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16 June 2025

# Sindh Finance Bill, 2025



# **SINDH FINANCE BILL, 2025**

## **Introduction**

The Sindh Finance Bill 2025 has been presented in the Provincial Assembly of Sindh on June 13, 2025 when the Chief Minister of Sindh made following major announcements relating to taxes and levies applicable in the Province of Sindh:-

- a) Five levies (i.e., Professional Tax, Entertainment Duty, Drainage Cess, Cotton Fees and Local Cess) are proposed to be abolished;
- b) Reduction in Motor Vehicles Tax is proposed; and
- c) Most notably, Sindh Sales Tax on Services legislation is proposed to be simplified including by way of an adoption of a negative list (as being explained in the succeeding paragraphs) without any proposed increase in the standard rate of tax which is kept at 15%.

This Memorandum discusses the significant changes proposed through the Sindh Finance Bill. Since the official copy of the Sindh Finance Bill is not yet publicly available, our comments in this Memorandum are based on the unofficial version of Sindh Finance Bill which is under circulation.

## **Sindh Sales Tax on Services Act, 2011**

The Sindh Finance Bill, 2025 proposes a significant structural shift in the Sindh Sales Tax on services. Presently, a service in the First Schedule to the Sindh Sales Tax on Service Act, 2011 [Act] is taxable in Sindh, if the same is listed in the Second Schedule to the Act. This existing positive list system is now proposed to be done away with and replaced with a 'negative list' system, implying that all services provided in the Province of Sindh are taxable services except the ones specifically exempted from taxation under the negative list. With this, the bill seeks to introduce significant structural and procedural changes to the provincial sales tax regime.

## **Definition of the term 'Service'**

Currently, the definition of 'service' primarily includes those services listed in the First Schedule to the Act. However, the bill now proposes to eliminate this 'positive list' in the First Schedule and redefine 'service' to encompass any activity, facility, utility, or advantage, including the granting, assignment, cession, or surrender of any right.

With this expansive definition, the bill intends to provide greater clarity and flexibility in the taxation of services, ensuring that a wider range of service activities are appropriately covered while reducing ambiguity in the application of tax laws.

## **Adoption of United Nations Central Product Classification (CPC) coding system**

The Act presently uses its own classification and categorization framework specific to taxable services which was earlier adopted from Federal Excise Act, 2005 read with Chapter 98 of the Pakistan Customs Tariff and subsequently subjected to various amendments, from time to time. This framework identifies different service sectors and types subject to sales tax, and each type of service may have its predetermined tax code for administrative and reporting purposes. Unlike international coding systems, this is specifically tailored to taxation purposes within the province.

The bill now proposes to introduce a system of classification of services based on Central Product Classification (CPC) coding system Version 2.1 as published by the United Nations and as adapted by Sindh Revenue Board for the purposes of the Act. This adaption of CPC codes and services classification is expected to align Sindh sales tax on services system with international standards, reducing ambiguity and provide consistency in tax application.

With the adaption of CPC, the bill also seeks to remove numerous specific services definitions from the Act, which seems to be a measure to streamline classifications of services under the new CPC system.

The bill also seeks to empower Board to prescribe a code for classification of services by notification in the official Gazette. The inclusion or exclusion of any service from the code so prescribed shall not determine the taxability or otherwise of such service.

It has been also proposed to provide that in case where a dispute arises in relation to classification of a service under the code, the Board shall decide such dispute and the Board's decision, in this respect, shall be final.

## **Taxable Service**

Presently, only the services listed in the Second Schedule to the Act are considered taxable when provided, rendered, initiated, received, originated, executed or consumed in the province of Sindh in the course of an economic activity, including its commencement or termination. The Sindh Finance Bill, 2025, proposes a shift from this positive list system – where only specifically listed services are taxable – to a negative list system. Under this new approach, all services provided in the course of an economic activity will be taxable unless specifically exempted.

## **Services under 4<sup>th</sup> Schedule to the Federal Legislative List of the Constitution**

Entry 53 of the Federal Legislative List, outlined in the Fourth Schedule of the Constitution of Pakistan, covers "Terminal taxes on goods or passengers carried by railway, sea or air; taxes on their fares and freights". This entry grants the Federal Government the power to legislate on taxes related to the movement of goods and people via these transportation methods, including terminal fees, fares, and freight charges. The bill seeks to clarify that services falling under Entry 53 is outside the Provincial jurisdiction thus cannot be taxed under the Sindh Sales Tax on Services Act, 2011.

This amendment appears to be a response to past disputes (like in shipping agents' case in which the Hon'ble High Court of Sindh struck down provincial tax, holding repetitions with Entry 53 of the Fourth Schedule to the Constitution are unconstitutional) and is part of an ongoing effort to clearly separate federal and provincial tax domains after the 18<sup>th</sup> Amendment.

