

REANDA HAROON ZAKARIA ASSOCIATES

LEGAL & LITIGATION | TAX & CORPORATE LEGAL CONSULTANTS | TRANSACTION & FINANCIAL ADVISORY

AMENDMENTS IN SINDH SALES TAX ON SERVICES VIDE SINDH FINANCE ACT 2024

FOR CLIENTS ONLY

**SIGNIFICANT AMENDMENTS IN SINDH SALES TAX ON SERVICES VIDE
SINDH FINANCE ACT 2024**

The information contained in this document has been prepared on the basis of Sindh Finance Act 2024 [the “**SFA 2024**”] and is not intended for advice on any particular matter. No person should act on the basis of any matter contained in this publication without seeking appropriate professional advice. The amendments vide the SFA 2024 will become effective from 1st July 2024 unless specified otherwise. This document also incorporates changes made vide Notification No. SRB-3-4/23/2024 dated 29th June 2024 [pertaining to exemptions] and Notification No. SRB-3-4-24/2024 dated 29th June 2024 [pertaining to specified rates of sales tax on certain services].

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REANDA HAROON ZAKARIA ASSOCIATES.

July 3rd, 2024.

PARTICULAR	COMMENTS
Standard Rate	The standard rate of Sindh Sales Tax on taxable services has been enhanced from 13% to 15%.
Section 2(19) Business Support Service	Through the SFA 2024, the definition of “ business support service ” has been enhanced to include the word marketing in the definition.
Section 2(20B) Car or Automobile Dealer	Through the SFA 2024, the definition of “ car or automobile dealer ” has been amended to substitute the word “ automobiles ” with “ other motor vehicles ”. This amendment has enhanced scope of this definition.
Section 2(29A) Cosmetic and Plastic Surgery	Through the SFA 2024, an explanation has been inserted to clarify that the term “surgery” in the definition of “ cosmetic and plastic surgery ” [Tariff Heading 9842.0000] also includes procedure meaning thereby that any procedure which does not classify as surgery will now be taxable.

PARTICULAR	COMMENTS								
Section 2(37A) Education Services New Insertion	<p>Through the SFA 2024, “education services” has been included under taxable services. The definition is as under:</p> <p><i>(37A) “education services” includes the pre-primary, primary, elementary, secondary, higher secondary, General Certificate of Education, General Certificate of Secondary Education, International General Certificate of Secondary Education, college or university education and also includes vocational, professional, instructional, technical and continuing education services and trainings rendered or provided by institutions like schools, colleges, universities, academia, institutes, teaching hospitals, or such other degree, diploma or certificate awarding institutions but does not include special education for the children with special needs and education under adult literacy programme.</i></p> <p>Through notification SRB-3-4/24/2024 dated 29th June 2024 amendment has been made in Notification No. SRB-3-4/8/2013 dated 1st July 2013 to include education services under the reduced rate regime as follows:</p> <table><tr><th>Tariff Heading</th><th>Description</th><th>Rate of tax</th><th>Conditions and Restrictions</th></tr><tr><td>9857.0000</td><td>Education Services</td><td>3%</td><td>Input tax credit/adjustment shall not be admissible</td></tr></table> <p>Under the Sindh Sales Tax on Services Rules, 2011 [the “Rules”] a new rule has been inserted outlining the procedure for collection and payment of sales tax on education services where sales tax on education services is applicable to such persons providing education services in relation to the fee/charges in excess of Rs. 500,000/- per annum per student. The new rule 42L is reproduced below:</p> <p>42L. Procedure for collection and payment of sales tax on education services.</p> <p><i>(1) The provisions of this rule shall apply to the persons providing or rendering education services as defined in clause (37A) of section 2 of the Act in relation to the fee/charges exceeding 500,000 rupees per annum per student:</i></p> <p><i>Provided that where the fee/charges are collected on monthly basis or on quarterly basis or on semester basis or any other basis, the aforesaid threshold of 500,000 rupees per annum shall, for the purpose or determining taxability of services provided, be applied proportionately and the tax shall be paid accordingly in the manner and by the due date, as prescribed in this rule.</i></p> <p><i>(2) Every person providing or rendering such services shall register himself in terms of section 24 of the Act, read with provisions of Chapter-II of these rules.</i></p>	Tariff Heading	Description	Rate of tax	Conditions and Restrictions	9857.0000	Education Services	3%	Input tax credit/adjustment shall not be admissible
Tariff Heading	Description	Rate of tax	Conditions and Restrictions						
9857.0000	Education Services	3%	Input tax credit/adjustment shall not be admissible						

	<p>(3) <i>The value of taxable services for the purpose of levy of sales tax shall be the gross amount of fee or charges, by whatever name called, including tuition fee, admission fee, examination fee, laboratory fee, library charges and all other fixed charges including those for non-academic activities, but excluding the refundable amount of security deposit, received by the person providing education services.</i></p> <p>(4) <i>The rate of tax on such services shall be reduced rate or 3%, on the gross amount charged, in terms of notification No. SRB-3-4/8/2013 dated the 1st July, 2013, as amended vide notification No. SRB-3-4/24/2024 dated 29th June, 2024.</i></p> <p>(5) <i>Every such person shall issue an invoice or a bill of charges, generated electronically or otherwise, containing the particulars as specified in sub-rule (1) of rule 29. A copy of the invoice or bill of charges shall be given to the person/student to whom such services are provided or rendered.</i></p> <p>(6) <i>Every such person shall maintain the records as prescribed in section 26 of the Act and sub-rule (2A) of rule 29.</i></p> <p>(7) <i>The tax involved on the services provided or rendered by such persons during ng a tax period shall be paid by the 15th day of month following the tax period to which it relates. The tax return shall be filed in the manner prescribed in Chapter-III of these rules within 3 days from the due date prescribed for payment of tax.</i></p>
<p>Section 2(41A)</p> <p>Farmhouse</p> <p>New Insertion</p>	<p>Through the SFA 2024, “farmhouse” has been included under the definition section. The definition is as under:</p> <p>(41A) "farmhouse" includes a facility or a resort located on a farm which or a part of which is used for providing or rendering accommodation or entertainment or swimming or games or recreation or camping opportunities</p> <p>Vide SFA 2024, corresponding changes have also been made in the Schedules [under Tariff Headings 9801.1000 and 9801.6000] and the Rules [i.e. Rule 42] to include services provided by farmhouse as taxable service. Furthermore, corresponding amendments have also been made to the notifications pertaining to exemptions [i.e. Notification No. SRB-3-4/7/2013 dated 18th June 2013] and pertaining to reduced rate or special rate [i.e. Notification No. SRB-3-4/8/2013 dated 1st July 2013].</p>

