Apportionment of Input tax.--In case a service transaction is determined to be provided in more than one province in accordance with these rules, the service provider shall claim attributable input tax in the same proportion as is declared in relation to taxable value of the service, subject to other restrictions and limitation as provided in the Act and the rules made thereunder.

11. Savings.--In case of the services not covered by the provisions of these rules, the provisions of the Act and the Sindh Sales Tax on Services Rules, 2011, to the extent as may be relevant to those services, shall *mutatis mutandis* apply for the levy and collection of Sindh sales tax on such services.

[Issued by the Sindh Revenue Board under the signature of Ms. Mona Mehfooz, Secretary, SRB, vide File No. SRB/TP/02/2022.]
