



TAX | CORPORATE | ACCOUNTING | AUDIT

SALE TAX WITHHOLDING RATES AND RULES UNDER FEDERAL AND PROVISIONAL LAWS

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FBR- SALES TAX WITHHOLDING

THE ELEVENTH SCHEDULE TO THE SALES TAX ACT 1990

S. NO.	Withholding Agent	Supplier Category	Rate or extent of deduction
01.	a)Federal and provincial government departments; autonomous bodies;and public sector organizations b)Companies as defined in the Income Tax Ordinance, 2001	Active Taxpayers	1/5th of Sales Tax as shown on invoice
02.	a)Federal and provincial government departments; autonomous bodies; and public sector organizations b)Companies as defined in the Income Tax Ordinance, 2001	Active Taxpayers registered as a wholesaler, dealer, or distributor	1/10th of Sales Tax as shown on invoice
03.	Federal and provincial government departments; autonomous bodies; and public sector organizations	Persons other than Active Taxpayers	The whole of the tax involved or as applicable to supplies on the basis of the gross value of supplies
04.	Companies as defined in the Income Tax Ordinance, 2001, excluding companies exporting surgical instruments	Persons other than Active Taxpayers	5% of the gross value of supplies
05.	Registered persons as recipients of advertisement services	Person providing advertisement services	Whole of sales tax applicable
06.	Registered persons purchasing cane molasses	Persons other than Active Taxpayers	Whole of sales tax applicable
07.	Registered persons manufacturing lead batteries	Persons supplying any kind of lead under chapter 78 (PCT Headings: 7801.1000, 7801.9100, 7801.9900, 7802.0000, 78.03, 7804.1100, 7804.1900, 7804.2000, 78.05, 7806.0010, 7806.0020, 7806.0090) or scrap batteries under chapter 85 (PCT Headings: Respective headings)	75% of the sales tax applicable
08.	Online market place	Persons other than Active Taxpayers	1% of gross value of supplies: Provided that the provisions of this entry shall be effective from the date as notified by FBR.

EXEMPTION FROM WITHHOLDING TAX:

- 1) Electrical energy;
- 2) Natural Gas;
- 3) Petroleum Products as supplied by petroleum production and exploration companies, oil refineries, oil marketing companies, and dealers of motor spirit and high-speed diesel;
- 4) Vegetable ghee and cooking oil;
- 5) Telecommunication services;
- 6) Goods specified in the Third Schedule to the Sales Tax Act, 1990;
- 7) Supplies made by importers who paid value addition tax on such goods at the time of import;
- 8) Supplies made by an Active Taxpayer as defined in the Sales Tax Act, 1990 to another registered person with exception of advertisement services; and
- 9) Supply of sand, stone, gravel/crush, and clay to low-cost housing schemes sponsored or approved by Naya Pakistan Housing and Development Authority.

STATEMENT IN THE ADVERTISEMENT

A withholding agent shall indicate in the advertisement or notice for making purchases of taxable goods and services (subject to FED or sales tax under the ICT (Tax on Services Ordinance, 2001) that "Sales tax to the extent as provided in the rules shall be deducted from the payment to be made to the supplier."

CERTIFICATE OF WITHHOLDING TAX

A certificate showing deduction of sales tax shall be issued to the supplier by the withholding agent duly specifying the name and registration number of the supplier, description of goods, and the amount of sales tax deducted.

RECORD

Six years from the end of the tax period to which the record and documents relate or till the final decision of the proceedings, including proceedings for assessment, appeal, revision, reference, petition, or proceedings before ADRC, whichever is later..

Deposit and declaration of withholding taxes

Withholding Agent	Deposit of withholding tax	Declaration
Withholding agents - Registered with FBR under the Sales Tax Act, 1990 or the Federal Excise Act, 2005	A long with a return filed for the month in which the purchase was made	Sales tax return
Withholding agents - Not registered under the Sales Tax Act, 1990 or the Federal Excise Act, 2005)	By 15th of the month following the month during which the purchase has been made	The return-cum-payment challan shall be prepared and deposited with the bank in triplicate and the bank shall send the original to the Commissioner of Sales Tax having jurisdiction.
Withholding agents - Not registered under the Sales Tax Act, 1990 or the Federal Excise Act, 2005	Deposit the amount deducted at source in the manner as provided for persons filing returns electronically	The monthly Sales Tax Return for Withholding Agents (STR-28), electronically.
The federal government, provincial governments (other than the Punjab Government), local governments, etc.	By the 15th day of the month following the month of withholding tax	They may opt to file monthly Sales Tax Return for Withholding Agents (STR-28), electronically

