

# **SINDH FINANCE BILL 2021**

**PRESENTATION OF**



**GCA TEAM**

# GCA OFFICIAL

GLOBAL CAREER IN ACCOUNTANCY

# **INTENDED USERS**

**THE TARGET AUDIENCE FOR THIS GCA  
PROVINCIAL BUDGET MEMO IS “ICAP FRATERNITY  
INCLUDING STUDENTS & GENERAL PUBLIC”.  
ICAP STUDENTS WHO WILL APPEAR IN FOLLOWING  
UPCOMING ATTEMPTS CAN USE THIS MEMO:  
WINTER-21 & SUMMER-22 ONLY.**



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# **EXEMPTION ON EXPORT OF CALL CENTRE SERVICES**

- Upto June 30, 2021, services provided or rendered by a call centre from a place of business in Sindh for which the registered person received value of services from a place outside Pakistan in foreign exchange, were taxable at reduced rate of 3%.
- Above reduced rating on call centre services has been withdrawn and simultaneously such services exported and delivered by registered persons to persons outside Pakistan have been exempted from whole of the Sindh sales tax leviable subject to certain conditions regarding remittance through banking channel and SBP reporting.

# **WITHDRAWAL OF EXEMPTION**

**1. Telecommunication Services involving charges payable on the International leased lines or bandwidth services used by software exporting firms registered with the Pakistan Software Exporting Board;**

**2. Telecommunication Services involving charges payable on the International leased lines or bandwidth services used by software exporting firms registered with the Pakistan Software Exporting Board;**

# **CHANGES IN DESCRIPTION OF SERVICES**

Description of export of services of accountants and auditors & software of it-based system development consultants classified under tariff heading 9815.3000 & 9815.6000 has been rephrased as under:

<b><u>Service</u></b>	<b><u>Current</u></b>	<b><u>Amended</u></b>
<b>Accountants and Auditors</b>	<b>Accountant and Auditors' services exported, by registered persons, outside Pakistan, to such of the service recipients as are not located and not resident in Pakistan, subject to the condition that the value of export of the services is received in foreign exchange through banking channels in the business bank accounts of the registered person exporting the services and is also reported to the State Bank of Pakistan in the manner prescribed by the State Bank of Pakistan.</b>	<b>Accountant and Auditors' services exported and delivered by registered persons to persons outside Pakistan subject to the condition that the value of export of the services is received in foreign exchange through banking channels in the business bank accounts of the registered person exporting the services and is also reported to the State Bank of Pakistan in the manner prescribed by the State Bank of Pakistan.</b>



<b><u>Service</u></b>	<b><u>Current</u></b>	<b><u>Amended</u></b>
<p><b>Software of IT-based system development consultants</b></p>	<p><b>Software or IT-based system development consultants' services exported, by registered persons, outside Pakistan subject to the condition that the value of export of the services is received in foreign exchange through banking channels in the business bank accounts of the registered person exporting the services and is also reported to the State Bank of Pakistan in the manner prescribed by the State Bank of Pakistan.</b></p>	<p><b>Software or IT-based system development consultants' services exported and delivered by registered persons to persons outside Pakistan subject to the condition that the value of export of the services is received in foreign exchange through banking channels in the business bank accounts of the registered person exporting the services and is also reported to the State Bank of Pakistan in the manner prescribed by the State Bank of Pakistan.</b></p>

## **NOTIFICATION NO.SRB-3-4/17/2021 DATED JUNE 30, 2021**

Exemption of sales tax on health insurance services falling under tariff heading 9813.1600 has been further extended for one year upto June 30, 2022.

