

**PROVINCIAL ASSEMBLY OF SINDH  
NOTIFICATION  
KARACHI, THE 14<sup>TH</sup> MARCH, 2023**

**NO.PAS/LEGIS-B-31/2021**-The Sindh Sales Tax on Services (Amendment) Bill, 2021 having been passed by the Provincial Assembly of Sindh on 13<sup>th</sup> February, 2023 and assented to by the Governor of Sindh on 08<sup>th</sup> March, 2023 is hereby published as an Act of the Legislature of Sindh.

**THE SINDH SALES TAX ON SERVICES (AMENDMENT) ACT, 2021.**

**SINDH ACT NO. VII OF 2023**

**AN  
ACT**

to amend the Sindh Sales Tax on Services Act, 2011.

**WHEREAS** it is expedient to amend the Sindh Sales Tax on Services Act, 2011, in the manner hereinafter appearing;

It is hereby enacted as follows:-

1. (1) This Act may be called the Sindh Sales Tax on Services (Amendment) Act, 2021. **Short title and commencement.**

- (2) It shall come into force at once:

**Provided that the provisions of new clause (bb) inserted vide clause (i) of section 9 of the Sindh Sales Tax on Services (Amendment) Act, 2021 shall be deemed to have always taken effect from the 1<sup>st</sup> day of July, 2016.**

2. In the Sindh Sales Tax on Services Act, 2011, hereinafter referred to as the said Act, in section 2- **Amendment of Section 2 of the Sindh Act No.XII of 2011.**

- (i) after clause (1), the following new clause shall be inserted:-

“(1A) “active taxpayer” means a registered person who does not fall in any of the following categories:-

(a) whose registration is suspended in terms of section 25; and

(b) who has failed to e-file his returns consecutively for four tax periods;”;

- (ii) in clause (12), in sub-clause (iii), in the Explanation, in clause (b), before the words “this explanation”, the word “of” shall be inserted;

- (iii) in clause (19), after the words “and includes”, the words “the processing, clearing and settlement services provided or rendered by any person in relation to securities, commodities and futures contracts and also includes” shall be inserted;

(iv) in clause (28) -

(i) in sub-clause (a), for the words "Companies Ordinance, 1984 (Ordinance No. XLVII of 1984)", the words "Companies Act, 2017 (Act No. XIX of 2017)" shall be substituted; and

(ii) in sub-clause (c), after the words "read with", the words "sub-section (1) of section 509 of the Companies Act, 2017 (Act No. XIX of 2017) and" shall be inserted;

(v) after clause (37), the following new clause shall be added:-

"(37A) "**e-file**" means the process of electronic filing of any document on the **computerized** system of the Board;";

(vi) after clause (84A), the following new clause shall be added:-

"(84B) "**software or IT based system development consultant**" means the person providing or rendering the services in relation to software or information technology, including-

- (a) the development of software, network or IT based system and maintenance thereof;
- (b) the study, analysis, design and programming of software or IT based system;
- (c) the adaption, up-gradation, customization, enhancement, integration, implementation and other similar services related to software or IT based system;
- (d) web-hosting and cloud services;
- (e) **provision of advice, guidance, consultancy and assistance in matters related to software or IT based system including conducting feasibility studies on implementation of a system;**
- (f) **provision of specifications for a database design, implementation and management;**
- (g) **provision of specifications to secure database;**
- (h) **provision of the right, whether by licensing or otherwise, to use software or IT based system for commercial exploitation including right to reproduce, distribute and sell the software**

components for the creation of and inclusion in other software or IT based system products and the renewal of such a right or, license; and

(i) provision of the right, whether by licensing or otherwise, to use software or IT based system supplied electronically and the renewal of such a right or a license;”;

(vii) in clause (96B), for the word “listing”, the word “testing” shall be substituted; and

(viii) after clause (98C), the following new clause shall be inserted:-

“(98CC) “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;”.

3. In the said Act, in section 3, for sub-section (1), the following shall be substituted.-

“(1) A taxable service is a service listed in the Second Schedule to this Act, which is provided by a person from his office or place of business in Sindh in the course of an economic activity, including the commencement or termination of the activity.