SINDH SALES TAX SPECIAL PROCEDURE (WITHHOLDING) RULES, 2014

NO. SRB-3-4/14/2014 DATED 01 JULY 2014

S. NO.	WITHHOLDING AGENTS & TAXABLE SERVICES	WITHHOLDING TAX				
01.	All withholding agents (refer to the list of withholding agents given below), receiving taxable services from SRB registered persons	<table border="1"> <thead> <tr> <th>Sales tax on the invoice</th> <th>No sales tax on the invoice</th> </tr> </thead> <tbody> <tr> <td>1/5th of the sales tax</td> <td>The amount of sales tax*</td> </tr> </tbody> </table> <p>* The amount of sales tax shall be calculated on the gross value of taxable services by the tax fraction formula (unless otherwise agreed upon between the service provider and the service recipient).</p>	Sales tax on the invoice	No sales tax on the invoice	1/5th of the sales tax	The amount of sales tax*
Sales tax on the invoice	No sales tax on the invoice					
1/5th of the sales tax	The amount of sales tax*					
02.	All withholding agents (refer to the list of withholding agents given below), having FTN, NTN, or SNTN, receiving taxable services from unregistered persons A withholding agent shall obtain and keep in record, a copy of the CNIC of the unregistered individual, and NTN of the unregistered AOP or company, and also report it in the withholding statement or the sales tax return.	The amount of sales tax* * The amount of sales tax shall be calculated on the gross value of taxable services by tax fraction formula (unless otherwise agreed upon between the service provider and the service recipient).				
03.	FBR or SRB registered persons who receive or procure the following services: <ul style="list-style-type: none"> • Renting of immovable property services (9806.3000); • Services of auctioneers (9819.9000) • Services of inter-city transportation or carriage of goods by road (9836.000, other than those through a pipeline, conduit, specialized car carriers, fleet of logistic companies owning not less than 25 goods transport vehicles); and • Services of advertising agents (9805.7000) who issue release orders or book advertisement space for advertisement services (98.02 and sub-headings) 	<table border="1"> <thead> <tr> <th>Sales tax on the invoice</th> <th>No sales tax on the invoice</th> </tr> </thead> <tbody> <tr> <td>1/5th of the sales tax</td> <td>The amount of sales tax, as calculated on the gross value of taxable services by the tax fraction formula</td> </tr> </tbody> </table>	Sales tax on the invoice	No sales tax on the invoice	1/5th of the sales tax	The amount of sales tax, as calculated on the gross value of taxable services by the tax fraction formula
Sales tax on the invoice	No sales tax on the invoice					
1/5th of the sales tax	The amount of sales tax, as calculated on the gross value of taxable services by the tax fraction formula					
04.	Advertisement services under the tariff heading 98.02 and its sub-headings, other than the services classified under: <ul style="list-style-type: none"> • sub-heading 9802.4000 • sub-heading 9802.9000 as are transmitted or displayed on the website or webpage of newspapers and periodicals published in Sindh, other than subheading 9802.4000 	<table border="1"> <thead> <tr> <th>Sales tax on the invoice</th> <th>No sales tax on the invoice</th> </tr> </thead> <tbody> <tr> <td>The whole amount of Sindh Sales Tax</td> <td>The amount of sales tax, as calculated on the gross value of taxable</td> </tr> </tbody> </table>	Sales tax on the invoice	No sales tax on the invoice	The whole amount of Sindh Sales Tax	The amount of sales tax, as calculated on the gross value of taxable
Sales tax on the invoice	No sales tax on the invoice					
The whole amount of Sindh Sales Tax	The amount of sales tax, as calculated on the gross value of taxable					
05.	SRB registered persons receiving or procuring taxable services from unregistered persons	The whole amount of Sindh sales tax				
06.	SRB registered persons or insurers (9813A000 and the subheads thereof) receiving or procuring the services provided or rendered by insurance agents or insurance brokers (9855.0000)	The whole amount of Sindh sales tax				