PARTICULAR	COMMENTS								
Section 2(50A) Hospitals and Clinics New Insertion	<p>Through the SFA 2024, “hospitals and clinics” [Tariff Heading 9858.0000] has been included under the definition section. The definition is as under:</p> <p><i>(50A) "hospitals and clinics" includes the hospitals or institutions, as defined in Clause (a) of section 2 of the Pakistan Medical and Dental Council Act, 2022 (Act No. IV of 2023), and also includes a person or an establishment or an institution or an organization or a facility engaged in providing or rendering the services like medical, surgical, psychiatric, obstetric, dental or ophthalmological and similar treatment and care, whether preventive, prophylactic or curative¹ of persons including patients or sick or injured persons.</i></p> <p>Vide SFA 2024, corresponding changes have also been made in the Schedules and the Rules to include services provided by hospitals and clinics as taxable services. Through notification SRB-3-4/24/2024 dated 29th June 2024 amendment has been made in Notification No. SRB-3-4/8/2013 dated 1st July 2013 to include such services under the reduced rate regime as follows:</p> <table><tr><th>Tariff Heading</th><th>Description</th><th>Rate of tax</th><th>Conditions and Restrictions</th></tr><tr><td>9858.0000</td><td>Services of provision of rooms/beds by hospitals and clinics for its indoor patients or day-care patients</td><td>3%</td><td>Input tax credit/adjustment shall not be admissible</td></tr></table> <p><u>The following persons will be exempt from sales tax:</u></p> <p>Services provided or rendered by hospitals and clinics other than the services of provision of rooms beds for their indoor patients and day-care patients where the per day charges (including allied fixed charges, if any) for such rooms/beds does not exceed Rs. 25,000 per room/bed. [Note: Vide SRB Notification No. SRB-3-4/23/2024 amendment has been made in the Notification No. SRB-3-4/7/2013 dated 18th June 2013 where there appears to be an error since the insertion states Services provided or rendered by hospitals and clinics other than the services of provision of rooms beds for their indoor patients and day-care patients where the per day charges (including allied fixed charges, if any) for such rooms/beds <u>exceed Rs. 25,000 per room/bed.</u>].</p> <p>A new Rule under the Rules have been inserted as follows:</p> <p>42K. Procedure for collection and payment of sales tax on services provided or rendered by hospitals and clinics.</p>	Tariff Heading	Description	Rate of tax	Conditions and Restrictions	9858.0000	Services of provision of rooms/beds by hospitals and clinics for its indoor patients or day-care patients	3%	Input tax credit/adjustment shall not be admissible
Tariff Heading	Description	Rate of tax	Conditions and Restrictions						
9858.0000	Services of provision of rooms/beds by hospitals and clinics for its indoor patients or day-care patients	3%	Input tax credit/adjustment shall not be admissible						

	<p><i>(1) The provisions of this rule shall apply to the persons, as defined in clause (50A) of section 2 of the Act, who provide or render the services of provision of rooms/beds for its indoor patients and day-care patients and charge (including allied fixed charges, if any) more than 25,000 rupees per bed/room.</i></p> <p><i>(2) Every person providing or rendering such services shall register himself under section 24 of the Act. read with provisions of Chapter-II of these rules.</i></p> <p><i>(3) The value of taxable services for the purpose of levy of sales tax shall be the gross amount charged for the services provided or rendered.</i></p> <p><i>(4) The rate of tax on such services shall be the reduced rate of 3%, on the gross amount charged, in terms of notification No. SRB-3-4/8/2013 dated the 1st July, 2013, as amended vide notification No. SRB-3-4/24/2024 dated 29th June 2024.</i></p> <p><i>(5) Every such person shall issue an invoice or a bill of charges, generated electronically or otherwise, containing the particulars as specified in sub-rule (I) of rule 29. A copy of the invoice or bill of charges shall be given to the person/patient to whom such services are provided or rendered.</i></p> <p><i>(6) Every such person shall maintain the record as prescribed in section 26 of the Act and sub-rule (2A) of rule 29.</i></p> <p><i>(7) The tax involved on the services provided or rendered by such persons, including the tax collected in the capacity of collection agent in terms of rule 42FF, during a tax period shall be paid by the 15th day of month following the tax period to which it relates. The tax return shall be filed in the manner prescribed in Chapter-III of these rules within 3 days from the due date prescribed for payment of tax.</i></p>
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PARTICULAR	COMMENTS					
Section 2(51)	Through SFA 2024, scope of ‘hotel’ has been enhanced as follows:					
Hotel.	<table><tr><th>Existing Position</th><th>Amended Position vide SFA 2024 [Highlighted]</th></tr><tr><td>“hotel” includes motels and guesthouses and means a person, establishment, organization or place, by whatever name called, where rooms or suites are let out on rent, whether or not it has any arrangement for catering or function halls as a part of the hotel or provides any other services, facilities or utilities, but does not include a home or hostel which is exclusively used for the aged or invalid persons or students and is run by or under the control of such a charitable or educational institution as are exempt from the application of the Income Tax Ordinance, 2001 (Ordinance No. XLIX of 2001)</td><td>“hotel” includes motels, guesthouses, huts, resorts, and lodges and means a person, establishment, organization or place, by whatever name called, where rooms or suites or facilities are let out on rent, whether or not it has any arrangement for catering or for events as a part of the hotel or provides any other services, facilities or utilities, but does not include a home or hostel which is exclusively used for the aged or invalid persons or students and is run by or under the control of such a charitable or educational institution as are exempt from the application of the Income Tax Ordinance, 2001 (Ordinance No. XLIX of 2001)</td></tr></table>	Existing Position	Amended Position vide SFA 2024 [Highlighted]	“hotel” includes motels and guesthouses and means a person, establishment, organization or place, by whatever name called, where rooms or suites are let out on rent, whether or not it has any arrangement for catering or function halls as a part of the hotel or provides any other services, facilities or utilities, but does not include a home or hostel which is exclusively used for the aged or invalid persons or students and is run by or under the control of such a charitable or educational institution as are exempt from the application of the Income Tax Ordinance, 2001 (Ordinance No. XLIX of 2001)	“hotel” includes motels, guesthouses, huts, resorts, and lodges and means a person, establishment, organization or place, by whatever name called, where rooms or suites or facilities are let out on rent, whether or not it has any arrangement for catering or for events as a part of the hotel or provides any other services, facilities or utilities, but does not include a home or hostel which is exclusively used for the aged or invalid persons or students and is run by or under the control of such a charitable or educational institution as are exempt from the application of the Income Tax Ordinance, 2001 (Ordinance No. XLIX of 2001)	
Existing Position	Amended Position vide SFA 2024 [Highlighted]					
“hotel” includes motels and guesthouses and means a person, establishment, organization or place, by whatever name called, where rooms or suites are let out on rent, whether or not it has any arrangement for catering or function halls as a part of the hotel or provides any other services, facilities or utilities, but does not include a home or hostel which is exclusively used for the aged or invalid persons or students and is run by or under the control of such a charitable or educational institution as are exempt from the application of the Income Tax Ordinance, 2001 (Ordinance No. XLIX of 2001)	“hotel” includes motels, guesthouses, huts, resorts, and lodges and means a person, establishment, organization or place, by whatever name called, where rooms or suites or facilities are let out on rent, whether or not it has any arrangement for catering or for events as a part of the hotel or provides any other services, facilities or utilities, but does not include a home or hostel which is exclusively used for the aged or invalid persons or students and is run by or under the control of such a charitable or educational institution as are exempt from the application of the Income Tax Ordinance, 2001 (Ordinance No. XLIX of 2001)					