## **NOTIFICATION NO.SRB-3-4/18/2021 DATED JUNE 30, 2021**

Through notification no.SRB-3-4/15/2019 dated June 27, 2019, services of cable TV operators falling under tariff heading 9819.9000 were exempted from whole of the sales tax subject to certain conditions which included filing of sales tax return, e-deposit of sales tax liability on other taxable services and compliance of sales tax withholding rules. The notification provided timeline for compliance of these conditions which has now been extended in the following manner:

<b><u>Condition</u></b>	<b><u>Current Timeline</u></b>	<b><u>Revised Timeline</u></b>
<b>Filing of sales tax returns for the periods from July 2016 to June 2020</b>	<b>July 31, 2020</b>	<b>July 31, 2021</b>
<b>Deposit of tax liability on taxable services</b>	<b>August 31, 2020</b>	<b>August 31, 2021</b>
<b>Deposit of sales tax withholding if not deducted or withheld by service recipient or withholding agent</b>	<b>August 31, 2020</b>	<b>August 31, 2021</b>



The effective date of above notification dated June 27, 2019 has also been extended from current June 30, 2021 to June 30, 2022 unless rescinded earlier.

## **NOTIFICATION NO.SRB-3-4/19/2021 DATED JUNE 30, 2021**

Through notification no.SRB-3-4/12/2020 dated June 22, 2020, services of recruiting agents classified under tariff heading 9805.6000 were notified to be taxable at reduced rate of 8% for the tax periods of the financial years 2018-19, 2019-20 and 2020-21 subject to certain conditions specified under the said notification. The reduced rating was restricted to recruitment of persons or group of persons for employment outside Pakistan, whereas services for recruitment of individuals for employment in Pakistan was taxable at the standard rate of 13%.

# RECRUITING AGENT SERVICES

OLD RATE

•8%

NEW RATE

•5%

Services for recruitment of individuals for employment in Pakistan shall continue to remain taxable at the standard rate of 13% as was applicable earlier.



**NOTIFICATION NO.SRB-3-  
4/15/2021 DATED JUNE 30, 2021**

## **REQUIREMENT TO FILE SCANNED ATTACHMENT (RULE 16)**

- Currently there is requirement to file scanned attachment, as evidence where, the input tax claimed on goods used, consumed, or utilized for providing services exceeds 20% of output tax.
- The rule has been redrafted in a way to remove lacuna whereby word 'services' has been replaced with the word 'taxable services' so as to restrict the limit of 20% to the extent of input taxes utilized in provision of taxable services only instead of applying this threshold to gross input taxes including related to provision of both taxable and non-taxable services. Moreover, the above limit shall now apply to input taxes on acquisition of both goods and services which was earlier restricted to the extent of input tax on acquisition of taxable goods only.

In place of 'attachment', the invoices of goods and services in respect of which input tax is claimed have been specified as the documents to be filed where input claim exceeds as aforesaid.

# **APPOINTMENT OF E-INTERMEDIARY (RULE 19)**

The rule provides for a person to be appointed as e-intermediary having experience in the relevant field of providing taxation services. Professional experience as earlier defined under the rule has been redefined whereby now professional experience mean qualification & experience as a registered person:-



# **APPOINTMENT OF E-INTERMEDIARY (RULE 19)**

**(a) Providing or rendering the services of an accountant;**

**(b) Providing or rendering the services of legal practitioner and consultants;**

**(c) Who is an income tax practitioner registered with a tax bar affiliated with All Pakistan Tax Bar Association and providing or rendering services of a tax consultant; or**

**(d) As may be approved by the Board.**

## **SERVICE PROVIDED BY HOTELS, MOTELS ETC. (RULE 42)**

As against current requirement of issuing invoices containing value exclusive of Sindh sales tax, persons providing or rendering services of a restaurant have now been allowed to issue invoices showing value inclusive of Sindh sales tax with the condition that person clearly and legibly has indicated on menu card, price list and invoice that the price of item served is inclusive of the amount of sales tax. In such cases, service provider has been required to calculate and deposit amount of tax under the tax fraction formula.

**THANK YOU FOR READING.**

**Any suggestions/criticisms can be sent  
to :**

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# **DISCLAIMER**

**This GCA Sindh finance bill 2021 memorandum is correct to the best of our knowledge and belief at the time of its publication. It is intended to provide only a general outline of the proposals announced in the federal budget. It should neither be regarded as comprehensive nor sufficient for making decisions, nor should it be used in place of professional advice. The GCA consultants/GCA official do not accept any responsibility for any loss arising from any action taken or not taken by anyone using this publication.**



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