



GOVERNMENT OF SINDH  
SINDH REVENUE BOARD  
Karachi dated the 25<sup>th</sup> February, 2014

**NOTIFICATION**  
(Sindh Sales Tax on Services)

SRB-3-4/3/2014. ----- In exercise of the powers conferred by section 72 of the Sindh Sales Tax on Services Act, 2011 (Sindh Act No. XII of 2011), read with sections 5, 6, 9, 13, 26 and 75 thereof, the Sindh Revenue Board, with the approval of the Government of Sindh, is pleased to direct that the following further amendments shall be made in the Sindh Sales Tax on Services Rules, 2011, namely:-

In the aforesaid Rules,

- (i) after rule 34 in PART-V, the following new rule shall be inserted namely:-

**“PART-VA**

**34A. Procedure for levy, collection and payment of sales tax on Sponsorship services.**----- (1) The provisions of this rule shall apply in relation to the persons providing or rendering or receiving the sponsorship services (tariff heading 9805.9100), as defined in sub-section (87) of section 2 of the Act, and the tax payable on the said services.

(2) For the purposes of this rule, the term “Sponsor” shall mean the person providing the sponsorship in any manner and the term “service recipient” shall mean the person receiving the sponsorship in any manner.

(3) In case the Sponsor has a place of business in Sindh, the Sponsor shall be required to register with the Board in accordance with the provisions of section 24 of the Act, read with the provisions of Chapter-II of these rules, and he shall also be

responsible for payment of the tax in accordance with the provisions of the Act and these rules.

(4) In case the Sponsor does not have a place of business in Sindh and also in case where the sponsorship is received from any place or from any Sponsor outside Pakistan, the service recipient shall be responsible for payment of the tax in accordance with the provisions of the Act and these rules.

(5) The value of the taxable services of sponsorship shall be the gross amount charged or paid for the service and shall be determined in accordance with the provisions of section 5 of the Act:

Provided that in case the consideration for the service is received from a Sponsor outside Pakistan or from a Sponsor not having place of business in Sindh, the charges received by the service recipient shall be treated as the tax-inclusive value and the tax shall be worked out and paid by the service recipient on the basis of tax fraction formula, that is, the amount of tax shall be calculated by multiplying the amount of charges, so received, with the tax rate and then dividing the resultant figure by the tax rate *plus* one hundred.

(6) The provisions of section 7 of the Act, read with sub-section (2) of section 17 thereof, shall, *inter-alia*, apply in relation to the tax payable under this rule.

(7) Every such person (Sponsor or service recipient, as the case may be) shall maintain account of all services provided or rendered or received by him and shall also maintain the record prescribed in section 26 of the Act and sub-rule (2A) of rule 29 of these rules. In cases where the services are provided or rendered under an agreement or a contract between the Sponsor and the service recipient, record of copies of such agreement/contract shall also be maintained.

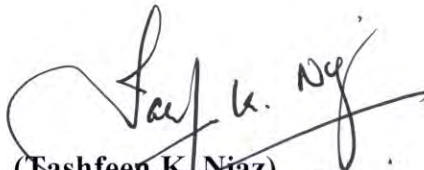
(8) The tax involved on the sponsorship services shall be paid by the Sponsor or the service recipient, as the case may be, in the manner prescribed in Chapter-III of these rules by the 15<sup>th</sup>



day of the month following the tax period to which it relates and the tax return shall also be filed within 3 days of the due date prescribed for payment of tax.”.

(ii) in rule 35, after sub-rule (2), the following sub-rule (2A) shall be inserted, namely:-

“ (2A) Where a registered person is providing telecom services in respect of international incoming calls and is sharing charges with persons operating in foreign jurisdictions, the charges received by the registered person shall be treated as tax-inclusive value and tax shall be worked out and paid by such registered person on the basis of tax fraction formula, that is, the amount of tax shall be calculated by multiplying the amount of charges with tax rate and then dividing the resultant figure by the tax rate plus one hundred.”.

  
(Tashfeen K. Niaz)  
Member (Taxation)

[File No. SRB-3-4/MTP/73 &75/2013]