

Section	Subsection	Clause	<b>The Sindh Sales Tax Special Procedure (Withholding) Rules, 2011 issued under notification No. SRB-3-4/1/2011, dated 24<sup>th</sup> August, 2011 repealed.</b>
			<b>THE NEW RULES CALLED THE SINDH SALES TAX SPECIAL PROCEDURE (WITHHOLDING) RULES, 2014.</b>
			<b>SILENT FEATURES</b>
1	2		<b>Withholding Agents</b>
		a	offices and departments of Federal Government, Provincial Governments, and Local or District Governments;
		b	autonomous bodies;
		c	public sector organizations, including public corporations, state-owned enterprises and regulatory bodies and authorities;
		d	organizations which are funded, fully or partially, out of the budget grants of the federal or provincial governments;
		e	companies, as defined in clause (28) of section 2 of the Act: <ul style="list-style-type: none"> <li>• a company as defined in the Companies Ordinance, 1984 (Ordinance No. XLVII of 1984);</li> <li>• a banking company and foreign banking company as defined in the Banking Companies Ordinance, 1962 (Ordinance No. LVII of 1962), and includes any body corporate which transacts the business of banking in Pakistan;</li> <li>• a non-banking finance company (NBFC) and the notified entities as specified in section 282A of the Companies Ordinance, 1984 (Ordinance No. XLVII of 1984), read with the Non-Banking Finance Company (Establishment and Regulation) Rules, 2003;</li> <li>• a body corporate formed by or under any law in force in Pakistan;</li> <li>• a modaraba company as defined in the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (Ordinance No. XXXI of 1980);</li> <li>• a financial institution as defined in the Financial Institutions (Recovery of Finances) Ordinance, 2001 (Ordinance No. XLVI OF 2001), including a microfinance institution licensed under the Microfinance Institutions Ordinance, 2001 (Ordinance No. LV of 2001) and a Islamic financial institution;</li> <li>• a body incorporated by or under the law of a country outside Pakistan relating to incorporation of companies;</li> <li>• a trust, a co-operative society or a finance society or any other society established or constituted by or under any law for the time being in force; or</li> <li>• a foreign association, whether incorporated or not, which the Board has, by general or special order, declared to be a company for the purposes of this Act.</li> </ul>
		f	FBR-registered or SRB-registered persons receiving the services of advertisements; and
		g	SRB-registered persons receiving taxable services from unregistered persons;

			<b>Non-resident</b>										
			Service recipients out side SINDH not allowed to deducting withholding tax.										
	3		With effect from 1 <sup>st</sup> July 2014										
2	1		<b>Definition</b>										
		11	"Withholding agent" means a person as specified in sub-rule (2) of rule 1 of these Rules provided that he is resident in Sindh or has a place of business in Sindh.										
3	1		<b>Responsibility of a withholding agent</b>										
			The withholding agent shall issued notice in Form SSTW-05, shall indicate that the sales tax, to the extent as prescribed in these rules, shall be deducted and withheld by him from the payment made or to be made to the services provider and shall be deposited in Sindh Government's in the prescribed manner.										
			Provided that the withholding agent shall not be responsible to deduct or withhold such amount of tax as are compulsorily collected against the invoices or bills issued by a SRB registered service provider in respect of the services of <ul style="list-style-type: none"> <li>• telecommunication, banking company,</li> <li>• financial institution,</li> <li>• port operator,</li> <li>• airport operator,</li> <li>• terminal operator, and</li> <li>• airport ground services.</li> </ul>										
	2		Withholding agent who is not already registered with SRB as service provider shall electronically apply for withholding agent with SRB on Form SSTW-01.										
	3		<b>Service recipients of taxable services other than advertisement</b>										
			1/5 <sup>th</sup> of the amount shall be withheld by other withholding agents in Sindh.										
			Illustration										
			<table border="1"> <tr> <td>Value of taxable services excluding sales tax</td> <td>Rs. 1,000</td> </tr> <tr> <td>Sales tax chargeable @ 15%</td> <td>Rs. 150</td> </tr> <tr> <td>Sales tax to be deducted by the withholding agent</td> <td>Rs. 30(i.e 150 / 5)</td> </tr> <tr> <td>Sales tax payable by the withholding agent to the services provider</td> <td>Rs. 120 (i.e Rs 150-Rs. 30)</td> </tr> <tr> <td>Balance amount payable to the service provider by the withholding agent.</td> <td>RS. 1,120 (i.e Rs 1,000 + 120)</td> </tr> </table>	Value of taxable services excluding sales tax	Rs. 1,000	Sales tax chargeable @ 15%	Rs. 150	Sales tax to be deducted by the withholding agent	Rs. 30(i.e 150 / 5)	Sales tax payable by the withholding agent to the services provider	Rs. 120 (i.e Rs 150-Rs. 30)	Balance amount payable to the service provider by the withholding agent.	RS. 1,120 (i.e Rs 1,000 + 120)
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	4		<b>Unregistered person</b>										
			A WHA having FTN or NTN or SNTN and falling under sub-rule (2) of rule 1, shall on receipt of taxable services from unregistered persons, deduct the amount of sales tax ie., (15% of the invoice value) And obtain and keep <ul style="list-style-type: none"> <li>• CNIC of the unregistered services provider if INDIVIDUAL</li> <li>• NTN certificate of the unregistered servicer provider if AOP or a COMPANY</li> </ul> Restrict to enter the name, CNIC and NTN of the un-registered services provider in return Form SST-03 or SSTW-03.										