07.	Persons or passengers using the services of a cab aggregator (9846.0000) [resident company or branch / representative office of a foreign company], as required to withhold the tax in relation to the services provided or rendered by the owners or drivers of the motor vehicles using the services of the cab aggregators (9846.0000)	The whole amount of Sindh sales tax
08.	Persons receiving or procuring services of: o Contractors (9814.2000) o Construction (9824.0000) as are liable to the reduced rate of tax at 2% or 5% under notification No. SRB-3-4/9/2017 dated 02 June 2017 or are liable to the reduced rate of tax at 5% under notification No. SRB-3-4/3/2018 dated 06 February 2018 and No. SRB-3-4/8/2013 dated 01 July 2013	The whole amount of Sindh sales tax

SERVICES NOT SUBJECT TO WITHHOLDING TAX:

- Telecommunication
- Banking
- Financial Institution
- Insurance company (other than re-insurance company) for life and health insurance services to individuals
- Port operator
- Airport operator
- Terminal operator
- Airport ground services

<p>STATEMENT IN THE NOTICE</p> <p>A withholding agent intending to receive taxable services shall indicate in a notice that sales tax, to the extent as provided in the rules, shall be deducted and withheld by him from the payment made or to be made to the service provider and shall be deposited to the Government of Sindh in the prescribed manner.</p>	<p>CERTIFICATE OF WITHHOLDING TAX</p> <p>A withholding agent shall issue a withholding tax certificate to the service provider, showing the name, registration number of the service provider, description & value of services, sales tax, and withholding tax</p>	<p>RECORD</p> <p>Withholding agents are required to maintain the prescribed record, invoices, and payment record to demonstrate compliance with section 73 of the Sales Tax Act 1990 for a period of 8 years from the tax period to which it relates.</p>
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Deposit and declaration of withholding taxes

Withholding Agent	Deposit of withholding tax	Declaration
Other withholding tax agents – Person registered in SRB as a service provider	<p>If the withholding agent claims the related input tax, then the withholding tax is required to be paid by earlier of the following dates:</p> <ul style="list-style-type: none"> ● The prescribed due date of the month in which input tax credit/adjustment is claimed in the sales tax return; or ● The date on which payment is made to the service provider. 	<p>A registered person will report the withholding taxes in the sales tax return.</p> <p>The return will be filed by the prescribed due date under the respective sales tax rules for the category of services of the withholding tax agent</p>

	<ul style="list-style-type: none"> ● If the withholding agent does not or cannot claim the related input tax, then the withholding tax is required to be paid by earlier of the following dates: ● On the date on which payment is made to the service provider; or ● The date within four months from the date of the invoice. 	
Other withholding tax agents (Persons not registered in SRB)	<p>By the earlier of following dates:</p> <ul style="list-style-type: none"> ● 15th of the following second month in which tax invoice was issued by the service provider or ● The date on which payment is made to the service provider. 	A person not registered in SRB but has NTN or FTN, i.e., registered under the Income Tax Ordinance, 2001 shall declare the withholding taxes in the withholding statement to be filed by the 18th of the month following the month of withholding tax..
Federal government department or office the office of the Accountant General of Pakistan, Revenue or the District Accounts Officer or the office responsible for the payments	By the 15 th day of the month following the month of withholding tax	By the 18th day of the month following the tax period to which it relates
Sindh government, its district or local governments		
Other provincial governments, their district or local governments		
Military Accountant General		

Withholding Agents

Following persons resident in or have a place of business in Sindh:

1. Companies including a company as defined under the Companies Act, 2017, bank, financial institution, non banking finance company, trust, cooperative or finance society, foreign company, foreign association, etc.
2. SRB registered persons receiving or procuring taxable services from unregistered persons
3. SRB registered persons or insurers (9813A000 and the subheads thereof) receiving or procuring the services provided or rendered by insurance agents or insurance brokers (9855.0000)
4. FBR or SRB registered persons who receive or procure: Advertisement services under the heading 98.02 and its sub-headings, other than the services under:
 - Renting of immovable property services (9806.3000);
 - Services of auctioneers (9819.9000)
 - Services of inter-city transportation or carriage of goods by road (9836.000, other than those through a pipeline, conduit, specialized car carriers, fleet of logistic companies owning not less than 25 goods transport vehicles); and
 - Services of advertising agents (9805.7000) who issue release orders or book advertisement space for advertisement services (98.02 and sub-headings thereof)
5. Persons or passengers using the services of a cab aggregator (9846.0000) [resident company or branch / representative office of a foreign company], as required to withhold tax in relation to the services provided or rendered by the owners or drivers of the vehicles using the services of the cab aggregators (9846.0000)

