

THE SINDH FINANCE ACT, 2017
SINDH ACT NO. XXIV OF 2017

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[19th July, 2017]

AN ACT to rationalize certain taxes in the Province of Sindh and to amend certain laws in the Province of Sindh.

WHEREAS it is expedient to rationalize certain taxes in the Province of Sindh and to amend certain laws in the Province of Sindh, in the manner hereinafter appearing;

Preamble.

It is hereby enacted as follows:-

1. (1) This Act may be called the Sindh Finance Act, 2017.
2. In the Sindh Sales Tax on Services Act, 2011-
 - (i) in section 2 –
 - (a) in clause (29A), for the word “bletharoplasty”, the word “blepharoplasty” shall be substituted;
 - (b) in clause (46) for the words “franchiser against”, the words “franchiser, whether or not against” shall be substituted;
 - (c) in clause (64), in clause (b), for the words “but not including”, the words “or through virtual presence or a website or a web portal or through any other form of e-Commerce, by whatever name called or treated, but does not include” shall be substituted;
 - (d) in clause (67B), after the word “recorded”, the words “or re-recorded or subjected to any post-production processes like dubbing, colouring, subtitling or captioning” shall be inserted;
 - (e) for clause number “72(C)”, the clause number “(72C)” shall be substituted;
 - (ii) in section 9, in sub-section (1), the full-stop at the end shall be replaced by a colon and thereafter the following proviso shall be added, namely:-

“Provided that where a registered person receiving the taxable services fails to make payment of the amount of tax to a service provider within one hundred and eighty

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days from the date of the tax invoice, and such service provider has also not made the payment thereof within the prescribed due date, the person providing and the person receiving taxable services shall, jointly and severally, be liable for such payment of the amount of tax.

Explanation I.- For the purpose of this proviso, the “amount of tax” shall include the total amount of tax and also the amount of tax as was liable to be withheld or deducted by service recipient in terms of the rules notified under sub-section (2) of section 13 of this Act.

Explanation II.- For the purpose of this proviso, the “registered person” shall include a person covered by the terminology “withholding agent” in terms of the rules notified under sub-section (2) of section 13 of this Act.”;

- (iii) in section 15A, in sub-section (1) –
- (i) after clause (j), the following new clause shall be added, namely:-
- “(jj) goods or services as are liable to sales tax, whether a federal sales tax or a provincial sales tax, at specific rate or at fixed rate or at such other rates not based on value or at a rate lesser than thirteen *per cent ad valorem* and are used or consumed as inputs in the provision of a taxable service under this Act:
- Provided that in case of telecommunication services paying sales tax at a rate not less than nineteen and a half per cent ad valorem, the amount of sales tax paid on goods and services at ad valorem rates not exceeding seventeen per cent, can be claimed by the person providing the taxable telecommunication services.”;
- (ii) in clause (k), for the word “nineteen”, the words “nineteen and a half” shall be substituted; and
- (iv) after section 15A, the following new section shall be added, namely:-

“15B. Adjustment of input tax paid on certain goods and services.- Notwithstanding anything contained in this

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Act and without prejudice to provisions of section 15A, the input tax paid on the acquisition of such of the capital goods, machinery and fixed assets as are classified under Chapters 84 and 85 of the First Schedule to the Customs Act, 1969 (Act No. IV of 1969), shall be adjustable against the output tax in twelve equal monthly installments.”;

- (v) in section 23, in sub-section (3) for the word “twenty”, the word “eighty” shall be substituted;
- (vi) in section 43, in the Table, after serial No. 7A in column (1) and the entries relating thereto in columns (2) and (3), the following shall be added, namely:-

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| 7B. Any person who refuses or denies or obstructs the compliance of the provisions of section 54A. | Such person shall be liable to a penalty of 100,000 rupees or an amount equal to the amount of tax involved, whichever is higher. Such person shall further be liable, upon conviction by a Special Judge, to imprisonment which may extend to one year, or with fine which may extend to 100,000 rupees or with both. | 54A | |
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- (vii) in section 47, in sub-section (3), for the word “twenty”, the word “eighty” shall be substituted;
- (viii) after section 47, the following new section shall be added, namely:-

“47A. Short paid amounts recoverable without notice.- Notwithstanding any of the provisions of this Act, where a registered person pays the amount of tax less than the tax due as indicated in his return, the short-paid amount of tax along with default surcharge shall be recovered from such person by attaching his bank accounts, without giving him

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a show cause notice and without prejudice to any other action prescribed under section 66 of this Act or the rules made under this Act:

Provided that no penalty under section 43 of this Act shall be imposed unless a show cause notice is given to such person.”;

- (ix) in section 52, in sub-section (4) –
- (a) after the word “information”, the words “and data and documents” shall be added; and
- (b) for the word, brackets and figures “sub-section (2) or (3),” the words “this section” shall be substituted;
- (x) after section 54, the following new section shall be added, namely:-

“54A. Monitoring or tracking by electronic or other means:- (1) Subject to such conditions, restrictions and procedure, as it may deem fit to impose or specify, the Board may, by notification in the official Gazette, specify any registered person or class of registered persons or any of the services or class of services in respect of which monitoring or tracking of provision of service or services may be implemented through electronic or other means as may be prescribed.

(2) The Board may, in the prescribed manner, devise and implement an electronic system for monitoring and capturing the transactions recorded or the invoices issued by a registered person or a class of registered persons or a service or services or class of services, and transferring the information, obtained by such monitoring or capturing of transactions or invoices, to the computer systems of the Board on real time basis or otherwise.

(3) From such date as may be prescribed by the Board, the persons providing or rendering taxable services shall compulsorily use such electronic means or systems, including fiscal cash registers, as may be specified or prescribed by the Board, for issuance of tax invoice.”;

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- (xi) in section 57, in sub-section (1), for the comma and figures “43”, the figures “25A, 43” shall be substituted;
- (xii) in section 66, in sub-section (1), in clause (f), the full stop at the end shall be replaced by a colon and thereafter the following proviso shall be added:-

“Provided that the officer of the SRB shall not issue notice under this section or the rules made thereunder for recovery of any tax due from a taxpayer if the said taxpayer has filed an appeal under section 57 in respect of the order under which the tax sought to be recovered has become payable and the appeal has not been decided by the Commissioner (Appeals), subject to the condition that an amount equal to twenty-five per cent of the amount of tax due has been paid by the tax payer.”;

- (xiii) after section 72, the following new section shall be added, namely:-

“72A. Power to require that licenses or permissions to persons providing or rendering taxable services be issued or renewed only after verifying that such persons are duly registered under sections 24, 24A or 24B.- The Board may, with the approval of Government, by notification in the official Gazette, require that any authority, including a regulatory authority, competent to issue or renew licenses or permissions for engaging into an economic activity which is a taxable service, shall not issue or renew such licenses or permissions unless the licensee or the permission-holder submits the evidence that he is duly registered under section 24 or 24A or 24B of this Act.”;

- (xiv) in section 75, in sub-section (7), for the word “notifications” the words “notifications, notices, show cause notices” shall be substituted;
- (xv) (xv) in section 81, after the proviso, the following Explanation shall be added:-

Explanation.- For the purpose of this section, the expression “act or thing to be done” includes any act or thing to be done by registered person or by the authorities specified in section 34 of this Act.”;