## Registered Office

In the context of services provided by a non-resident person to a resident person, the Act provides that a registered office of a person in Sindh and another outside Sindh shall be treated as a separate legal person. The bill now proposes to substitute the term ‘registered office’ with ‘office’ broadening the scope of any physical place of business, branch, or operational site in Sindh whether it is the head office or not.

This proposed change will allow the province to tax services provided from any office located in Sindh, not just the registered / head office, expanding the tax base and ensuring that branch operations or project sites within Sindh are independently taxable.

## Economic Activity

The bill proposes to include following activities in the list of exclusions from the definition of economic activity:

- services by any court, Tribunal or similar institution established under any law for the time being in force in the performance of judicial or quasi-judicial functions; or
- services performed by the Members of the Majlis-e-Shoora (Parliament), Members of Provincial Assemblies and Members of Local Government bodies in the course of their official duties; and
- the services performed in the course of duties by an individual who holds any post in pursuance of the provisions of the Constitution of the Islamic Republic of Pakistan in that capacity.

## Scope of Tax

The Second Schedule to the Act presently provides list of taxable services on which sales tax is charged, levied and collected at the rate specified in the Schedule. The bill whilst maintaining the standard rate of sales tax at 15%, seeks to transform and bifurcate the Second Schedule into two parts to provide the list of services or class of services to be taxed at the rate as specified against respective services in the schedule, subject to the conditions and restrictions, if any, mentioned therein.

### Services subject to higher rate of tax

Part 1 of the Second Schedule proposes to provide the List of Services that are subject to a rate higher than standard rate, which is as under:

S. No.	CPC code	Description	Rate
1	83159	Other hosting and IT infrastructure provisioning services provided in respect of collocation services	19.50%
2	841	Telephony and other telecommunications services	19.50%
3	842	Internet telecommunications services	19.50%
4	85230	Security systems services including vehicle tracking services and other tracking	19.50%
5	87340	Installation services of radio, television and communications equipment and apparatus provided by telephony, internet and security system service providers	19.50%

## Services subject to lower rate of tax

Part II of the Second Schedule proposes a table to provide the List of Services liable to tax at a rate lower than the standard rate, subject to conditions and restrictions specified therein. A comparison of proposed rates with the reduced rates presently available is enclosed as **Annexure 'A'** to this memorandum,

Services specified below are eligible for a reduced sales tax rate only if the service provider opts for this benefit. To avail the reduced rate, the service provider must e-file an option to charge, collect and pay sales tax at the reduced rate. Without this exercise of option, these services would be taxable at the standard rate of 15%:

S. No	CPC Code	Description	Rate	Conditions and Restrictions
1	54	Construction services	8%	Nil
	54	Construction services	5%	The rate shall apply to construction services in relation to Government Civil Works for which the expenditure is paid out of the expenditure budget of the Federal Government, Government or the Local Government or the Cantonment Board.
2	6511	Road transport services of freight	8%	Nil
3	6513	Transport services via pipeline	8%	Nil
4	733	Licensing services for the right to use intellectual property and similar products	8%	The rate shall not apply to services falling under CPC code 7331 and 7335.
	83960	Trademarks and franchises		
5	7331	Licensing services for the right to use computer software and databases	3%	The rate shall not apply to the services falling under CPC Code 83159.
	83131	IT consulting services		
	83132	IT support services		
	8314	Information technology (IT) design and development services		
	8315	Hosting and information technology (IT) infrastructure provisioning services		
	8316	IT infrastructure and network management services		
	843	On-line content		
	85931	Telephone call centre services	3%	The rate shall apply to the services provided or rendered by call centres.
	85991	Other information services		

The input tax deduction is not admissible against the output tax paid on the services or categories of services specified in Part II except where option to opt for reduced rate, as provide above, is not exercised.

## Exemptions

All services exempt from Sindh sales tax are proposed to be provided in the First Schedule to the Act, subject to such conditions and restrictions as may be specified in the Schedule. The proposed First Schedule to the Act is reproduced as **Annexure ‘B’** to this memorandum.

## Offences and penalties

The bill proposes to revise the penalties for the following offences:

Offences	Existing Penalty	Proposed Penalty
Where any person fails to furnish a return within the due date.	Such person shall be liable to a penalty of 10,000 rupees per month or a fraction thereof; provided that if a return is filed within ten days of the due date, a penalty of 300 rupees for each day of default shall be paid.	Such person shall be liable to pay penalty of 100 rupees for each day of default in filing of the return beyond the prescribed due date.
Where any person fails to deposit the amount of tax due or any part thereof in the time or manner laid down under this Act or the rules made there under.	Such person shall be liable to pay a penalty of 10,000 rupees per month or a fraction thereof or five per cent of the total tax payable for that period (if default is more than 3 days), whichever is higher.....	Such person shall be liable to pay a penalty of 10,000 rupees or five per cent of the total tax payable for that period (if default is more than 5 days), whichever is higher.....
Where any person who denies or obstructs the access of an authorized officer to the business premises, registered office or to any other place where records are kept, or otherwise refuses access to accounts or records.	Such person shall be liable to pay penalty of 50,000 rupees or one hundred per cent of the tax payable for the tax period(s) to which the offence relates, whichever is higher.  Such persons shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to five years, or with a fine which may extend to an amount equal to the tax payable for the tax period(s) to which the offence relates, or with both.	Such person shall be liable to pay penalty of 100,000 rupees or one hundred per cent of the tax payable for the tax period(s) to which the offence relates, whichever is higher.  Such persons shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to five years, or with a fine which may extend to an amount equal to the tax payable for the tax period(s) to which the offence relates, or with both.