Amendment of  
Section 3 of the  
Sindh Act No.XII  
of 2011.

*Explanation.—This sub-section deals with services provided by persons, regardless of whether those services are provided to resident persons or non-resident persons.”.*

4. In the said Act, in section 4, in sub-section (3), in clause (a), the semi-colon and the word “or” shall be replaced by a colon and thereafter the following proviso shall be added:-

Amendment of  
Section 4 of the  
Sindh Act No.XII  
of 2011.

“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; or”.

5. In the said Act, in section 5, the brackets and figure “(1)” shall be omitted.	Amendment of section 5 of the Sindh Act No.XII of 2011.
6. In the said Act, in section 8, in sub-section (2), the words “for any given tax period” shall be omitted.	Amendment of section 8 of the Sindh Act No.XII of 2011.
7. In the said Act, in section 9, in sub-section (1) –	Amendment of section 9 of the Sindh Act No.XII of 2011.
(a) the word “registered” shall be omitted; (b) the colon shall be replaced by a full stop; and (c) the proviso and the <i>Explanation I</i> and <i>Explanation II</i> relating thereto shall be omitted.	
8. In the said Act, in section 15, after the word “prescribe” the word “and” shall be omitted.	Amendment of section 15 of the Sindh Act No.XII of 2011.
9. In the said Act, in section 15A, in sub-section (1) -	Amendment of section 15A of the Sindh Act No.XII of 2011.
(i) after clause (b), the following new clauses shall be inserted:-  “(bb) the services received, acquired or procured from a person who is liable to be registered under this Act but is not actually registered or who does not hold registration number;  (bbb) the goods or services received, acquired or procured from a person who is not an active tax payer under this Act or under the Sales Tax Act, 1990 or under any Provincial law relating to sales tax;”; and  (ii) in clause (k), the word “and” at the end shall be omitted and, thereafter, the following new clause shall be inserted, namely:-  “(kk) sales tax paid to the Federal Government or any other Provincial Government in relation to supply of goods or provision of services, if the sales tax law of the federation or the province concerned does not allow, whether explicitly or otherwise, adjustment of tax levied and paid under this Act; and”;	

10. In the said Act, in section 18, after the words “go unpaid”, the comma and words “, of which the burden to prove shall lie on the department,” shall be inserted. Amendment of section 18 of the Sindh Act No.XII of 2011.
11. In the said Act, in section 22, for the words “Companies Ordinance, 1984 (No. XLVII of 1984)”, the words “Companies Act, 2017 (Act No. XIX of 2017)” shall be substituted. Amendment of section 22 of the Sindh Act No.XII of 2011.
12. In the said Act, in section 23, in sub-section (1A), after the figures and comma “23,”, the figures and comma “27,” shall be inserted. Amendment of section 23 of the Sindh Act No.XII f 2011.
13. In the said Act, in section 24, in sub-section (3) –
- (a) the words “such person” occurring the first time shall be omitted; Amendment of section 24 of the Sindh Act No.XII of 2011.
  - (b) for clause (i), the following shall be substituted: -  
“(i) such person receives the service”; and
  - (c) for the words “there under”, the word “thereunder” shall be substituted.
14. In the said Act, in section 24B, in sub-section (1), for the words “may deemed fit”, the words “may deem fit” shall be substituted. Amendment of section 24B of the Sindh Act No.XII of 2011.
15. In the said Act, after section 25A, the following shall be added:-
- “25B. Active taxpayers list.-** The Board shall have the power to prepare and maintain active taxpayers list in such manner as it may deem appropriate and also to make rules to provide for restrictions and limitations to be imposed on any person who ceases to be an active taxpayer or any person who receives or procures any taxable service from a person who has ceased to be an active taxpayer.”. Insertion of section 25B in the Sindh Act No.XII of 2011.
16. In the said Act, in section 26, in sub-section (5) –
- (a) for the words “Companies Ordinance, 1984”, the words “Companies Act, 2017 (Act No. XIX of 2017)”, shall be substituted; and Amendment of section 26 of the Sindh Act No.XII of 2011.
  - (b) the comma and words “, along-with a certificate by the auditors certifying the payment of sales tax due and any deficiency in the sales tax paid by the registered person” shall be omitted.