5		<p>FBR-registered or SRB-registered persons receiving the services of advertisements or based outside Pakistan, shall deducted</p> <ul style="list-style-type: none"> <li>• The amount of sales tax as mentioned in the invoice or</li> <li>• Bill issued by the service provider.</li> </ul> <p>In case the sales tax amount is not indicated on the invoice, the recipient shall deduct the amount of sales tax at the applicable rate (ie., 15%)</p>
6		<p>offices and departments of Federal Government, Provincial Governments, and Local or District Governments</p> <p>Follow the procedure as mentioned in the Rules, 2014.</p>
7		<p>Services provider other than Rule 6, follow following procedure. The WHA shall pay the withheld amount of sales tax against PSID/Challan prepared in Form SST-04 or Form SSTW-04.</p> <p><b>DUE DATES</b> At the time of filling of return or the date on which payment is made to the service provider, whichever is earlier;</p> <p><b>Where a WHA does not claim input tax credit</b> for a period of four (4) months succeeding the month in which the tax invoice was issued or Is not otherwise entitled to claim input tax credit/adjustment.</p> <p>Shall deposit the withheld amount of tax on the date on which he makes the payment to the services provider or on a date within four months from the date of the invoice, whichever is earlier;</p> <p><b>Where a unregistered WHA but registered in FBR</b> by the 15<sup>th</sup> day of the month with monthly return or the date on which payment is made to the service provider, whichever is earlier;</p> <p><b>Input tax credit not allowed.</b> Where WHA not claim the amount in four months or is not otherwise entitled to claim input tax credit/adjustment. He shall be deposit withheld amount of tax within four(4) months from the date of tax invoice or the date when he makes a payments to the services provider, whichever is earlier;</p> <p><b>All others</b> not covered in above by the 15<sup>th</sup> day of the following second month in which the tax invoice was issued by the service provider or the date on which payment is made to the service provider, whichever is earlier;</p>

	8	<p><b>In case a WHA is also a SRB-registered person</b> No need to file SSTW-03 as prescribed in Rule 6, He shall deposit the amount with monthly return.</p> <p><b>In case a WHA is not a SRB-registered person but hold NTN</b> Shall file the return, as set out in Form SSTW-03 of these rules, electronically and deposit the withheld or deducted amount of tax in Sindh Government's head of account "B-02384" against a withholding challan Form SSTW-04.</p>
	9	<p><b>Default Surcharge</b></p> <p>In case of delay or default in payment of amount of tax withheld or deducted by him or liable to be withheld or deducted by him the said amount is not paid in Sindh Government's head of account "B-02384" by the due date, shall pay default surcharge under section 44 of the Sales Tax Act,1990.</p>
	10	<p>The withholding agent shall furnish to the Officer of the SRB all such information or data as may be required by him for carrying out the purposes of these rules.</p>
	11	<p>A certificate, in the format set out in Form SSTW-06, showing deduction of sales tax, shall be issued to the service provider by the withholding agent duly specifying the name and registration number of service provider, description of services and the amount of sales tax deducted and withheld.</p>
4		<p><b>Responsibility of the registered service provider.</b></p> <ul style="list-style-type: none"> <li>• Issue sales tax invoice under section 26 of the Act,</li> <li>• Allow withholding of tax under Rule 1(2) of these Rules,</li> <li>• Must notice in Form SSTW-05</li> <li>• File monthly return</li> <li>• Adjust admissible input tax against the output tax under section 15 of the Act,</li> <li>• Where service provider allows withholding of tax by a person who is not covered by the terminology "Withholding Agent" as define in Rules 2(11) read with Rule 1(2), the service provider shall be liable to pay the tax involved alongwith the default surcharge thereon.</li> </ul>