PARTICULAR	COMMENTS								
Section 2(59A) Medical Practitioners and Consultants New Insertion	<p>Through the SFA 2024, “medical practitioners and consultants” [Tariff Heading 9815.1000] has been included under the definition section. The definition is as under:</p> <p style="text-align: center;"><i>(59A)"medical practitioners and consultants" means the registered medical practitioners and the registered dental practitioners, as defined in clauses (w) and (x), respectively, of section 2 of the Pakistan Medical and Dental Council Act, 2022 (Act No. IV of 2023).</i></p> <p>Vide SFA 2024, corresponding changes have also been made in the Schedules and the Rules to include services provided by medical practitioners and consultants as taxable services. Through notification SRB-3-4/24/2024 dated 29th June 2024 amendment has been made in Notification No. SRB-3-4/8/2013 dated 1st July 2013 to include such services under the reduced rate regime as follows:</p> <table><tr><th>Tariff Heading</th><th>Description</th><th>Rate of tax</th><th>Conditions and Restrictions</th></tr><tr><td>9815.1000</td><td>The services, other than the services of cosmetic and plastic surgery of tariff heading 9842.0000 as are provided or rendered by medical practitioners and consultants</td><td>3%</td><td>Input tax credit/adjustment shall not be admissible</td></tr></table> <p><u>The following persons will be exempt from sales tax:</u></p> <p>The services, other than the services of cosmetic and plastic surgery of tariff heading 9842.0000, provided or rendered by medical practitioners and consultants against consultation/visit fee or charges not exceeding Rs. 3,000/- per consultation/visit.</p> <p>A new Rule under the Rules have been inserted as follows:</p> <p><i>42FF. Procedure for collection and payment of sales tax on the services provided or rendered by Medical practitioners and consultants.</i></p> <p><i>(1) The provisions of this rule shall apply to the persons, as defined in clause (59A) of section 2 of the Act, who provide or render the services or medical practitioners and consultants (tariff heading 9815.1000) at any place including a hospital or a clinic and charge more than 3,000 rupees per visit/consultation per patient.</i></p>	Tariff Heading	Description	Rate of tax	Conditions and Restrictions	9815.1000	The services, other than the services of cosmetic and plastic surgery of tariff heading 9842.0000 as are provided or rendered by medical practitioners and consultants	3%	Input tax credit/adjustment shall not be admissible
Tariff Heading	Description	Rate of tax	Conditions and Restrictions						
9815.1000	The services, other than the services of cosmetic and plastic surgery of tariff heading 9842.0000 as are provided or rendered by medical practitioners and consultants	3%	Input tax credit/adjustment shall not be admissible						

	<p>(2) <i>In this rule, unless there is anything repugnant in the subject or context,</i></p> <p>(a) <i>"collection agent" means a hospital or a clinic or any such entity) by whatever name called who provide the facility of consulting rooms or otherwise to the medical practitioners and consultants for visit/consultation in relation to patients including outdoor or indoor patients or day-care patients in that hospital or clinic; and</i></p> <p>(b) <i>"hospitals and clinics" means the persons and establishments defined in clause (50A) of section 2 of the Act who provide the facility of consulting rooms to the medical practitioners and consultants.</i></p> <p>(3) <i>Every person providing or rendering the services of medical practitioners and consultants shall register himself in terms of section 24 of the Act read with provisions of Chapter-II of these rules.</i></p> <p>(4) <i>Every collection agent if not already registered, shall be liable to be registered in terms of section 24 of the Act.</i></p> <p>(5) <i>The value of taxable services for the purpose of levy of sales tax shall be the gross amount charged for the services provided or rendered.</i></p> <p>(6) <i>The tax rate on such services shall be the reduced rate or 3%, on the gross amount charged, in terms of notification No. SRB-3-4/8/2013 dated the 1st July, 2013. as amended vide notification No. SRB-3-4/24/2024 dated 29th June, 2024.</i></p> <p>(7) <i>Every such person, including the collection agent, shall issue a serially-numbered invoice or bill of charges, generated electronically or otherwise, containing the particulars as specified in sub-rule (I) or rule 29, for each transaction. A copy of the invoice or the bill of charges shall be given to the person/patient to whom such services are provided or rendered.</i></p> <p>(8) <i>Every such person, including the collection agent, shall maintain the records as prescribed in section 26 of the Act and sub-rule (2A) of rule 29.</i></p> <p>(9) <i>The tax involved on the services provided or rendered by such persons, whether directly or through the collection agent, during a tax period shall be paid by the medical practitioner and consultant or by the collection agent, as the case may be, by the 15th day of month following the tax period to which it relates. The tax return shall be filed in the manner prescribed in Chapter-III of these rules within 3 days from the due date prescribed for payment of tax.</i></p>
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PARTICULAR	COMMENTS	
Section 2(67B) Programme	Through the SFA 2024, the definition of “programme” has been amended. The comparison is as follows:	
	Existing Position	Amended Position vide SFA 2024 [Highlighted]
	“programme” means any audio or visual matter, live or recorded [or re-recorded or subjected to any post-production processes like dubbing, colouring, sub-titling or captioning], intended to be disseminated by transmission of electro-magnetic waves through space or through cables to be received by general public either directly or indirectly through the medium of cables, telecommunication or relay stations.	“programme” means any audio or visual or audio-visual matter, presented or transmitted' live or recorded or re-recorded or subjected to any post-production processes like editing, dubbing, colouring, sub-titling or, captioning, for dissemination through cables, space, internet, radio, television, cinema, theatre, or any other means.
Section 2(72A) Rent-a-Car and Automobile Rental Service	Through the SFA 2024, the definition of “rent-a-car and automobile rental service” has been amended. The comparison is as follows:	
	Existing Position	Amended Position vide SFA 2024 [Highlighted]
	“rent-a-car and automobile rental service” means the services provided or rendered by a person engaged, whether directly or indirectly, in the economic activity of renting cars, cabs, vans or any other passenger motor vehicle	“rent-a-car and automobile rental service” means the services provided or rendered by a person engaged, whether directly or indirectly, in the economic activity of renting cars, cabs, vans or any other passenger motor vehicle

