

SCOPE OF THE SINDH SALES TAX ACT

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AREAS TO BE COVERED

- A. Important definitions
- B. Taxable Services
- C. Economic Activity
- D. First Schedule
- E. Scope of SST and rates-Summary
- F. Second Schedule
- G. Exemptions
- H. Q & A



IMPORTANT DEFINITIONS

DEFINITION - Place of Business

It means that a person

- (a) owns, rents, shares or in any other manner occupies a space in Sindh from where it carries on an Economic Activity; or**
- (b) carries on an Economic Activity through any other person such as an agent, associate, franchisee, branch, office, or otherwise in Sindh but not including a liaison office.**

DEFINITION - Resident

Facts	Individual	AOP	Company
Place of business (POB) OR	Yes	Yes	Yes
Permanent address in NIC Sindh OR	Yes	Not Applicable	Not Applicable
Registered office (RO) OR	Not applicable	Yes	Yes
Control or Management is situated wholly or almost wholly in Sindh	Yes	Yes	Yes

DEFINITION – Service(s)

“Service” or “Services” has an inclusive definition.

It includes the activities defined in First Schedule & Chapter 98 of the Pakistan Customs Tariff.



TAXABLE SERVICE

TAXABLE SERVICES

(1) A service listed in the 2nd Sch if provided:

- (a) By registered person from his RO or POB in Sindh;**
- (b) in the course of an Economic Activity, including in the commencement or termination of the activity.**

Above is applicable whether services are provided to Resident or Non-Resident.

TAXABLE SERVICES

(2) A service that is not provided by a registered person will be treated as a taxable service if the service is in 2nd Sch. and:

(a) is provided to a resident person

(b) by a non-resident in the course of an Economic Activity, including in the commencement or termination of the activity.

Where a person has a RO or POB in Sindh and another outside Sindh, the RO or POB in Sindh and that outside Sindh will be treated as separate Legal persons.



ECONOMIC ACTIVITY

ECONOMIC ACTIVITY

- (1) **Economic Activity** means any activity carried on continuously or regularly that involves or is intended to involve services to another person and includes—
- (a) an activity carried on in the form of business, including a profession, calling, trade, or undertaking of any kind, whether or not the activity is undertaken for profit;
 - (b) the supply of moveable property by way of lease, license or similar arrangement; and
 - (c) a one-off adventure or concern in the nature of a trade.

ECONOMIC ACTIVITY

- (2) It also include anything done or undertaken during the
- Commencement or
 - Termination
- of an Economic Activity.

ECONOMIC ACTIVITY – EXCLUSIONS

- (a) Services by Employee for an Employer;**
- (b) Private recreational pursuit or hobby of an individual;**
- (c) Activity of a person other than an individual, which is essentially carried on as a private recreational pursuit or hobby of a member, owner, or associate of the person;**
- (d) Activity carried on without a reasonable expectation of profit by an individual or an association of persons, all of the members of which are individuals.**

FIRST SCHEDULE

- **Services provided or rendered by hotels, restaurants, marriage halls, lawns, clubs and caterers.**
- **Advertisement.**
- **Services provided or rendered**
 - **by persons authorized to transact business on behalf of others.**
 - **by property developers and promoters.**
 - **in matters of hire.**
- **Courier services**

FIRST SCHEDULE – (continued)

- **Services provided or rendered by persons engaged in contractual execution of work or furnishing supplies.**
- **Services provided or rendered for personal care by beauty parlors/clinics, slimming clinics and others.**
- **Services provided or rendered by laundries, dry cleaners.**
- **Telecommunication services.**



FIRST SCHEDULE

FIRST SCHEDULE – (continued)

- **Services provided or rendered by laundries, dry cleaners.**
- **Services provided or rendered by banking companies, insurance companies, cooperative financing societies, modarabas, musharikas, leasing companies, foreign exchange dealers, non-banking financial institutions and other persons dealing in any such services.**
- **Services provided or rendered by architects, town planners, contractors, property developers or promoters, interior decorators.**

FIRST SCHEDULE – (continued)

- **Services provided or rendered by professionals and consultants etc.**
- **Services provided or rendered by pathological laboratories.**
- **Services provided or rendered by medical diagnostic laboratories including X-Rays, CT Scan, M.R. Imaging etc.**
- **Services provided or rendered by specialized agencies.**
- **Services provided or rendered by specified persons or businesses.**

FIRST SCHEDULE – (continued)

- **Services provided or rendered by specialized workshops or undertakings.**
- **Services provided or rendered in specified fields.**
- **Services provided or rendered for specified purposes.**
- **Franchise services.**
- **Construction services.**
- **Consultancy services.**
- **Management services including fund and asset management services.**

FIRST SCHEDULE – (continued)

- Market Research agencies.
- Program producers.
- Brokerage and indenting services.
- Race Clubs.
- General Insurance Agents.
- Exhibition or convention services.
- Data Processing and Provision of information, services of Engineers, handling and storage of goods.
- Fashion designers.
- Cable Operators.

FIRST SCHEDULE – (continued)

- Exhibition or convention services.
- Data Processing and Provision of information, services of Engineers, handling and storage of goods.
- Fashion designers.
- Cable Operators.
- Internet Café.
- Pandal and Shamiana service.
- Airport services.