6. Persons receiving or procuring services of:

- Contractors (9814.2000)
- Construction (9824.0000) as are liable to the reduced rate of tax at 2% or 5% under notification No. SRB 3-4/9/2017 dated 02 June 2017 or are liable to the reduced rate of tax at 5% under notification No. SRB 3-4/3/2018 dated 06 February 2018 and No. SRB-3-4/8/2013 dated 01 July 2013

7. Public sector organizations, public corporations, state-owned enterprises, regulatory bodies, and authorities

8. Federal, provincial, local, or district governments

9. Autonomous bodies

10. Federal/provincial governments' funded organizations

PUNJAB SALES TAX ON SERVICES (WITHHOLDING) RULES, 2015

NO. PRA/ORDERS.06/2012 DATED 20 FEBRUARY 2015

S. NO.	WITHHOLDING AGENTS & TAXABLE SERVICES	WITHHOLDING TAX				
01.	All withholding agents (refer to the list of withholding agents given below), receiving taxable services from registered service providers	The whole amount of sales tax, as shown in the invoice.				
02.	All withholding agents (refer to the list of withholding agents given below), receiving taxable services from unregistered persons A withholding agent shall obtain and keep in record, a copy of the CNIC of the unregistered individual, and NTN of the unregistered AOP or company, and also report it in the withholding statement or the sales tax return.	The amount of sales tax is to be calculated by applying the applicable rate of tax to the gross value of taxable services.				
03.	Advertisement services (all services under the heading 98.02 of the First Schedule to the Punjab Sales Tax on Services Act, 2012)	<table border="1"> <thead> <tr> <th>Sales tax on the invoice</th> <th>No sales tax on the invoice</th> </tr> </thead> <tbody> <tr> <td>The whole amount of sales tax, as shown in the invoice.</td> <td>Sales tax to be deducted shall be calculated by applying the applicable rate of sales tax to the gross value of taxable services.</td> </tr> </tbody> </table>	Sales tax on the invoice	No sales tax on the invoice	The whole amount of sales tax, as shown in the invoice.	Sales tax to be deducted shall be calculated by applying the applicable rate of sales tax to the gross value of taxable services.
Sales tax on the invoice	No sales tax on the invoice					
The whole amount of sales tax, as shown in the invoice.	Sales tax to be deducted shall be calculated by applying the applicable rate of sales tax to the gross value of taxable services.					

SERVICES NOT SUBJECT TO WITHHOLDING TAX:

- Telecommunication
- Banking
- Courier
- Insurance (other than the insurance services mentioned above)
- Services (except advertisement services) provided by the companies in the active taxpayer list issued by PRA

STATEMENT IN THE ADVERTISEMENT

A withholding agent shall indicate in the advertisement, tender, notice, booking order, or any other like document for acquiring and receiving taxable services that "Sales tax to the extent as provided in the rules shall be deducted and withheld from the payment to be made to the service provider for depositing with Government of the Punjab."

CERTIFICATE OF WITHHOLDING TAX

A withholding agent may issue a withholding tax certificate to the service provider, showing the name, registration number of the service provider, description and value of services, sales tax, and withholding tax.

Copies of the withholding tax certificates shall be sent to the PRA on monthly basis.

RECORD

For tax periods before July 2022 –Eight years from the end of the tax period.

For tax periods July 2022 onwards – Six years from the end of the financial year to which the record and documents relate or till the final decision of the proceedings, whichever is later.