PARTICULAR	COMMENTS								
<div>Section 2(87A)</div> <div>Sports and games center</div> <div>New Insertion</div>	<p>Through the SFA 2024, “sports and games center” [Tariff Heading 9821.2000] has been included under the definition section. The amendment has been made to replace the clause (51B) with a new clause (87A) to cover both indoor and outdoor sports and games center. A corresponding change has also been proposed in the existing description of taxable service under the tariff heading 9821.2000 to broaden its scope by including outdoor sports. The definition is as under:</p> <p><i>(87A) “sports and games center”, by whatever name called, includes a person who provides or renders facility of games and sports, whether indoor or outdoor, for amusement, recreation or otherwise, in its premises.</i></p> <p>Changes have also been made in the Second Schedule and in the SRB Notification No. SRB-3-4/8/2013 dated 1st July 2013 where for the words “Indoor Sports”, the word “Sports” have been substituted. Amended table as under:</p> <table><tr><th>Tariff Heading</th><th>Description</th><th>Rate of tax</th><th>Conditions and Restrictions</th></tr><tr><td>9821.2000</td><td>Sports and games center</td><td>10%</td><td>Input tax credit/adjustment shall not be admissible</td></tr></table>	Tariff Heading	Description	Rate of tax	Conditions and Restrictions	9821.2000	Sports and games center	10%	Input tax credit/adjustment shall not be admissible
Tariff Heading	Description	Rate of tax	Conditions and Restrictions						
9821.2000	Sports and games center	10%	Input tax credit/adjustment shall not be admissible						

PARTICULAR	COMMENTS	
Section 2(91) Surveyor	Through the SFA 2024, the definition of “ surveyor ” has been amended. The comparison is as follows:	
	Existing Position	Amended Position vide SFA 2024 [Highlighted]
	“ surveyor ” means a person engaged in the services of insurance survey, market survey, statistical survey, opinion poll survey and survey relating to risk assessment, loss or damage assessment or claim settlement but does not include the services conducted by the Federal or Provincial or Local Governments for its own purposes and by the recognized educational institutions for the purposes of education and academic research in such institutions	“ surveyor ” means a person engaged in the services of any kind of specialized or special purpose survey, geological or geophysical survey, surface or sub-surface survey, survey for exploration of minerals, insurance survey, market survey, statistical survey, opinion poll survey and survey relating to risk assessment, loss or damage assessment or claim settlement but does not include the services conducted by the Federal or Provincial or Local Governments for its own purposes and by the recognized educational institutions for the purposes of education and academic research in such institutions
Section 2(98CC) Truck Aggregator	Through the SFA 2024, the definition of “ truck aggregator ” has been amended. The comparison is as follows:	
	Existing Position	Amended Position vide SFA 2024 [Highlighted]
	“ truck aggregator ” means a person who is an aggregator or operator or intermediary or online market place and canvasses or solicits or facilitates or connects the owners or drivers of trucks or other road transportation cargo vehicles with the business enterprises like manufacturers, producers, importers, exporters, warehouses, distributors, wholesalers, retailers, movers or packers through telephone, cellular phone, internet, web-based services or GPS or GPRS-based services, electronic or digital means, whether or not he charges or collects any fee, fare, commission, brokerage or other charges or consideration for providing such services	“ truck aggregator ” means a person who is an aggregator or operator or intermediary or online market place and canvasses or solicits or facilitates or connects the owners or drivers of trucks or other road transportation cargo vehicles with the persons including business enterprises like manufacturers, producers, importers, exporters, warehouses, distributors, wholesalers, retailers, movers or packers through telephone, cellular phone, internet, web-based services or GPS or GPRS-based services, electronic or digital means, whether or not he charges or collects any fee, fare, commission, brokerage or other charges or consideration for providing such services

PARTICULAR	COMMENTS	
Section 4(3)(a) Economic activity	Through SFA 2024, the scope of economic activity has been enhanced. The comparison is as follows:	
	Existing Position	Amended Position vide SFA 2024 [Highlighted]
	<p>(3) An economic activity does not include –</p> <p>(a) the activities of an employee providing services in that capacity to an employer: Provided that the activities of the employee for which he earns any fee or commission from the employer shall be treated as an economic activity</p>	<p>(3) An economic activity does not include –</p> <p>(a) the activities of an employee providing services in that capacity to an employer with whom he is in direct relationship under a contract of employment: Provided that the activities of the employee for which he earns any fee or commission from the employer shall be treated as an economic activity:</p> <p>Provided further that the activities of an employee detailed or engaged by the employer to perform certain activities for a person other than the employer in connection with or in the course or furtherance of business of the employer shall be treated as economic activity of such employer</p>
<p>As it can be noted from above, that activities of an employee has been restricted to a ‘direct relationship’ under employment contract while such employees hired indirectly or through an intermediary appear to fall under the ambit of service sales tax.</p>		