## Appointment of Technical Member of the Appellate Tribunal

Presently, a person can be appointed as a Technical Member of the Appellate Tribunal if he is a Commissioner of SRB or a Commissioner (Appeals) of SRB on regular basis for a period not less than five years.

The bill proposes to amend this requirement to the effect that a person is required to be a Commissioner of SRB for a period not less than eight years during which he performed the functions of Commissioner (Appeals) for not less than three years.

### **Licenses or permission to persons providing or rendering taxable services**

The Board, with the approval of the Government, may currently mandate that any competent or regulatory authority refrain from issuing or renewing licenses or permissions for engaging in economic activities that constitute taxable services unless the applicant provides proof of registration under the Act.

The bill proposes to introduce an additional requirement, stipulating that the issuance or renewal of licenses or permissions is contingent not only on the applicant being a registered person but also on being an active taxpayer as defined in section 2(1A) of the Act.

### **Taxability of services at the end of financial year**

The bill provides that despite the amendments introduced through this Act, any services on which tax was levied, charged and collected under this Act on June 30, 2025 will continue to be taxed at the same rate. The continuation of the current tax rate applies unless the services in question have been expressly exempted or are subject to a reduced tax rate.

### **Removal of Difficulties**

The bill seeks to authorize the Board, with the approval of the Government, to issue orders that enable the provisions of this Act to be applied in the manner as specified in the order. These provisions may undergo necessary adaptations, including modifications, additions, or omissions, as deemed necessary or appropriate by the Board during the specified period. The Board's authority to exercise this power, however, will cease three years after the Sindh Finance Act, 2025, comes into effect.

**List of Services subject to SST a rate lower than standard rate**

<b>S. No.</b>	<b>Present</b>		<b>Proposed</b>		<b>Change (if any)</b>
	<b>Description</b>	<b>Rate (and condition, if any)</b>	<b>Description</b>	<b>Rate (and condition, if any)</b>	
1.	Construction services	- 8%  - 5% (Construction services in relation to Government Civil Works for which the expenditure is paid out of the expenditure budget of the Federal Government or the Provincial Government or the Local Government or the Cantonment Board)	Construction services	- 8%  - 5% (The rate shall apply to construction services in relation to Government Civil Works for which expenditure is paid out of expenditure budget of Federal or Local Government or Cantonment Board)	No change
2.	Auctioneers  Automobile dealers	10%  10%	Wholesale trade services on a fee or contract basis	8%  The rate shall apply to the services provided or rendered by – (1) Auctioneer; or (2) Car or automobile dealer	The rate is reduced from 10% to 8%
3.	Indenters	3%  Services provided or rendered by an indenter from a place of business in Sindh for which the registered person receives the value of the services from a place outside Pakistan in foreign exchange through banking channels in the business bank account of the registered person in the manner prescribed by the State Bank of Pakistan	Retail trade service	3%  The rate shall apply to the services provided or rendered by an Indenter from a place of business in Sindh for which the registered person receives the value of the services from a place outside Pakistan in foreign exchange through banking channels in the business bank account of the registered person in the manner prescribed by the State Bank of Pakistan.	No change



S. No.	Present		Proposed		Change (if any)
	Description	Rate (and condition, if any)	Description	Rate (and condition, if any)	
4.	(i) Restaurant services provided or rendered by restaurants including the restaurants located in hotels, motels, guest houses and farmhouses, where payment against tax invoices for restaurant services is received through debit or credit cards, mobile wallets or QR scanning; and (ii) Input tax credit/adjustment shall not be admissible.	8%	Reduced rate on: <ul style="list-style-type: none"> <li>- Food serving services</li> <li>- Beverage serving services</li> </ul>	8%  The rate shall apply to the services provided or rendered by restaurants including the restaurants located in hotels, motels, guest houses or farmhouses, where payment against tax invoices for restaurant services is received through debit or credit cards, mobile wallets or QR scanning.	No change
5.	Services provided or rendered by cab aggregator and the services provided or rendered by the owners or drivers of the vehicles using the cab aggregator services	5%	Taxi services	5%  The rate shall apply to the services provided or rendered by the owners or drivers of the vehicles using the cab aggregator services.	No change
6.	Rent a car and automobile rental Service	10%	Reduced rate on: <ul style="list-style-type: none"> <li>- Rental services of passenger cars with operator</li> <li>- Local bus and coach charter services</li> <li>- Rental services of transport vehicles with operators</li> </ul>	8%  The rate shall apply to the services provided or rendered by rent-a-car and vehicle rental service.	The rate is reduced from 10% to 8%
7.	Services provided or rendered by persons engaged in transportation or carriage of goods by road	8%	Road transport services of freight	8%	No change

