

GOVERNMENT OF SINDH

SINDH REVENUE BOARD

No.SRB-3-4/TP/01/2015/86554

Date: 13th June, 2015

SINDH BUDGET

(2015-16)

SALIENT FEATURES OF THE BUDGETARY MEASURES IN RELATION TO

SINDH SALES TAX ON SERVICES, FOR 2015-16

I. RELIEF MEASURES:

Sindh sales tax on various services are proposed to be reduced (w.e.f. 01.07.2015) as hereunder:-

S.No.	Description	Tax rate upto 30.06.2015	Tax rate from 01.07.2015	Instrument which may be referred to
1.	Telecommunication services.	19.5%	18%	Notification to be issued under section 8(2).
2.	Services liable to tax at 15%	15%	14%	Sindh Finance Bill, 2015
3.	Services provided by programme producers and production houses	10%	6%	Notification to be issued under section 8(2).

II. RATIONALIZATION MEASURES:

2. With a view to reducing the tax gaps between various rates, it is proposed to increase the lowest tax rate (from 5% to 6%) w.e.f. 01.07.2015, on the services which are hitherto liable to the reduced rate of 5% under notifications No. SRB-3-4/8/2013 dated 01.07.2013 read with No. SRB-3-4/10/2014 dated 01.07.2014. A notification, under section 8(2) of the Act will be issued to give effect to this measure (effective from 01.07.2015).

3. With a view to equating the tax base of Sindh sales tax on services with that in the other Provinces of Pakistan, it is proposed to bring the following services in SST net w.e.f. 01.07.2015:-

S.No.	Description	Tariff heading	Statutory rate	Effective rate
1.	Travel Agents	9805.5000	14%	10%
2.	Credit rating agency	9818.2000	14%	14%
3.	Underwriters	9819.1100	14%	14%
4.	Indenters	9819.1200	14%	14%
5.	Commission agents	9819.1300	14%	14%
6.	Auctioneers	9819.9100	14%	10%
7.	Dredging or desilting services	9822.4000	14%	10%
8.	Intellectual property services	9838.0000	14%	10%
9.	Erection, commission and installation services	9839.0000	14%	14%
10.	Technical Inspection and Certification services	9840.0000	14%	14%

N.B: This measure is included in the Sindh Finance Bill, 2015, and the reduced rate of tax, where applicable, shall be notified under section 8(2) of the Act, effective from 01.07.2015.

4. With a view of equating the tax base of Sindh with that in ICT (Islamabad Capital Territory), the following services are proposed to brought under the SST net w.e.f. 01.07.2015:-

S.No.	Description	Tariff heading	Statutory rate	Effective rate
1.	Services provided or rendered by laboratories (other than the services relating to pathological, or radiological or diagnostic tests of patients)	9817.9000	14%	14%
2.	Packers and movers	9819.1400	14%	14%
3.	Services of Shares, securities and Derivatives (registration/transfer and custodianship) <i>[through amendment in the definition under section 2(79A)]</i>	9805.9000	14%	14%
4.	Valuation services, including competency and eligibility testing services	9841.0000	14%	14%

N.B: This measure is included on the Sindh Finance Bill, 2015 (to take effect from 01.07.2015).

III. REVIEW OF EXEMPTIONS:

5. The exemption of SST on utility bills collection by banks, financial institutions, NBFCs and NADRA Technologies Ltd (NTL) are proposed to be withdrawn effective from 01.07.2015. A notification under section 10(2) of the Act will be issued to amend the provisions of notification No. SRB-3-4/7/2013 dated 18.06.2013 to give effect to this measure (effective from 01.07.2015).

6. The conditions for exemption of SST on laundries and dry cleaners (tariff heading 9811.0000) are proposed to be reviewed to also exclude (from purview of exemption) such laundries and dry cleaners whose turnover exceeds Rs. 3.6 million in financial year or whose total utility bills (electricity, gas and telephone) exceeds Rs. 40,000/= in any month during a financial year. A notification, under section 10(2) of the Act, shall be issued to give effect to this measure (effective from 01.07.2015).

IV. NEW LEVIES:

7. With a view to expanding the tax base and also to augment the revenues, it is proposed to levy SST on the following new services w.e.f. 01.07.2015:-

S.No.	Description	Tariff heading	Statutory rate	Effective rate
1.	Renting of immovable property services	9806.3000	14%	6%
2.	Ready mix concrete services	9837.0000	14%	14% with input tax credit facility OR (optional) 6% without input tax credit facility

N.B: Necessary legislation is proposed in the Sindh Finance Bill, 2015. Notification for the optional reduced rate of 6% (without input tax credit) will be issued under section 8(2) of the Act, read with the Rules in this regard.

V. LEGISLATIVE MEASURES:

8. Sindh Finance Bill, 2015, *inter-alia*, proposes certain legislative measures which, amend certain provisions of the Sindh Sales Tax on Services Act, 2011, to give effect to the aforesaid proposed measures and also to incorporate certain definitions, tariff headings, tariff descriptions and penal and procedural matters. The proposed legislative measures take effect from the date Sindh Finance Bill, 2015, is passed by the Sindh Assembly, and becomes an Act.

VI. DISCLAIMER:

9. This document is illustrative in nature and is not exhaustive. For details, kindly refer to the Sindh Finance Bill, 2015, and the Amending Notifications and the Amending Rules issued in relation to Sindh Sales Tax on Services.

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