PARTICULAR	COMMENTS				
Section 5(a)	Value of a Taxable Service.				
Value of a Taxable Service.	<p>Through SFA 2024, the definition of “consideration” has been amended to include reimbursement of expenditures incurred by the service provider on behalf of service recipient in provision of services as part of value of taxable service. This amendment is to counter the effect of the judgement of the apex court which had held that reimbursement of salaries paid by the employer from the service recipient, shall not form part of value of taxable service. We are of the view that this amendment is prone to litigation since the question is whether reimbursements can be categorized as services or not. A comparison is provided hereunder:</p> <table> <tr> <th>Existing Position</th><th>Amended Position vide SFA 2024 [Highlighted]</th></tr> <tr> <td> <p>5. Value of a Taxable Service. The value of a taxable service is:</p> <p>(a) the consideration in money including all Federal and Provincial duties and taxes, if any, which the person providing a service receives from the recipient of the service but excluding the amount of sales tax under this Act:</p> <p>Provided that—</p> <p>(i) in case the consideration for a service is in kind or is partly in kind and partly in money, the value of the service shall mean the open market price of the service as determined under section 6 excluding the amount of sales tax under this Act;</p> <p>(ii) in case the person provides the service and the recipient of the service are associated persons and the service is supplied for no consideration or for a consideration which is lower than the price at which the person provides the service to other persons who are not associated persons, the value of the service shall mean the price at which the service is provided to such other persons who are not associated</p> </td><td> <p>5. Value of a Taxable Service. The value of a taxable service is:</p> <p>(a) the consideration in money including all Federal and Provincial duties and taxes, if any, which the person providing a service receives from the recipient of the service but excluding the amount of sales tax under this Act:</p> <p>Provided that—</p> <p>(i) in case the consideration for a service is in kind or is partly in kind and partly in money, the value of the service shall mean the open market price of the service as determined under section 6 excluding the amount of sales tax under this Act;</p> <p>(ii) in case the person providing the service and the recipient of the service are associated persons and the service is supplied for no consideration or for a consideration which is lower than the price at which the person provides the service to other persons who are not associated persons, the value of the service shall mean the price at which the service is provided to such other persons who are not associated</p> </td></tr> </table>	Existing Position	Amended Position vide SFA 2024 [Highlighted]	<p>5. Value of a Taxable Service. The value of a taxable service is:</p> <p>(a) the consideration in money including all Federal and Provincial duties and taxes, if any, which the person providing a service receives from the recipient of the service but excluding the amount of sales tax under this Act:</p> <p>Provided that—</p> <p>(i) in case the consideration for a service is in kind or is partly in kind and partly in money, the value of the service shall mean the open market price of the service as determined under section 6 excluding the amount of sales tax under this Act;</p> <p>(ii) in case the person provides the service and the recipient of the service are associated persons and the service is supplied for no consideration or for a consideration which is lower than the price at which the person provides the service to other persons who are not associated persons, the value of the service shall mean the price at which the service is provided to such other persons who are not associated</p>	<p>5. Value of a Taxable Service. The value of a taxable service is:</p> <p>(a) the consideration in money including all Federal and Provincial duties and taxes, if any, which the person providing a service receives from the recipient of the service but excluding the amount of sales tax under this Act:</p> <p>Provided that—</p> <p>(i) in case the consideration for a service is in kind or is partly in kind and partly in money, the value of the service shall mean the open market price of the service as determined under section 6 excluding the amount of sales tax under this Act;</p> <p>(ii) in case the person providing the service and the recipient of the service are associated persons and the service is supplied for no consideration or for a consideration which is lower than the price at which the person provides the service to other persons who are not associated persons, the value of the service shall mean the price at which the service is provided to such other persons who are not associated</p>
Existing Position	Amended Position vide SFA 2024 [Highlighted]				
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	<p>persons excluding the amount of sales tax; and</p> <p>(iii) in case a person provides a service for no consideration or for a consideration is lower than the price at which such a service is provided by other persons, the value of the service shall mean the open market price for such a service;</p>	<p>persons excluding the amount of sales tax; and</p> <p>(iii) in case a person provides a service for no consideration or for a consideration is lower than the price at which such a service is provided by other persons, the value of the service shall mean the open market price for such a service:</p> <p>Provided further that the terms "consideration" and "consideration in money" shall mean the gross amount charged by the service provider for the taxable services provided by him and shall include –</p> <p>(i) any amount that is payable for the services provided; and</p> <p>(ii) any amount of reimbursable expenditure or cost incurred by the service provider and charged, in the course of provision of a service, except in such circumstances and subject to such conditions as may be prescribed;</p>
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PARTICULAR	COMMENTS				
Section 15A(1) Input tax credit not allowed	<p>Vide SFA 2024, amendments have been made in Section 15A(1)(g), (j), (jj), and (k). The changes have been made to align the standard rate to 15% except in clause (k) which appears to be an anomaly. Furthermore, the telecommunication service providers who are charging sales tax rate of 19.5% will now be able to adjust input tax to the extent of 18% [previously it was 17%].</p>				
Section 23(2) Assessment of Tax.	<p>Through SFA 2024, sub-section 2 of section 23 has been amended to reduce the time limitation for passing an order from 8 years to 5 years for the tax periods commencing from 1st July 2025. The comparison is provided below:</p> <table> <tr> <th>Existing Position</th><th>Amended Position vide SFA 2024 [Highlighted]</th></tr> <tr> <td>(2) No order under [sub-sections (1) or (1A)] shall be made by an officer of the SRB unless a notice to show cause is given to the person in default within [eight years] from the end of the tax period to which the order relates specifying the grounds on which it is intended to proceed against him and the said officer shall take into consideration the representation made by such person and provide him with an opportunity of being heard if the person so desires.</td><td>(2) No order under [sub-sections (1) or (1A)] shall be made by an officer of the SRB unless a notice to show cause is given to the person in default within [eight years] from the end of the tax period to which the order relates for the tax periods ending on 30th June, 2025, or earlier, and within a period of five years from the end of the financial year to which the order relates for the tax periods starting on 1st July, 2025 or thereafter, specifying the grounds on which it is intended to proceed against him and the said officer shall take into consideration the representation made by such person and provide him with an opportunity of being heard if the person so desires.</td></tr> </table>	Existing Position	Amended Position vide SFA 2024 [Highlighted]	(2) No order under [sub-sections (1) or (1A)] shall be made by an officer of the SRB unless a notice to show cause is given to the person in default within [eight years] from the end of the tax period to which the order relates specifying the grounds on which it is intended to proceed against him and the said officer shall take into consideration the representation made by such person and provide him with an opportunity of being heard if the person so desires.	(2) No order under [sub-sections (1) or (1A)] shall be made by an officer of the SRB unless a notice to show cause is given to the person in default within [eight years] from the end of the tax period to which the order relates for the tax periods ending on 30th June, 2025, or earlier, and within a period of five years from the end of the financial year to which the order relates for the tax periods starting on 1st July, 2025 or thereafter , specifying the grounds on which it is intended to proceed against him and the said officer shall take into consideration the representation made by such person and provide him with an opportunity of being heard if the person so desires.
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PARTICULAR	COMMENTS	
Section 25(1)	Through SFA 2024, the amendment is provided hereunder:	
Suspension of registration.	Existing Position	Amended Position vide SFA 2024 [Highlighted]
	(1) Subject to sub-section (3) – (a) the Board or any officer of the SRB, authorized by the Board in this behalf, may suspend the registration of a person if it believes that the person-- (i) is not entitled to be registered; or (ii) has failed to comply with its obligations under this Act. (b) the suspension of registration shall be effected by removing the name of the person from the list of registered persons published on the Board’s web site.	(1) Subject to sub-section (3), the Board or any officer of the SRB, authorized by the Board in this behalf, may suspend the registration of a person if there is reason to believe that the person – (i) is not entitled to be registered; or (ii) has failed to comply with its obligations under this Act.
Section 25A(2)	Through SFA 2024, the amendment is provided hereunder introducing an e-file mechanism for de-registration:	
De-registration.	Existing Position	Amended Position vide SFA 2024 [Highlighted]
	(2) Where any person registered under this Act believes that he does not satisfy the requirements for registration in section 24, he may, in the manner and mode provided in the rules, make an application to the Board [or any officer of the SRB, authorized by the Board in this behalf,] to be de-registered. If upon receiving such an application, the Board or any officer of the SRB, authorized by the Board in this behalf, is satisfied that the person is not required to be registered under this Act and has fulfilled the obligations for de-registration under this Act it shall, subject to the rules, de-register such person.	(2) Where any person registered under this Act believes that he does not satisfy the requirements for registration in section 24, he may, in the manner and mode provided in the rules, e-file an application to the Board [or any officer of the SRB, authorized by the Board in this behalf,] to be de-registered. If upon receiving such an application, the Board or any officer of the SRB, authorized by the Board in this behalf, is satisfied that the person is not required to be registered under this Act and has fulfilled the obligations for de-registration under this Act it shall, subject to the rules, de-register such person.