S. No.	Present		Proposed		Change (if any)
	Description	Rate (and condition, if any)	Description	Rate (and condition, if any)	
8.	Services provided or rendered by persons engaged in transportation or carriage of goods by road	3%  Services provided or rendered by persons engaged in transportation or carriage of goods by road or through truck addas or through bus/wagon stands excluding road transportation or carriage of:- (a) petroleum oils through oil tankers; (b) automotive vehicles, classified under tariff headings of Chapter 87 of the First Schedule to the Customs Act, 1969 as are transported or carried through specialized vehicle carriers; and (c) goods and cargo through vehicles operated by Fleet Logistic Companies having not less than 25 vehicles in its Fleet.	Road transport services of freight	3%  The rate shall apply to services provided or rendered by truck addas or through bus or wagon stands excluding transportation or carriage of – (a) petroleum oils through oil tankers; (b) automotive vehicles, classified under tariff headings of Chapter 87 of the First Schedule to the Customs Act, 1969 as are transported or carried through specialized vehicle carriers; and (c) goods and cargo through vehicles operated by Fleet Logistic Companies having not less than 25 vehicles in its fleet	No change
9.	Services provided or rendered by persons engaged in transportation or carriage of goods through pipeline or conduit	8%	Transport services via pipeline	8%	No change
10.			Bus station services	5%	These services which do not presently trigger SST are proposed to be brought into SST ambit at reduced rate of 5%.
11.			Highway, bridge and tunnel operation services	5%	These services which do not presently trigger SST are proposed to be brought into SST ambit at reduced rate of 5%.

S. No.	Present		Proposed		Change (if any)
	Description	Rate (and condition, if any)	Description	Rate (and condition, if any)	
12.	Vehicle towing, vehicle parking and valet services	5%	Reduced rate on: - Parking lot services - Towing services for commercial and private vehicles	5%	No change
13.	Freight forwarding agents  Services provided by Freight Forwarding agents in respect of issuance of bills of lading or house bills of lading;	500 rupees per bill of lading or house bill of lading	Freight transport agency services and other freight transport services	Rs.1,000 (Rupees one thousand) per bill  The rate shall apply to the services provided or rendered by freight forwarding agents in respect of issuance of bill of lading, house bill of lading, airway bill and house airway bill	Rate increased from Rs. 500 to Rs. 1,000.
14.	Services provided or rendered in respect of insurance to a policy holder by an insurer, including reinsurer	15%	Motor vehicle insurance services	5%  This rate shall apply to motor vehicle third -party insurance as required under the Provincial Motor Vehicle Ordinance, 1965	Reduced rate of 5% is proposed for Motor vehicle insurance which presently triggers SST at standard rate of 15%.
15.	Service provided or rendered by a foreign exchange dealer or exchange company or money changer	3% (Services provided or rendered by a foreign exchange dealer or exchange company or money changer in consideration of "spread" charges as permitted by the State Bank of Pakistan in relation to buying and selling of foreign currencies)	Foreign exchange services	3% (The rate shall apply to the services involving consideration of "spread" charges as permitted by the State Bank of Pakistan in relation to the buying and selling of foreign currencies)	No change
16.	Insurance agents	5%	Insurance brokerage and agency services	5%	No change
17.			Real estate services involving own or leased property including rental or leasing services involving own or leased property	3% (The rate shall apply to rental or leasing services including renting, letting, sub -letting, leasing, sub -leasing, licensing or similar other arrangements of immovable property for use in the course or furtherance of business or commerce.	These services which do not presently trigger SST are proposed to be brought into SST ambit at reduced rate of 3%.

S. No.	Present		Proposed		Change (if any)
	Description	Rate (and condition, if any)	Description	Rate (and condition, if any)	
18.			Real estate services on a fee or contract basis	8%  The rate shall not apply to services falling under CPC code 7224.	
19.	Intellectual Property Services  Franchise services	10%  10%	Reduced rate on:  - Licensing services for the right to use intellectual property and similar products  - Trademarks and franchises	8%  The rate shall not apply to services falling under CPC code 7331 and 7335 .	The rate is reduced from 10% to 8%
20.	Software or IT based system development consultants	3%	Reduced rate on:  - Licensing services for the right to use computer software and databases - IT consulting services - IT support services - IT design and development services - Hosting and IT infrastructure provisioning services - IT infrastructure and network management services - On -line content  The reduced rate shall not apply to the services falling under CPC Code 83159	3%	No change in SST rate but the scope of IT services which trigger SST is proposed to be expanded to included licensing services, IT consulting services, IT support services, Hosing IT infrastructure & network management services, on-line content etc.
21.			Research and development services	8%	These services which do not presently trigger SST are proposed to bring into tax ambit at reduced rate of 8%.