Deposit and declaration of withholding taxes

Withholding Agent	Deposit of withholding tax	Declaration
<p>Withholding agents:</p> <ul style="list-style-type: none"> ● Registered with PRA and ● Not registered with PRA but registered with FBR 	<p>Withholding tax is to be deposited by the earlier of:</p> <ul style="list-style-type: none"> ● 15th day of the month following the tax period in which the related input tax is claimed in the return; ● Date of payment to the service provider; or ● Date within four months from the date of invoice. 	<p>A registered person will report the withholding taxes in the sales tax return.</p> <p>The return will be filed by the prescribed due date under the respective sales tax rules for the category of services of the withholding tax agent</p>
Other withholding agents (other than governments)	<p>Withholding tax is to be deposited by the earlier of:</p> <ul style="list-style-type: none"> ● 15th day of the following second month in which the tax invoice is issued; or ● Date of payment to the service provider. 	Withholding statements.
The federal government, provincial governments (other than the Punjab Government), local governments, etc.	By the 15 th day of the month following the month of withholding tax	Withholding statements.
Punjab Government offices and departments	During the month of withholding tax	Withholding statements.

Withholding Agents

The rules have declared the following persons as withholding agents:

- 1.A company resident in Punjab
- 2.A company having a place of business in Punjab
- 3.A registered person, receiving services from other than a registered person
- 4.An FBR or PRA registered person, receiving advertisement services
- 5.Governments and public sector entities, etc.
 - a)Federal Government, a provincial government, a local government, a department or office of these governments
 - b)Federal Government or Punjab Government funded organization
 - c)A public sector project or program governed thereunder
 - d)An autonomous body, special institution, public sector organization including a public corporation, Government-owned enterprise, regulatory or statutory body or authority
 - e)Accounting office responsible for making payments against services received by any office or department of the Federal, provincial or local governments

BALUCHISTAN SALES TAX SPECIAL PROCEDURE (WITHHOLDING) RULES, 2018

NO. BRA/BSTW/06/2018 DATED 27 JUNE 2018

S. NO.	WITHHOLDING AGENTS & TAXABLE SERVICES	WITHHOLDING TAX				
01.	All withholding agents (refer to the list of withholding agents given below), receiving taxable services from registered persons	<table border="1"> <thead> <tr> <th>Sales tax on the invoice</th> <th>No sales tax on the invoice</th> </tr> </thead> <tbody> <tr> <td>1/5th of the sales tax</td> <td>The amount of sales tax*</td> </tr> </tbody> </table> <p>* The amount of sales tax shall be calculated on the gross value of taxable services by the tax fraction formula (unless otherwise agreed upon between the service provider and the service recipient).</p>	Sales tax on the invoice	No sales tax on the invoice	1/5th of the sales tax	The amount of sales tax*
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1/5th of the sales tax	The amount of sales tax*					
02.	All withholding agents (refer to the list of withholding agents given below), having BNTN, FTN, or NTN, receiving taxable services from unregistered persons A withholding agent shall obtain and keep in record, a copy of the CNIC of the unregistered individual, and NTN of the unregistered AOP or company, and also report it in the withholding statement or the sales tax return.	The amount of sales tax* * The amount of sales tax shall be calculated on the gross value of taxable services by tax fraction formula (unless otherwise agreed upon between the service provider and the service recipient).				
03.	FBR or BRA registered persons who receive or procure: Services of Advertisement (98.02) Inter-city transportation of goods by road (9804.1000) Advertising agent (9805.7000) ● Renting of immovable property (9806.3000) ● Consultant (98.15) and ● Auctioneer (9819.9000)	<table border="1"> <thead> <tr> <th>Sales tax on the invoice</th> <th>No sales tax on the invoice</th> </tr> </thead> <tbody> <tr> <td>1/5th of the sales tax</td> <td>The amount of sales tax, as calculated on the gross value of taxable services by the tax fraction formula</td> </tr> </tbody> </table>	Sales tax on the invoice	No sales tax on the invoice	1/5th of the sales tax	The amount of sales tax, as calculated on the gross value of taxable services by the tax fraction formula
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SERVICES NOT SUBJECT TO WITHHOLDING TAX:

- Telecommunication
- Banking Company & Financial Institution
- Insurance company (other than re-insurance company)
- Port operator, airport operator, terminal operator, airport ground services

STATEMENT IN THE NOTICE

A withholding agent intending to receive taxable services shall indicate in a notice that sales tax, to the extent as provided in the rules, shall be deducted and withheld by him from the payment made or to be made to the service provider and shall be deposited to the Government of Sindh in the prescribed manner.