PARTICULAR	COMMENTS	
Section 26(1) Records.	Through SFA 2024, a proviso has been inserted under Section 26(1). The amended position is as under:	
	Existing Position	Amended Position vide SFA 2024 [Highlighted]
	<p>(1) A registered, person providing taxable service shall maintain and keep at his business premises or registered office in English or Urdu [or Sindhi] the following records of taxable services provided (including exempt services) by him or by his agent acting on his behalf in such form and manner as would permit ready ascertainment of his tax liability during a tax period –</p> <p>(a) records of taxable services provided indicating:--</p> <p>(i) the description and type of service;</p> <p>(ii) the value of the service;</p> <p>(iii) the name and address of the person to whom the service was provided; and</p> <p>(iv) any other information as may be specified by the Board.</p> <p>(b) records of exempt services;</p> <p>(c) records of tax invoices and debit and credit notes issued by the person;</p> <p>(d) records of tax invoices and debit and credit notes received by the person;</p> <p>(e) records of customs documents (goods declaration under section 30 of the Customs Act, 1969 and its ancillary documents); and</p> <p>(f) such other records as may be specified by the Board.</p>	<p>(1) A registered, person providing taxable service shall maintain and keep at his business premises or registered office in English or Urdu [or Sindhi] the following records of taxable services provided (including exempt services) by him or by his agent acting on his behalf in such form and manner as would permit ready ascertainment of his tax liability during a tax period –</p> <p>(a) records of taxable services provided indicating:--</p> <p>(i) the description and type of service;</p> <p>(ii) the value of the service;</p> <p>(iii) the name and address of the person to whom the service was provided; and</p> <p>(iv) any other information as may be specified by the Board.</p> <p>(b) records of exempt services;</p> <p>(c) records of tax invoices and debit and credit notes issued by the person;</p> <p>(d) records of tax invoices and debit and credit notes received by the person;</p> <p>(e) records of customs documents (goods declaration under section 30 of the Customs Act, 1969 and its ancillary documents); and</p> <p>(f) such other records as may be specified by the Board.</p> <p>Provided that in case where the registered person is engaged in providing taxable services (including exempt services) also in Provinces or areas outside Sindh, the record prescribed under this section shall inter-alia include the record for such Provinces or areas in such form and manner as would permit reconciliation or ascertainment of his tax liability in Sindh.</p>

PARTICULAR	COMMENTS				
<p>Section 27(1)</p> <p>Retention and production of records and documents.</p>	<p>Through SFA 2024, an amendment has been made to reduce the time limitation for maintaining records from 10 years to 6 years. The comparison is provided below:</p> <table border="1" data-bbox="311 313 1465 952"> <thead> <tr> <th data-bbox="311 313 885 392">Existing Position</th><th data-bbox="885 313 1465 392">Amended Position vide SFA 2024 [Highlighted]</th></tr> </thead> <tbody> <tr> <td data-bbox="311 392 885 952"> <p>(1) A person, who is required to maintain any record or documents under this Act, shall retain the record and documents for a period of [ten years] after the end of the tax period to which such record or documents relate or till the final decision in any proceedings including proceedings for assessment, appeal, revision, reference or petition, whichever is later.</p> </td><td data-bbox="885 392 1465 952"> <p>(1) A person, who is required to maintain any record or documents under this Act, shall retain the record and documents for a period of [ten years] after the end of the tax period to which such record or documents relate for the tax periods ending on 30th June, 2025, or earlier, and six years from the end of the financial year to which such records or documents relate for the tax periods starting on 1st July, 2025 or thereafter or till the final decision in any proceedings including proceedings for assessment, appeal, revision, reference or petition, whichever is later.</p> </td></tr> </tbody> </table>	Existing Position	Amended Position vide SFA 2024 [Highlighted]	<p>(1) A person, who is required to maintain any record or documents under this Act, shall retain the record and documents for a period of [ten years] after the end of the tax period to which such record or documents relate or till the final decision in any proceedings including proceedings for assessment, appeal, revision, reference or petition, whichever is later.</p>	<p>(1) A person, who is required to maintain any record or documents under this Act, shall retain the record and documents for a period of [ten years] after the end of the tax period to which such record or documents relate for the tax periods ending on 30th June, 2025, or earlier, and six years from the end of the financial year to which such records or documents relate for the tax periods starting on 1st July, 2025 or thereafter or till the final decision in any proceedings including proceedings for assessment, appeal, revision, reference or petition, whichever is later.</p>
Existing Position	Amended Position vide SFA 2024 [Highlighted]				
<p>(1) A person, who is required to maintain any record or documents under this Act, shall retain the record and documents for a period of [ten years] after the end of the tax period to which such record or documents relate or till the final decision in any proceedings including proceedings for assessment, appeal, revision, reference or petition, whichever is later.</p>	<p>(1) A person, who is required to maintain any record or documents under this Act, shall retain the record and documents for a period of [ten years] after the end of the tax period to which such record or documents relate for the tax periods ending on 30th June, 2025, or earlier, and six years from the end of the financial year to which such records or documents relate for the tax periods starting on 1st July, 2025 or thereafter or till the final decision in any proceedings including proceedings for assessment, appeal, revision, reference or petition, whichever is later.</p>				

PARTICULAR	COMMENTS		
Section 43 Offences and Penalties.	Through SFA 2024, amendments have been made in offences and penalties as provided below:		
	Existing Position		
	Offence	Penalty	Section of the Act to which offence has reference
	2B. Where any person either avoids, defies, fails to comply with e-invoicing system or issues Invoices outside the e-invoicing system.	Such person shall be liable to pay a penalty of up to one hundred thousand rupees, but not less than twenty-five thousand rupees. In case of three consecutive defaults, the place of business of such person may further be liable to sealing.	54A
	Amended Position vide SFA 2024		
	Offence	Penalty	Section of the Act to which offence has reference
	2B. Where a person avoids, defies, fails to comply with the e-invoicing system or issues invoices outside the e-invoicing system or refuses, denies, or obstructs the enforcement of the provisions of section 54A in any manner.	Such person shall be liable to pay a penalty of upto one million rupees, but not less than one hundred thousand rupees. In case of repetition of the offence, the business premises of such person shall further be liable to scaling. Such person shall further be liable, upon conviction by a Special Judge, to imprisonment which may extend to one year or with fine which may extend to one hundred thousand rupees or with both.	54A

New Insertion		
Offence	Penalty	Section of the Act to which offence has reference
2C. Where a person avoids, defies, delays or fails to deposit the amount of service fee levied under the Sindh Sales Tax Special Procedure (Online Integration of Business) Rules, 2022 or fails to report the service fee in the sales tax return in the prescribed manner.	Such person shall be liable to a penalty of rupees one hundred thousand or twice the amount of service fee involved, whichever is higher. Such person shall further be liable, upon conviction by the Special Judge, to imprisonment which may extend to one year or with fine which may extend to one hundred thousand rupees, or with both.	General
<ul style="list-style-type: none"> Serial No. 7B has been omitted, which is also related to Section 54A. Amendments have also been made in Serial No. 14. 		

