

Sindh Sales Tax on Services Act, 2011

Summary of Key Changes



Key Amendments

1) Scope of Services Increased (Section 2(79))

The definition of “Services” i.e. what constitute a service is proposed to be amended which broadens the scope of services. Rather than being limited to a listed schedule, the law now defines taxable services broadly, covering any service unless explicitly exempted. Previously, a list of the services was given in First Schedule of the Sindh Sales Tax on Services Act, 2011 (the Act) and for the purposes of the Act, the services listed in 1st Schedule were the services only.

The definition of the service is also proposed to be extended to include all activities, rights transfers, and advantages—even those involving services incidentally.

2) Classification by CPC Code (2(19A))

A new definition “CPC Code” is proposed to be inserted and now, the services will be categorized using the UN’s Central Product Classification (CPC) system. This standardizes definitions and improves clarity.

3) Schedules of the Act – Substituted:

As a result of changes in the definition of the service, the Schedules of the Act are also proposed to be substituted as under:

- 1st Schedule – Exempt services are proposed to be included in 1st Schedule of the Act
- 2nd Schedule is proposed to be amended as under:
- Part 1 - Services that will be taxable at higher than standard rate (15%) are proposed to be included in Part I of Second Schedule.
 - Part 2 - Services that will be taxable at lower than standard rate (15%) are proposed to be included in Part II of Second Schedule.

Corresponding changes in the Act have also been made to harmonize the law and avoid ambiguities.

4) Continuity Clause:

To avoid ambiguity as a result of proposed amendments, a new section 72C, “Taxability of services at the end of financial year” is proposed to be inserted to clarify that the existing taxed services as of June 30, 2025 will remain taxable unless explicitly changed.

Key Amendments

5) Power to Adapt the Provisions of the Act

A new section 74 is proposed to be inserted to empower Sindh Revenue Board (with the approval of the Government) to adapt the provisions of the Act by way of whether by way of modification or addition or omission as it may deem to be necessary or expedient for a period of three years from the date of commencement of the Sindh Finance Act, 2025.

- a) Services provided to withholding agents
- b) Services provided to persons registered with SRB or FBR
- c) Services under the service categories where different exemption threshold based on annual turnover is provided under this Act; and

Services which were not exempt on account of annual turnover threshold basis as on 30th June, 2025.

6) Increased Penalties

Fines for late filing and non-compliance are increased.

- Penalty for late filing of the return is proposed to be Rs. 100/day.

Penalty for denying to give access to authorized person to business premises or registered office is proposed to be increased from Rs. 50,000/- to Rs. 100,000/-.

7) Exemption on the Basis of the Annual Turnover:

A generic exemption on all services is proposed to be given to small businesses whose annual turnover is less than 4 million rupees excluding the turnover from following services:

Karachi:

Suite No.407, Progressive Plaza,
Beaumont Road, Karachi
T: (021) 3565 5975-6

Lahore:

Avais Chambers
1/C - 5, Sikander Malhi Road,
Canal Park, Gulberg II,
Lahore.
T: (042) 3587 2731
(042) 3587 2732-33

Islamabad:

1st Floor, Plot# 18/B/1, Chohan
Plaza, G8 Markaz, Islamabad
Capital Territory
T: (051) 234 0490-93

Faisalabad:

478-D, Peoples Colony No. 1
Faisalabad
T: (041) 854 1165

Peshawar:

Suit # 6, Block-A, 2nd Floor,
Cantonment Plaza, Fakhre-e-Alam
Road, Peshawar Cantt.
T: (091) 527 8310

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