CERTIFICATE OF WITHHOLDING TAX

A withholding agent shall issue a withholding tax certificate to the service provider, specifying the name, registration number of the service provider, description, invoice number, date of invoice, & the amount of sales tax withheld.

RECORD

Prescribed documents and records are to be maintained and retained for ten years after the end of the tax period to which such document or record relates; or till the final decision of any proceedings including proceedings for assessment, appeal, revision, reference, or petition, whichever is later.

Deposit and declaration of withholding taxes

Withholding Agent	Deposit of withholding tax	Declaration
Persons registered in BRA as a service provider	<p>If the withholding agent claims the related input tax, then the withholding tax is required to be paid by earlier of the following dates:</p> <ul style="list-style-type: none"> ● The prescribed due date of the month in which input tax credit/adjustment is claimed in the sales tax return; or ● The date on which payment is made to the service provider. ● If the withholding agent does not or cannot claim the related input tax, then the withholding tax is required to be paid by earlier of the following dates: <ul style="list-style-type: none"> ● On the date on which payment is made to the service provider; or ● The date within four months from the date of the invoice 	<p>A registered person will report the withholding taxes in the sales tax return.</p> <p>The return will be filed by the prescribed due date under the respective sales tax rules for the category of services of the withholding tax agent</p>
Other withholding tax agents (Persons not registered in BRA)	<p>By the earlier of following dates:</p> <ul style="list-style-type: none"> ● 15th of the following month in which the tax invoice was issued by the service provider; or ● The date on which payment is made to the service provider. 	<p>A person not registered in BRA but has NTN or FTN, i.e., registered under the Income Tax Ordinance, 2001 shall declare the withholding taxes in the withholding statement to be filed by the 15th of the month following the month of withholding tax.</p>
<p>Federal government department or office the office of the Accountant General of Pakistan Revenue or the District Accounts Officer or the office responsible for the payments</p> <p>Baluchistan government, its district or local governments</p> <p>Other provincial governments, their district or local governments</p> <p>Military Accountant General</p>	<p>By the 15th day of the following month</p>	<p>By 15th of the month following the month of withholding tax.</p>

Withholding Agents

Following persons, resident in or have a place of business in Balochistan, are withholding agents:

1. BRA registered persons receiving or procuring taxable services from unregistered persons
2. FBR or BRA registered persons who receive or procure:
 - Services of Advertisement (Tariff Heading 98.02),
 - Inter-city transportation or carriage of goods by road (Tariff Heading 9804.1000),
 - Advertising agent (Tariff Heading 9805.7000),
 - Renting of immovable property (Tariff Heading 9806.3000),
 - Consultant (Tariff Heading 98.15) and
 - Auctioneer (Tariff Heading 9819.9000)
3. Companies including:
 - Company as defined in the Companies Act, 2017;
 - A banking company or a foreign banking company as defined in the Banking Companies Ordinance, 1962 and includes any body corporate which transacts the business of banking in Pakistan;
 - Any non-banking finance company (NBFC) and the notified entities as specified in section 282A of the Companies Ordinance, 1984, read with the Non-Banking Finance Company (Establishment and Regulation) Rules, 2003;
 - A body corporate formed by or under any law in force in Pakistan;
 - a modaraba company as defined in the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980;
 - A financial institution as defined in the Financial Institutions (Recovery of Finances) Ordinance, 2001, including a microfinance institution licensed under the Microfinance Institutions Ordinance, 2001 and an Islamic financial institution;
 - A body incorporated by or under the law of a country outside Pakistan relating to the incorporation of companies;
 - A trust, a co-operative society or a finance society or any other society established or constituted by or under any law for the time being in force; or
 - A foreign association, whether incorporated or not, which the Authority has, by general or special order, declared to be a company for the purposes of the Act.
4. Offices and departments of Federal Government, Provincial Governments, Local or District Governments, and a public-sector project or programme governed by such Governments
5. Public sector organizations, public corporations, state-owned enterprises, regulatory bodies, and authorities
6. Autonomous bodies
7. Federal/provincial governments' funded organizations (including the accounting office responsible for making payments against invoices / bills for the taxable services)

