

FOR CLIENTS ONLY

**BRIEF ON SINDH FINANCE BILL 2024**

The information contained in this document has been prepared on the basis of Sindh Finance Bill 2024 [the “**Bill**”] and is not intended for advice on any particular matter. No person should act on the basis of any matter contained in this publication without seeking appropriate professional advice. The amendments proposed by this Bill will become effective from 1<sup>st</sup> July 2023 unless specified otherwise after having been enacted as Sindh Finance Act 2024 with or without modification.

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REANDA HAROON ZAKARIA ASSOCIATES

June 22, 2024

## GENERAL

- Seeks to enhance stamp duty on acknowledgement or receipt of money or any other consideration relating to immovable property, Agreement or Memorandum of an Agreement, Air Tickets, Allotment of Order or issuance or renewal of *sanads* by the Government and partnership or dissolution or dissolution of partnership, power of attorney as defined by Section 2(21).
- Seeks to enhance sales tax on motor vehicles.
- Seeks to enhance property tax.

## SINDH SALES TAX ON SERVICES ACT, 2011

- Seeks to enhance sales tax on taxable services from 13% to 15%.
- Seeks to include “education services” under taxable services proposed sales tax on services at the rate of 15% which includes the pre-primary, primary, elementary, secondary, higher secondary, General Certificate of Education, General Certificate of Secondary Education, International General Certificate of Secondary Education, college or university education and also includes vocational, professional, instructional, technical and continuing education services and trainings rendered or provided by institutions like schools, colleges, universities, academia, institutes, teaching hospitals, or such other degree, diploma or certificate awarding institutions but does not include special education for the children with special needs and education under adult literacy programme.
- Seeks to include “farmhouse” under taxable services proposed sales tax on services at the rate of 15% which includes a facility or a resort located on a farm which or a part of which is used for providing or rendering accommodation or entertainment or swimming or games or recreation, or camping opportunities.

- Seeks to hospitals and clinics” under taxable services proposed sales tax on services at the rate of 15% which includes the hospitals or institutions, as defined in clause (a) of section 2 of the Pakistan Medical and Dental Council Act, 2022 (Act No. IV of 2023), and also includes a person or an establishment or an institution or an organization or a facility engaged in providing or rendering the services like medical, surgical, psychiatric, obstetric, dental or ophthalmological and similar treatment and care, whether preventive, prophylactic or curative, of persons including patients or sick or injured persons.
- Seeks to include “medical practitioners and consultants” under taxable services proposed sales tax on services at the rate of 15% which means the registered medical practitioners and the registered dental practitioners, as defined in clauses (w) and (x), respectively, of section 2 of the Pakistan Medical and Dental Council Act, 2022 (Act No. IV of 2023).
- Seeks to include “Pet care service” under taxable services proposed sales tax on services at the rate of 15% which includes grooming, boarding, sitting, training, veterinary and other such services in relation to pets.
- Seeks to include “sports and games center”, under taxable services which by whatever name called, includes a person who provides or renders facility of games and sports, whether indoor or outdoor, for amusement, recreation or otherwise, in its premises.
- Seeks to include contract employees under the definition of employees.
- Seeks to include activities of person under economic activity other than the employer in connection with or in the course or furtherance of business of the employer.
- Seeks to expand scope of value of supply by inserting proviso as under:

*“Provided further that the terms “consideration” and “consideration in money” shall mean the gross amount charged by the service provider for the taxable services provided by him and shall include -*

- (i) any amount that is payable for the services provided; and*
- (ii) any amount of reimbursable expenditure or cost incurred by the service provider and charged, in the course of provision of a service, except in such circumstances and subject to such conditions as may be prescribed*

- Seeks to reduce limitation period to pass assessment order u/s. 23 of the Act from 8 years to 5 years from the end of the financial year to which the order relates for the tax periods starting on 1<sup>st</sup> July 2025 or thereafter.
- Seeks to suspend registration of person who is not entitled to be registered; or has failed to comply with its obligations under this Act.
- Seeks to reduce mandatory obligation of depositing sales tax from 25% to 10% in case of seeking stay from recovery of demand against order-in-original whereby appeal is pending before Commissioner Appeals.
- Seeks to include following services under First Schedule to the Act, 2011:

Education services
Services provided or rendered by hospitals and clinics
Pet care services

# Connect With Us.

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## Phone

+92-21-35674741-44



## E-Mail

it@hzco.com.pk | info@hzco.com.pk



## Principal Office

Suite No. M1 - M4, Mezzanine Floor,  
Progressive Plaza, Beaumont Road,  
Karachi | 75530  
Pakistan.

[www.hzco.com.pk](http://www.hzco.com.pk)