FIRST SCHEDULE – (continued)

- Intellectual Property services.
- Forward Contract services.
- Packaging services.
- Services provided or rendered in matters of hire.
- Purchase or sale of moveable or immovable goods or property.
- Property dealers.
- Car/automobile dealers.
- Dealers of second hand goods other than automobiles.
- Cosmetic and Plastic Surgery.

FIRST SCHEDULE – (continued)

- Beauty Parlor/ Beauty Clinics.
- HR Consultants.
- Corporate Law Consultants.
- Tax Consultants.
- Human Resources & Personal Development Services.
- Coaching and Vocational Centers.
- Actuarial Services.
- Training and Tracking.

FIRST SCHEDULE – (continued)

- Quality Control Services (ISO certification Board).
- Services provided by Motels/guest houses & Farm houses.
- Debt collection Agencies.
- Amusement Parks.
- Call Centers.
- Film & Drama studios and Entertainment Services.
- Services provided in the matter of manufacturing or processing for to other on tool basis.



SCOPE & RATES

SCOPE OF SALES TAX and RATES

- **It is a levy tax on services provided, rendered, initiated, received or consumed in the Province of Sindh**
- **Applicable to services listed in 2nd Sch.**
- **The general rate is 16 % except Telecom services and Franchise which are subject to 19.5 % and 10% respectively.**
- **Freight forwarders will charge SST at Rs 400 per House Bill of Lading (as opposed to Rs 200 as per FED)**



TAXABLE SERVICE

SECOND SCHEDULE

SECOND SCHEDULE (Taxable Services)

Service

Telecommunication services.

Services provided or rendered by hotels, restaurants, marriage halls, lawns, clubs and caterers.

Advertisement .

Shipping agents, Stevedores, Shipping management, Freight Forwarding, Custom agents, Ship Chandlers.

SECOND SCHEDULE (Taxable Services)

Service

Services provided or rendered by property developers or promoters.

Courier services.

Services provided or rendered by persons engaged in contractual execution of work or furnishing supplies.

Services provided or rendered by banking companies, insurance companies etc.

SECOND SCHEDULE - (Taxable Services)

Service

Services provided or rendered by specified persons or businesses - Money Changers, Stock Brokers.

Franchise services.

Construction services.

Services provided by terminal operators except terminal fee charges.

EXEMPTIONS

EXEMPTIONS

S. No	Description	Heading
1.	Advertisement in newspapers and periodicals	9802.4000
2.	Advertisements financed out of funds provided under grants-in-aid agreements.	Sub-heading 98.02
2A	Services provided or rendered by persons engaged in contractual execution of work or furnishing supplies:-	9809.0000
	(i) in relation to the work or supplies the total value of which does not exceed Rs 50M in a FY provided that the value component of services in such contractual execution of work or furnishing supplies also does not exceed Rs 10M; and	
	(ii) in relation to the textbooks published for free distribution amongst students free of cost against the order of Sindh Textbook Board subject to the certain conditions:	

EXEMPTIONS

S. No	Description	Heading
3.	Telecommunication Services:	Sub-headings of 98.12
	(i) Internet services whether dial up or broadband including e-mail Services, Data Communication Network Services (DCNS) and Value added Data Services.	
	(ii) such charges payable on the International leased lines or bandwidth Services used by-	
	(a) software exporting firms registered with the Pakistan Software Exporting Board; and	
	(b) data and internet service providers licensed by the Pakistan Telecommunication Authority.	

EXEMPTIONS

S. No	Description	Heading
	(iii) such amounts received by the Long Distance calls International license holders including PTCL on International incoming calls under agreements with the foreign telecommunication companies.	
4.	Services provided or rendered by banking companies and non- banking financial companies in respect of Hajj and Umarah, Cheque Book, Musharaka and Mudarba financing and Utility bills collection.	Sub-headings of 98.13
5.	Marine Insurance for Export	9813.1000
6.	Life Insurance	9813.1500
7.	Health Insurance	9813.1600

EXEMPTIONS

S. No	Description	Heading
8.	Crop Insurance	9813.1600
9.	Construction services related to:	9824.0000
	i. projects of commercial and industrial nature, where the value of construction does not exceed Rs 50M subject to the condition that the value component of service in such a project also does not exceed Rs 10M;	
	ii. projects of developing or promoting the conversion of land into residential or commercial plots or construction of residential or commercial buildings which pay tax on the services of property developers or promoters under tariff heading 9807.0000;	

EXEMPTIONS

S. No	Description	Heading
	iii. construction and repair of roads, ports, airports, railways, transport terminals, bridges, Government (including Local Government and Cantonment Board) buildings as are not meant for commercial purposes or for commercial letting out on rent;	
	iv. construction and development of EPZ, SEZ, diplomatic and counselor buildings and such other buildings and structures of the organizations as are exempt from application of ITO, 2001;	
	v. construction work completed against international tenders funded out of the foreign exchange allocations given by international donor agencies; and	

EXEMPTIONS

S. No	Description	Heading
	vi. construction of independent projects of private residential houses and apartments where the covered area does not exceed 10,000 sq. ft in respect of houses, and 20,000 sq. ft in respect of apartment complexes	



THANK YOU