S. No.	Present		Proposed		Change (if any)
	Description	Rate (and condition, if any)	Description	Rate (and condition, if any)	
22.	Legal practitioners and consultants  Accountants and auditors	8%  8% (The reduced rate shall apply only in relation to accounting and auditing services provided or rendered by accountants and auditors).	Legal and accounting services	8%	No change, except that reduced rate is presently available only in relation to accounting and auditing services provided or rendered by accountants and auditors. It appears that such reduced rate is proposed to be extended to all services of accountants and auditors.
23.	Supply chain management or distribution (including delivery) services	5%	Business process management services including distribution services	5% (The rate shall apply to the supply chain management and distribution services provided or rendered by a registered person in relation to the drugs registered under the Drugs Act, 1976).	No change
24.			Historical restoration architectural services	8%	These services which do not presently trigger SST are proposed to be brought into SST ambit at reduced rate of 5%.
25.	Outdoor photographers and Videographers	15%	Photography services and photographic processing services	8%	Presently, triggers standard SST rate. Now, reduced rate of 8% is proposed.
26.	Services provided or rendered by fashion designers	5%	Reduced rate on: - Other specialty design services - Design originals	5%  The rate shall apply to the services provided or rendered by Fashion	No change

S. No.	Present		Proposed		Change (if any)
	Description	Rate (and condition, if any)	Description	Rate (and condition, if any)	
27.	Services provided or rendered by programme producers and production houses	8%	Reduced rate on: <ul style="list-style-type: none"> <li>- Radio and television broadcast originals</li> <li>- Radio and television channel programmes</li> <li>- Motion picture, videotape, television and radio programme production services</li> <li>- Other post - production services</li> </ul>	8%	No change in SST rate but the scope of SST applicability which is presently restricted to services of production houses is proposed to be extended to Radio & TV broadcast programs.
28.	Cable TV Operators	-10%  -2% The reduced rate of 2% as specified in column (4) shall apply on the services of "Stand-alone Cable TV Operators"	Broadcasting services and multi - channel programme distribution services except PCP code 84631	- 8%  - 2% (The rate shall apply to the services provided or rendered by "Stand -alone Cable TV Operators"	The rate is reduced from 10% to 8%
29.	Security agency	10%	Reduced rate on: <ul style="list-style-type: none"> <li>- Armoured car services</li> <li>- Guard services</li> <li>- Other security services</li> </ul>	8%	The rate is reduced from 10% to 8%
30.	Maintenance or cleaning services	10%	Cleaning services	8%	The rate is reduced from 10% to 8%
31.	Travel agents  Tour Operators	5%  5%	Travel arrangement, tour operator and related services	5%	No change
32.	Services provided or rendered by call centres	3%	Reduced rate on: <ul style="list-style-type: none"> <li>- Telephone call centre services</li> <li>- Other information services</li> </ul>	3% (The rate shall apply to the services provided or rendered by call centres)	

S. No.	Present		Proposed		Change (if any)
	Description	Rate (and condition, if any)	Description	Rate (and condition, if any)	
33.	Auctioneers	10%	Other support services n.e.c	8% (The rate shall apply to the services provided or rendered by an auctioneer.)	The rate is reduced from 10% to 8%
34.	Maintenance or cleaning services	10%	Reduced rate on: - Maintenance and repair services of fabricated metal products, machinery and equipment - Repair services of other goods	8%	The rate is reduced from 10% to 8%
35.	Services provided in the matter of manufacturing or processing for others on toll basis	3% (Services provided in the matter of manufacturing or processing of textile and leather goods for others on toll basis)	Manufacturing services on physical inputs owned by others	8%  The rate shall apply to the services provided or rendered to non - industrial consumers.	The reduced SST rate of 3% presently available on toll manufacturing or processing of only textile and leather goods for others on toll basis is proposed to be increased to 8% and such reduced rate will apply to toll manufacturing for non-industrial consumers of all sectors (not restricted to textile & leather).
36.			Publishing, printing and reproduction services	5%	These services which do not presently trigger SST are proposed to be brought into SST ambit at reduced rate of 5%.
37.			Reduced rate on: - Moulding, pressing, stamping, extruding and similar plastic manufacturing services - Casting, forging, stamping and similar metal manufacturing services	8%  The rate shall apply to the services provided or rendered to non - industrial consumers	These services which do not presently trigger SST are proposed to be brought into SST ambit at reduced rate of 8%.