KHYBER PAKHTUNKHWA SALES TAX ON SERVICES (WITHHOLDING) REGULATIONS, 2020

NO. F-16(4)KPRA/NOTIFICATION/WH/1394-99 DATED 13 AUGUST 2019

S. NO.	WITHHOLDING AGENTS & TAXABLE SERVICES	WITHHOLDING TAX
01.	<p>All withholding tax agents making payments against the following services:</p> <p>a) Advertisement Services</p> <p>b) Services by an unregistered or inactive/non-active person as per the Active Taxpayers' List of KPKRA</p> <p>c) Services to Federal or provincial government, public sector institution, organization, entity or project, etc. regardless of the rate of sales tax on such services</p> <p>d) Services provided in KPK by persons from outside KPK, if such persons are not registered with KPKRA</p> <p>e) Services liable to a reduced rate of tax (less than 15%)</p>	Full withholding at the applicable rate of sales tax
02.	<p>In all other cases</p> <p>A withholding agent shall obtain and keep in record, a copy of the CNIC of the unregistered individual, and NTN of the unregistered AOP or company, and also report through the very next withholding statement/return</p>	50% of the leviable sales tax on services

SERVICES NOT SUBJECT TO WITHHOLDING TAX:

- Elecommunication (excluding telecom services as provided or received by telecom companies to or from each other)
- Other services or a class of services prescribed by KPKRA

STATEMENT IN THE ADVERTISEMENT

A withholding agent shall indicate in the advertisement, notice, pre-qualification or tender notice, booking order, or any other similar document for acquiring and receiving taxable services that "Sales tax to the extent as provided in the regulations shall be deducted and withheld from the payment to be made to the service provider and deposited in the Government Head of Account No.B02386 – Sales Tax on Services, Khyber Pakhtunkhwa."

CERTIFICATE OF WITHHOLDING TAX

A withholding agent may issue a withholding tax certificate to the service provider. If the service provider is not registered in KPKRA then it shall be stated as unregistered. If the service provider is not registered with KPKRA but registered with any other authority then the tax registration number and the name of the other authority will be stated. One copy of each certificate shall invariably be sent to the KPKRA.

RECORD

Prescribed documents and records are to be maintained and retained for five years after the end of the tax period to which such document or record relates; or till the final decision of any proceedings including proceedings for assessment, appeal, revision, reference, or petition, whichever is later..

Deposit and declaration of withholding taxes

Withholding Agent	Deposit of withholding tax	Declaration
Withholding agents –Registered with KPKRA or registered with FBR under the Sales Tax Act, 1990	<p>If the related input tax is claimed, the withholding tax is to be deposited by the earlier of:</p> <ul style="list-style-type: none"> ● Prescribed due date of the month in which the related input tax is claimed in the sales tax return; ● Date of payment to the service provider. <p>● If the related input tax is not claimed within six months or it is not claimable, the withholding tax is to be deposited by the earlier of:</p> <ul style="list-style-type: none"> ● Date of payment to the service provider; or ● Last day of six months from the date of invoice. 	<p>A registered person will report the withholding taxes in the sales tax return.</p> <p>The return will be filed by the prescribed due date under the respective sales tax rules for the category of services of the withholding tax agent.</p>
Other withholding agents (other than governments)	Withholding tax is to be deposited by the 15th day of the following month in which the payment is made to the service provider.	A Withholding statement by 18th of the following month.
The federal government, provincial governments (other than the Punjab Government), local governments, etc.	By the 15 day of the month following the month of withholding tax	-

Withholding Agents

The rules have declared the following persons as withholding agents, regardless of the location of the person's head office or the location of the business premises, or jurisdiction of the person's registration or enrolment:

1. Companies including the companies located in the jurisdiction of or registered with any other tax authority for the purpose of sales tax in respect of goods or services rendered or provided in the province of KPK.
2. All public sector organizations, institutes, corporations, universities, bodies, boards, projects, ventures, entities, enterprises, institutions, and authorities, of the Federal, Provincial, District, or Local Government including special purpose institutions, whether their official status, character or position is pure government, semi-government, public, semi-public, autonomous, semi-autonomous, commercial, semi-commercial, or non-commercial, who are making such payments directly at their own level through their own internal accounting systems or offices.
3. All types of governments and their departments and offices including respective accounting offices authorizing payments against the taxable services received by them.
4. Any other person specified, declared or confirmed by the KPKRA as withholding agent