17. In the said Act, in section 28, after sub-section (2), the following shall be inserted :-

“(2A) The officer of the SRB conducting the audit under sub-section (1) may conduct audit proceedings electronically through video-link or any other mode as may be specified by the Board.”.

Amendment of  
section 28 of the  
Sindh Act No.XII  
of 2011.

18. In the said Act, in section 30, in sub-section (1) -

- (i) the word “furnish” shall be omitted;
- (ii) after the words “due date,”, the words “e-file” shall be inserted; and
- (iii) the words “to a designated bank or to any other office specified by the Board,” shall be omitted.

Amendment of  
section 30 of the  
Sindh Act No.XII  
of 2011.

19. In the said Act, in section 37, in sub-section (1), for the words “Judges a person who is serving or has”, the words “Judges, as it may determine, from amongst the persons who are serving or have” shall be substituted.

Amendment of  
section 37 of the  
Sindh Act No.XII  
of 2011.

20. In the said Act, in section 45, for the words “and by”, the word “by” shall be substituted.

Amendment of  
section 45 of the  
Sindh Act No.XII  
of 2011.

21. In the said Act, after section 54A, the following new section shall be inserted:-

**“54B. Power to seal the business premises.— If an officer of the SRB, not below the rank of a Commissioner, is satisfied that any person:-**

- (a) is liable to be registered under this Act but is not actually registered in terms of the provisions of section 24; or
- (b) is not an active taxpayer in terms of the provisions of clause (1A) of section 2; or
- (c) is consistently non-compliant with the provisions of this Act or the rules made thereunder,

he may, by an order in writing, direct that the business premises of that person be sealed for a period not exceeding four months after giving a notice in writing:

Provided that when the cause of such sealing, as aforesaid, has ceased to exist, such officer of the SRB shall, through an order in writing, direct the de-sealing of the sealed premises.”.

Insertion of new  
section 54B in the  
Sindh Act No.XII  
of 2011.

22. In the said Act, in section 59, in sub-section (5), for the words "twenty days", the words "eighty days" shall be substituted;

Amendment of  
section 59 of the  
Sindh Act No.XII  
of 2011.

23. In the said Act, in section 60, for sub-section (4), the following shall be substituted:-

"(4) A person may be appointed as a Technical Member of the Appellate Tribunal if he is below the age of sixty-five years but not below the age of fifty years and is or has been:-

- (a) a Technical Member of a Customs Appellate Tribunal in terms of sub-section (4) of section 194 of the Customs Act, 1969 (Act No. IV of 1969) or an Accountant Member of an Appellate Tribunal Inland Revenue (Appeals) in terms of sub-section (4) of the section 130 of the Income Tax Ordinance, 2001 (Ordinance No. XLIX of 2001) for a period not less than one year; or
- (b) a Commissioner of SRB or a Commissioner (Appeals) of SRB on regular basis for a period not less than five years.".

24. In the said Act, in section 67, in sub-section (3), after the word "purposes", the word "of" shall be inserted.

Amendment of  
section 67 of the  
Sindh Act No.XII  
of 2011.

25. In the said Act, in section 71, in sub-section (1), for the digits "IV", the digits "VI" shall be substituted.

Amendment of  
section 71 of the  
Sindh Act No.XII  
of 2011.

26. In the said Act, in section 75 -

(a) in sub-section (1), in clause (b), the word "or" appearing at the end shall be omitted, and, thereafter, the following new sub-clause shall be added:-

"(bb) sent electronically through e-mail or to the e-folder maintained for the purposes of e-filing of returns by the registered person; or";

(b) in sub-section (2), in clause (b), the word "or" appearing at the end shall be omitted, and, thereafter, the following new clause shall be added:-

Amendment of  
section 75 of the  
Sindh Act No.XII  
of 2011.

“(bb) sent electronically through e-mail or to the e-folder maintained for the purposes of e-filing of returns by the registered person; or”;

(c) for sub-section (6), the following shall be substituted:-

“(6) For the purposes of clause (bb) of sub-section (1) and sub-section (2), a registered person shall be deemed to have received the notice, order or requisition electronically at the expiry of seventy two hours of sending the same through e-mail or to the e-folder maintained for the purposes of his e-filing of returns.”; and

(d) sub-sections (7), (8) and (9) shall be omitted.