S. No.	Present		Proposed		Change (if any)
	Description	Rate (and condition, if any)	Description	Rate (and condition, if any)	
38.	Education services	3% (Exemption available on Education services provided or rendered by an educational institution where the amount of fee/charges for such services does not exceed Rs. 500,000 per annum per student).	Education services	3% The rate shall apply to: (1) the services where the amount of fee/charges for such services does not exceed rupees five hundred thousand per annum per student; or	The rate of SST on training services is reduced from 5% to 3%
	Training services	5%		(2) training services	
39.	Services provided or rendered by hospitals and clinics	3% (Services of provision of rooms/beds by hospitals and clinics for its indoor patients or day-care patients where the per day charges (including allied fixed charges, if any) for such rooms/beds exceed Rs. 25,000 per room/bed).  Such reduced rate is also available on medical practitioners and consultants' services where such fees exceeds Rs. 3,000 (upto Rs. 3,000 is exempt).	Human health services	3%  The rate shall apply to: - (1) the services of cosmetic and plastic surgery; or (2) the services provided by consultants where consultation fee or charges not exceeding Rs. 3,000 per session or visit; or (3) the bed/room services of hospitals where the per day charges for such rooms/beds, including all fixed charges, do not exceed twenty five thousand per room/bed.	Services of cosmetic and plastic surgery (other than plastic surgery undertaken to restore or reconstruct anatomy or functions of affected body) which presently trigger SST at 15% are proposed to trigger reduced rate of 3%. The 3% reduced rate is proposed to also apply to plastic surgery undertaken to restore or reconstruct anatomy or functions of body affected due to congenital defects, developmental abnormalities, degenerative diseases, injury or trauma of individuals (including acid or burn victims) which is presently exempt.



S. No.	Present		Proposed		Change (if any)
	Description	Rate (and condition, if any)	Description	Rate (and condition, if any)	
40.			Audio -visual and related services	8%	These services which do not presently trigger SST are proposed to be brought into SST ambit at reduced rate of 8%.
41.			Sports and recreational sports services	Rs. 200 per person  The rate shall apply to the services of entry in race club for witnessing race event.	These services which do not presently trigger SST are proposed to be brought into SST ambit at reduced rate.
42.	Sports and games center	10%	Sports and recreational sports services	8%	The rate is reduced from 10% to 8%
43.			Other amusement and recreational services	8%	These services which do not presently trigger SST are proposed to be brought into SST ambit at reduced rate of 8%.
44.			Washing, cleaning and dyeing services	5%	These services which do not presently trigger SST are proposed to be brought into SST ambit at reduced rate of 5%.
45.	Services provided or rendered for personal care by beauty parlours, beauty clinics, slimming clinics or centres and others	-10%  -5% (i) The registered person electronically submits his election or option in Form "B" in terms of rule 42C of the Sindh Sales Tax on Services Rules, 2011; (ii) The registered person installs POS machine for electronic issuance of invoices or receipts and gets all such machines linked up with SRB web portal to the satisfaction of SRB;	Beauty and physical well-being services	-8%  -5% (The rate shall apply to services provided subject to the condition that – (1) the registered person integrates his POS with SRB's Computerized System for real-time reporting of each sale; and (2) no such service is provided without getting SRB's invoice number and printing the same along with SRB QR code)	The rate is reduced from 10% to 8%

S. No.	Present		Proposed		Change (if any)
	Description	Rate (and condition, if any)	Description	Rate (and condition, if any)	
		(iii) The registered person issues his tax invoice/bills of charges or receipts electronically and no tax invoice/bill of charges or receipt is issued otherwise except through the POS of the registered person;			
46.			Other miscellaneous services n.e.c.	5%	These services which do not presently trigger SST are proposed to be brought into SST ambit at reduced rate of 5%.

**Annexure ‘B’****List of Exempt Services**

S.No.	CPC Code	Description	Conditions and Restrictions
(1)	(2)	(3)	(4)
1	54	Construction services except those falling under CPC code 546	The exemption shall be applicable to services provided or rendered in relation to:-  (1) Construction and development of Export Processing Zone (EPZ), Special Economic Zone (SEZ) and diplomatic and consular buildings; (2) Construction of an independent private residential house, having total covered area not exceeding 10,000 square feet meant for own use by the recipient of the services; (3) Construction relating to such of the low-cost affordable public housing projects as are sponsored and funded by the Federal Government or by the Government of Sindh, subject to the condition that the houses are built or constructed on plot of upto 125 square yards or covered area of the apartment and flats so built or constructed under the project, does not exceed 900 square feet; (4) Maintenance and repair in relation to agriculture, horticulture, animal husbandry and dairy farming; and (5) Construction services related to construction work undertaken by a person whose annual turnover does not exceed four million rupees in a financial year.
2	611	Wholesale trade services, except on a fee or contract basis	The exemption shall not be applicable to services provided or rendered by ship chandlers.
3	62	Retail trade services except those falling under CPC code 625	The exemption shall not be applicable to services provided or rendered on fee or contract basis.
4	63	Accommodation, food and beverage services	The exemption shall be applicable to services provided or rendered in relation to -  (1) Clubs, whose initiation fee for members does not exceed thirty thousand rupees and whose monthly fee/subscription for the members also does not exceed five hundred rupees; (2) Room or unit accommodation services for students in student residences attached to educational institutions; (3) Food served by flight-kitchen on- board the conveyance leaving for a destination outside Pakistan; and (4) Restaurants and caterers whose annual turnover does not exceed five million rupees in a financial year except those which are –  (i) air-conditioned on any day in a financial year or located within the building or premises of air- conditioned shopping malls or shopping plazas; or  (ii) located within the building, premises or precincts of any hotel, motel, guest house, farmhouse or club whose services are liable to sales tax; or