PARTICULAR	COMMENTS	
Section 47(1) and (4) Recovery of tax not levied or short-levied.	Through SFA 2024, amendments have been made under sub-section (1) and (4) of section 47 to reduce the time limitation from 8 years to 5 years for the tax periods commencing from 1st July 2025. The comparison is as follows:	
	Existing Position	Amended Position vide SFA 2024 [Highlighted]
	<p>(1) Where by reason of some inadvertence, error or miscalculation any tax or charge has not been levied or has been short-levied, the person liable to pay any amount of tax or charge shall be served with a notice, within [eight years] of the relevant date, requiring him to show cause for payment of the amount specified in the notice.</p> <p>.</p> <p>.</p> <p>(4) In computing the period specified in sub section (3), any period during which the proceedings are adjourned on account of a stay order or proceedings under section 65 or the time taken through adjournment by the petitioner shall be excluded.</p>	<p>(1) Where by reason of some inadvertence, error or miscalculation any tax or charge has not been levied or has been short-levied, the person liable to pay any amount of tax or charge shall be served with a notice, within [eight years] of the relevant date, provided that where the relevant date is prior to 1st July 2025, and within a period of five years from the end of financial year in which the relevant date falls, provided that such date is 1st July 2025, or thereafter, requiring him to show cause for payment of the amount specified in the notice.</p> <p>.</p> <p>.</p> <p>(4) In computing the period specified in sub section (3), any period during which the proceedings are adjourned on account of a stay order or proceedings under section 65 or the time taken through adjournment by the person shall be excluded.</p>

PARTICULAR	COMMENTS	
Section 58(4) Procedure in appeal.	Through SFA 2024, the CIR(A) has now the power for granting stay against recovery of tax demand up to 180 days [previously it was 120 days]. The amended position is as under:	
	Existing Position	Amended Position vide SFA 2024 [Highlighted]
	(4) The Commissioner (Appeals) may stay the recovery of the whole or any part of the sales tax due by virtue of the decision or order being appealed against and any such order made by the Commissioner (Appeals) shall remain operative for no more than fifteen days during which period a notice shall be issued to the respondent and after hearing the parties, the order staying recovery may be confirmed, varied or vacated as the Commissioner (Appeals) deems fit but the stay order so confirmed or varied shall remain operative for no more than [one hundred twenty] days, including any period for which the recovery may have been stayed prior to the confirmation or variation of the stay order.	(4) The Commissioner (Appeals) may stay the recovery of the whole or any part of the sales tax due by virtue of the decision or order being appealed against and any such order made by the Commissioner (Appeals) shall remain operative for no more than fifteen days during which period a notice shall be issued to the respondent and after hearing the parties, the order staying recovery may be confirmed, varied or vacated as the Commissioner (Appeals) deems fit but the stay order so confirmed or varied shall remain operative for no more than [one hundred eighty] days, including any period for which the recovery may have been stayed prior to the confirmation or variation of the stay order.

PARTICULAR	COMMENTS	
Section 60 Appointment of the Appellate Tribunal.	Through SFA 2024, the following amendments have been made whereby the pecuniary limit of adjudicating of cases by single bench of appellate tribunal has been reduced to up to 01 million rupees:	
	Existing Position	Amended Position vide SFA 2024 [Highlighted]
	<p>(5) Notwithstanding anything contained in sub-section (4), the Government may, for [ten years] from the day this Act comes into effect, appoint any person who has worked for a minimum of three years:</p> <p>(i) in the Federal Board of Revenue or Provincial Excise and Taxation Department in the rank not below the Bs. 20 for 5 years in aggregate, or</p> <p>(ii) as Collector of Sales Tax (Appeals) under subsection (b) of section 30 of the Sales Tax Act, 1990, for 3 years with service of at least 5 years in Bs. 20, [as a] [Technical Member] of the Appellate Tribunal.</p>	Sub-section 5 has been omitted.
	(11) The Chairperson or other member of the Appellate Tribunal authorized, in this behalf by the Chairperson may, sitting singly, dispose of any case where the amount of tax or penalty involved does not exceed five million rupees.	(11) The Chairperson or other member of the Appellate Tribunal authorized, in this behalf by the Chairperson may, sitting singly, dispose of any case where the amount of tax or penalty involved does not exceed one million rupees.
Section 66(1) Recovery of arrears of tax.	Through the SFA 2024, the minimum threshold of payment of 25% of the amount of tax due has been reduced to 10% to obtain automatic stay till the decision of Commissioner (Appeals).	
Section 73(4) Computerized system.	Through SFA 2024, amendment has been made to insert a proviso after sub-section 4 of Section 73 which will now allow the SRB to make arrangement or agreement, on reciprocal or multilateral basis with Federal Board of Revenue and other provincial sales tax authorities, for sharing of electronic data of tax returns filed in the computerized system, subject to such limitations and conditions as may be specified by SRB and agreed to in such agreements.	