27. In the said Act, in section 77 -

- (a) after the word “issue”, the words “to that registered person”, shall be inserted;
- (b) after the words “with the officer of the SRB” the words “or any notice or order issued against that person” shall be inserted;
- (c) for the figures “500”, the figures “1000” shall be substituted;
- (d) for the figures “200”, the figures “250” shall be substituted; and
- (e) the coma and words “, to that registered person”, occurring at the end shall be omitted.

**Amendment of  
section 77 of the  
Sindh Act No.XII  
of 2011.**

28. In the said Act, after section 81, the following new section shall be added:-

**“81A. Delegation of functions and powers by the Board.-** The Board may, subject to such conditions and limitations as it may deem appropriate, delegate, to its Chairman or a Member or to an officer of the SRB, any of its functions and powers as assigned to it under this Act.”

**Insertion of section  
81A in the Sindh  
Act No.XII of 2011.**

29. In the said Act, after section 83, the following new section shall be inserted:-

**“83A. Act to override other laws.-** The provisions of this Act shall have overriding effect notwithstanding anything contrary or inconsistent contained in any other law for the time being in force.”.

**Insertion of section  
83A in the Sindh  
Act No.XII of 2011.**

**30. In the said Act, in section 84, in sub-section (1),-----**

**Amendment of  
section 84 of the  
Sindh Act No. XII  
of 2011.**

**(a) after the words “recovery of tax on renting of immovable property services”, the words “or for disallowing the claim, reclaim, adjustment or deduction of input tax on the services acquired or procured from a person who is liable to be registered under the Act but is not actually registered or who does not hold registration number” shall be inserted; and**

**(b) in the Proviso, for the full-stop at the end, a colon shall be substituted and thereafter the following shall be added:-**

**“Provided further that the addition of clause (bb) in section 15A shall be deemed to be and shall always be deemed to have validly added on and from the first day of July 2016 notwithstanding anything contained in this Act or any law for the time being in force or any judgment, decree or order of any Court.”**

**31. In the said Act, in the First Schedule, in the Table-**

**Amendment of the  
First Schedule to  
the Sindh Act  
No.XII of 2011.**

- (a) against tariff heading “9813.1000” in column (1), after the word “reinsurer, in column-(2) the comma and words “, and the services provided or rendered by insurance companies in relation to guarantees including an insurance guarantee” shall be inserted;**
- (b) after tariff heading “9813.1600” in column (1) and the entries relating thereto in column (2), the following shall be inserted:-**

“ 9813.1700	Services provided or rendered in relation to guarantees, including an insurance guarantee ”; and
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- (c) after the description “Electric power transmission services” at the end in column (2), the following shall be added:-**

“	Services provided or rendered by truck aggregators and the services provided or rendered by the owners or drivers of trucks or other cargo transportation vehicles using the services of a truck aggregator	”.
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32. In the said Act, in the Second Schedule, in the Table, in Part B -

- (a) against tariff heading “9813.1000” in column (1), after the word “reinsurer” in column (2), the comma and words “, and the services provided or rendered by insurance companies in relation to guarantees, including an insurance guarantee” shall be inserted;
- (b) after tariff heading “9813.1600” in column (1) and the entries relating thereto in columns (2) and (3), the following shall be inserted:-

“	9813.1700      Services provided or rendered in relation to guarantees, including an insurance guarantee	13%
”;and		

- (c) after tariff heading “9855.0000” in column (1) and the entries relating thereto in columns (2) and (3), the following shall be inserted:-

“	9856.0000      Services provided or rendered by truck aggregators and the services provided or rendered by the owners or drivers of trucks or other cargo transportation vehicles using the services of a truck aggregator	13%
.”.		

**Amendment of the  
Second Schedule to  
the Sindh Act  
No.XII of 2011.**

**BY ORDER OF THE SPEAKER,  
PROVINCIAL ASSEMBLY OF SINDH**

**G.M.UMAR FAROOQ  
SECRETARY  
PROVINCIAL ASSEMBLY OF SINDH**