S.No.	CPC Code	Description	Conditions and Restrictions
(1)	(2)	(3)	(4)
			<p>(iii) providing or rendering services in the building, premises or precincts, hall or lawn of any hotel, motel, guest house, farmhouse, marriage hall and lawn or club whose services are liable to sales tax; or</p> <p>(iv) franchisers or franchisees; or</p> <p>(v) having more than one branch or outlet in Sindh; or</p> <p>(vi) having total utility bills (gas, electricity and telephone) exceeding rupees forty thousand (Rs.40,000/-) in any month during a financial year.</p>
5	64	Passenger transport services	<p>The exemption shall not be applicable to services provided or rendered in relation to -</p> <p>(1) Rent a car and vehicle rental services;</p> <p>(2) Services provided or rendered by the owners or drivers of the vehicles using the cab aggregator services; and</p> <p>(3) Chartered flight services within Sindh or originating from any air field in Sindh.</p>
6	672	Storage and warehousing services	The exemption shall be applicable to services provided or rendered in relation to food and agricultural commodities.
7	673	Supporting services for railway transport	Nil
8	69	Electricity, gas and water distribution (on own account) except those falling in CPC Code 69111	Nil
9	71110	Central banking services	Nil
10	713	Insurance and pension services(excluding reinsurance services), except compulsory social security services	<p>The exemption shall be applicable to services provided or rendered in relation to -</p> <p>(1) Life insurance, other than group life insurance, of individuals for insurance policy coverage of upto five hundred thousand rupees;</p> <p>(2) Crop Insurance;</p> <p>(3) Health insurance services, other than group health insurance services, provided or rendered to individuals covered within the meaning of sub- clause (a) of clause (63) of section 2; and Marine insurance for exports.</p>
11	71552	Financial market regulatory services	The exemption shall be applicable to services provided or rendered by the State Bank of Pakistan, Competition Commission of Pakistan and Securities and Exchange Commission of Pakistan.
12	7211	Rental or leasing services involving own or leased property	<p>The exemption shall be applicable to services provided or rendered in relation to –</p> <p>(1) Renting of immovable property by a religious body to another religious body;</p> <p>(2) Renting of vacant land or premises solely used for agriculture, aquaculture, farming, forestry or animal husbandry purposes; and</p> <p>(3) Renting of buildings solely used for residential purposes or solely used as hostels and boarding homes of a recognized educational institution.</p>

<b>S.No.</b>	<b>CPC Code</b>	<b>Description</b>	<b>Conditions and Restrictions</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>
13	7212	Trade services of building	Nil
	7213	Trade services of vacant and subdivided land	
14	7331	Licensing services for the right to use computer software and databases	The exemption shall be applicable to services exported and delivered 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.
	8313	Information technology (IT) consulting and support services	
	8314	Information technology (IT) design and development services	
	8315	Hosting and information technology (IT) infrastructure provisioning services	
	8316	IT infrastructure and network management services	
15	81	Research and development services	The exemption shall be applicable to the services provided or rendered educational institutions recognized by the Higher Education Commission of Pakistan (HEC) and/or Sindh Higher Education Commission.
16	822	Accounting, auditing and bookkeeping services	The exemption shall be applicable to services exported and delivered 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.
17	835	Veterinary services	Nil
18	8363	Sales of advertising space or time (except on commission)	The exemption shall be applicable to services provided or rendered in relation to - (i) Advertisements financed out of the funds provided by a government under grant in aid agreements; (ii) Advertisements conveying public service message in relation to polio eradication programme by UNICEF; and Sale of advertising space in print media (except on commission) falling under CPC Code 83631.
19	844	News agency services	Nil
20	845	Library and archive services	Nil