PARTICULAR	COMMENTS
Section 82(2) Bar of suits, prosecution and other legal proceedings.	<p>Through SFA 2024, sub-section 2 of section 82 has been amended to include the Board or any officer of the Board against whom no suit, prosecution or other legal proceeding shall lie in respect of any action taken or any notice issued or any decision made or any order passed in good faith under this Act.</p>
Services provided or rendered by persons engaged in inter-city transportation or carriage of goods by road or through pipeline or conduit [Tariff heading 9836.0000]	<p>Vide SFA 2024, the word “inter-city” has been deleted from the tariff heading 9836.0000 which implies that the intra-city (within city) transportation or carriage of good by road or through pipeline or conduit shall be chargeable to tax at standard rate of 15% unless reduced rate is provided through a notification, which has been issued [please see below paragraph]. Therefore, now both inter-city and intra-city transportation are chargeable to sales tax. Corresponding amendments have also been made under the Sindh Sales Tax Special Procedure (Transportation or Carriage of Petroleum Oils Through Oil Tankers) Rules, 2018.</p> <p>Through notification SRB-3-4/24/2024 dated 29th June 2024 amendment has also been made in notification No. SRB-3-4/8/2013 dated 1st July 2013 to delete the word “inter-city” from tariff heading 9836.0000 which implies that intra-city transportation or carriage of good by road or through pipeline or conduit will also be chargeable to sales tax at a reduced rate of 8%. However, intra-city transportation through truck addas or through bus/wagon stand excluding road transportation or carriage of: (i) petroleum oils through oil tankers; (ii) automotive vehicles, classified under tariff headings of Chapter 87 of the First Schedule to the Customs Act, 1969 as are transported or carried through specialized vehicle carriers; and (iii) goods and cargo through vehicles operated by Fleet Logistic Companies having not less than 25 vehicles in its Fleet will be subject to 3%. In both cases, input tax credit/adjustment is not admissible. The registered person has an option to elect for standard rate of tax of 15% for which such registered person should electronically submit its election or option in Form “I” by the prescribed due date to opt for the standard rate of 15% under the Special Procedure prescribed under Rule 42G of the Sindh Sales Tax on Services Rules, 2011.</p>
Restaurant Services [Tariff heading 9801.2000]	<p>Vide Notification No. SRB-3-4/8/2013 dated the 1st July, 2013 as amended by Notification No. SRB-3-4/24/2024 dated 29th June, 2024, Rule 42(1)(b) has been amended requiring restaurants to charge and pay sales tax at the rate of 8% [without input tax adjustment] on transactions against such digital mode payments, however SRB upon receipt of written request may allow a restaurant to pay sales tax on their restaurant services at the standard rate of 15% [with input tax adjustment] instead of the reduced rate of 8%.</p>

PARTICULAR	COMMENTS			
Service provided or rendered by a foreign exchange dealer or exchange company or money changer or money exchange [Tariff headings 9813.9000 and 9819.2000]	Through notification SRB-3-4/24/2024 dated 29 th June 2024 amendment has been made in Notification No. SRB-3-4/8/2013 dated 1 st July 2013 to include services provided or rendered by a foreign exchange dealer or exchange company or money changer or money exchange under the reduced rate regime as follows:			
	Tariff Heading	Description	Rate of tax	Conditions and Restrictions
	9813.9000 and 9819.2000	Service provided or rendered by a foreign exchange dealer or exchange company or money changer or money exchange	3%	Input tax credit/adjustment shall not be admissible
	Amendment has also been made under Rule 40D where the value of services provided by an exchange company in respect of transaction involving exchange of currencies at the counter has been increased to Rs. 25 paisa for every 100 Rupees [previously it was 20 paisa].			

PARTICULAR	COMMENTS			
Distribution Services [Tarif heading 9845.0000]	Through notification SRB-3-4/24/2024 dated 29 th June 2024 amendment has been made in Notification No. SRB-3-4/8/2013 dated 1 st July 2013 to bring the persons providing distribution services pertaining to the drugs registered under the Drugs Act 1976 under reduced rate regime as follows:			
	Tariff Heading	Description	Rate of tax	Conditions and Restrictions
	9845.0000	Distribution services	5%	1. In case where the distribution services are provided or rendered by a registered person in relation to the drugs registered under the Drugs Act, 1976 (Act No. XXXI of 1976). 2. Input tax credit/adjustment shall not be admissible
	<p>Furthermore, vide SRB Notification No. SRB-3-4/27/2024 dated 29th June 2024 a new Rule has been inserted as Rule 42M. This Rule has been added after the judgement of the Honorable High Court of Sindh which was also recently upheld by the Apex Court whereby the decisions were in favour of SRB. It was held by the Honorable Courts that the distributors were liable to registered under the Act and that the “<i>nature of transaction of sale/purchase of goods between the manufacturer and the applicant established through the agreement/appointment letter aims to propel a service performed by the applicant which could rightly fall under the head of "supply chain management/distribution (including delivery) service"</i>”.</p> <p>42M. Procedure for collection and payment of tax on the distribution services.</p> <p>(1) <i>The provisions of this rule shall apply to the persons providing or rendering distribution services covered by tariff heading 9845.0000.</i></p> <p>(2) <i>Every person providing or rendering such services shall register himself in terms of section 24 or Act, read with the provisions or Chapter-II of these rules.</i></p> <p>(3) <i>The value of taxable services provided by such service providers, in respect of the services of distribution of goods, shall be an amount equal to 8% of the gross margin of such distributor.</i></p>			

Explanation: The term “gross margin”, for the purpose of this rule, includes the trade margin, trade discount, trade offer, commission, rebate or any other incentive, by whatever name called, as are received by such distributors in relation to the distribution services.

(4) The tax rate on such services shall be the standard rate of 15%:

Provided that the tax rate on such services as are provided or rendered in relation to distribution of the drugs registered under the Drugs Act, 1976 (Act No. XXXI of 1976) shall be the reduced rate of 5% as prescribed in notification No. SRB-3-4/8/2013 dated the 1st July, 2013 as amended vide a notification No. SRB-3-4/24/2024 dated 29th June, 2024.

(5) Every such person shall issue a serially-numbered invoice or a bill of charges, generated electronically or otherwise, containing the particulars as specified in sub-rule (I) of rule 29. A copy of the invoice or bill of charges shall be given to the person to whom such services are provided or rendered.

(6) Every such person shall maintain record as prescribed in section 26 of the Act and sub-rule (2A) of rule 29.

(7) The tax involved on the services provided or rendered by such persons during a tax period shall be paid by the 15th day of month following the tax period to which it relates. The tax return shall be filed in the manner prescribed in Chapter-III of these rules within 3 days from the due date prescribed for payment of tax.

PARTICULAR	COMMENTS			
Cable TV Operators and Stand-alone Cable TV operators [Tariff heading 9819.9000]	Through notification SRB-3-4/24/2024 dated 29 th June 2024 amendment has been made in Notification No. SRB-3-4/8/2013 dated 1 st July 2013 to include services provided or rendered by Stand-alone Cable TV operators under the reduced rate regime as follows:			
	Tariff Heading	Description	Rate of tax	Conditions and Restrictions
	9819.9000	(a) Cable TV Operators (b) Stand-alone Cable TV operators Explanation: For the purpose of this notification, a “Stand-alone cable TV Operator” means a person whose principal activity is the provision of services of “Cable TV Operators” of tariff heading 9819.9000 and whose other service-related business activity, if any, is restricted to the provision of the taxable services of “advertisement on Cable TV network” of tariff heading 9802.5000.	10% (b) 2%	Input tax credit/adjustment shall not be admissible
Vehicle parking and valet services [Tariff heading 9853.0000]	Through notification SRB-3-4/24/2024 dated 29 th June 2024 amendment has been made in Notification No. SRB-3-4/8/2013 dated 1 st July 2013 to include vehicle towing services under the reduced rate regime as follows:			
	Tariff Heading	Description	Rate of tax	Conditions and Restrictions
	9853.0000	Vehicle towing, vehicle parking and valet services	5%	Input tax credit/adjustment shall not be admissible

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