S.No.	CPC Code	Description	Conditions and Restrictions
(1)	(2)	(3)	(4)
21	853	Cleaning services	The exemption shall be applicable to the services provided or rendered in relation to fumigation and cleaning services for the purpose of agriculture, horticulture, animal husbandry or dairy farming.
22	855	Travel arrangement, tour operator and related services	The exemption shall be applicable to tour operators' services provided or rendered in relation to - (1) to Hajj and Umrah; and (2) a journey organized or arranged for use by an educational institution other than a commercial, training or coaching centre, for imparting skill or knowledge or lesson on any subject or field.
23	85931	Telephone call centre services	The exemption shall be applicable to call centre services exported and delivered 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.
	85999	Other support services n.e.c.	
24	85961	Convention assistance and organization services	The exemption shall be applicable to such convention assistance and organizing services as are provided or rendered by such marriage halls and lawns which are located on plots measuring 800 square yards or less; provided that they are not - (1) located in air-conditioned premises; or (2) located within the building, premises or precincts of a hotel, motel, guest house, farmhouse, restaurant or club whose services are liable to tax; or (3) owned, managed or operated by caterers whose services are liable to tax; or (4) franchisers or franchisees; or (5) having branches or more than one hall or lawn in Sindh.
25	861	Support and operation services to agriculture, hunting, forestry and fishing	The exemption shall not be applicable to the services provided or rendered in relation to "Support and operation services to hunting" falling under CPC Code 8613.
26	871	Maintenance and repair services of fabricated metal products, machinery and equipment	The exemption shall be applicable to services provided or rendered - (1) in relation to machinery and equipment used for the purpose of agriculture, horticulture, animal husbandry and dairy farming; (2) by auto workshop including authorized service station, whose annual turnover does not exceed rupees four million in a financial year; (3) by workshops for electric or electronic equipment or appliances, including computer hardware, whose annual turnover does not exceed rupees four million in a financial year; and (4) by car or automobile washing or similar stations, whose annual turnover does not exceed rupees four million in a financial year.
27	88	Manufacturing services on physical inputs owned by others	The exemption shall be applicable to services provided or rendered in relation to such manufacturing or processing for others on toll basis (as are levied to Federal sales tax under the Sales Tax Act, 1990) except the services provided to non-industrial consumer.

S.No.	CPC Code	Description	Conditions and Restrictions
(1)	(2)	(3)	(4)
	892	Moulding, pressing, stamping, extruding and similar plastic manufacturing services	
	893	Casting, forging, stamping and similar metal manufacturing services	
28	8912	Printing and reproduction services of recorded media, on a fee or contract basis	The exemption shall be applicable to the services provided in respect of newspapers, periodicals, journals and text books.
29	91	Public administration and other services provided to the community as a whole; compulsory social security Services	The exemption shall be applicable to services provided or rendered by the Federal Government, Government and the Local Governments.
30	92	Education services	The exemption shall not be applicable to - (1) the services where the amount of fee/charges for such services exceed rupees five hundred thousand per annum per student; and (2) sports education services falling in CPC Code 92912 provided by a person other than an individual.
31	931	Human health services	The exemption shall not be applicable to - (1) the services of cosmetic and plastic surgery for aesthetic purposes; (2) the services provided by medical practitioners and consultants where consultation fee or charges exceed rupees three thousand per session or visit; and (3) bed/room services of hospitals where per day charges for such rooms/beds, including all fixed charges, exceed rupees twenty five thousand per room/bed.
32	931 972	Human health services Beauty and physical well- being services	The exemption shall be applicable to services provided or rendered by beauty parlours, beauty clinics and slimming clinics whose annual turnover does not exceed rupees two and a half million in a financial year, except those which are - (1) located within the building, premises and precincts of a hotel, motel, guest house or club whose services are liable to tax; or (2) franchisers or franchisees; or (3) having more than one branch or outlet in Sindh; or (4) having total utility (electric, gas and telephone) bill exceeding rupees twenty five thousand in any month during a financial year.
33	932	Residential care services for the elderly and disabled	Nil
	933	Other social services with accommodation	
	934	Social services without accommodation for the elderly and disabled	

S.No.	CPC Code	Description	Conditions and Restrictions
(1)	(2)	(3)	(4)
	935	Other social services without accommodation	
34	944	Remediation services	The exemption shall be applicable to services provided or rendered by Government.
	949	Other environmental protection services n.e.c.	
35	95	Services of membership organizations	The exemption shall not be applicable to the services provided against charges and fees except against fixed membership fee.
36	96150	Motion picture projection services	Nil
37	963	Services of performing and other artists	The exemption shall not be applicable to services provided or rendered by stage designers, set designers, lighting designers and costume designers.
38	964	Museum and preservation services	Nil
39	966	Services of athletes and related support services	Nil
40	971	Washing, cleaning and dyeing services	The exemption shall be applicable to services provided or rendered by laundries and dry cleaners whose annual turnover does not exceed rupees two and a half million in a financial year except those which are – (1) located within the building, premises and precincts of a hotel, motel, guest house or club whose services are liable to tax; or (2) franchisers or franchisees; or (3) having more than one branch or outlet in Sindh; or (4) having total utility (electric, gas and telephone) bill exceeding rupees twenty five thousand in any month during a financial year.
41	973	Funeral, cremation and undertaking services	Nil
42	98	Domestic services	Nil
43	99	Services provided by extraterritorial organizations and bodies	Nil
44	Respective CPC Codes	All services	The exemption shall be available to the services provided by a person whose total annual turnover does not exceed rupees four million in a financial year, excluding the following:- (1) Services provided to withholding agents as notified under section 13; (2) Services provided to persons registered with SRB and businesses registered with FBR under the Sales Tax Act, 1990 or the Income Tax Ordinance, 2001; (3) Services under the service categories where different exemption threshold based on annual turnover is provided under this Act; and (4) Services which were not exempt on account of annual turnover threshold basis as on 30th June, 2025.