



**MOORE**Shekha Mufti  
Chartered Accountants

# **SERVICE TAX MEMORANDUM 2025**

**AMENDMENTS IN SINDH SALES TAX ON SERVICES ACT, 2011  
THROUGH SINDH FINANCE BILL 2025**



# PREFACE

This Tax Memorandum summarizes crucial changes in the Sindh Sales Tax on Services Act, 2011 through Sindh Finance Bill 2025.

The tax memorandum contains the comments which represent our interpretation of the legislation. We, therefore, recommend that while considering their application to any particular case, reference be made to the specific wordings of the relevant statute(s).

The memorandum can also be accessed on our website  
[www.mooreshekhamufti.com](http://www.mooreshekhamufti.com)

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## **SALIENT FEATURES**

- A 'negative list' has been prescribed meaning thereby that all services provided in the Province of Sindh will be taxable except those exempted under the negative list.
- A much wider definition of the term 'service' has been introduced to encompass any activity, facility, utility, or advantage, including the granting, assignment, cession, or surrender of any right.
- Classification framework of taxable services changed from Federal Excise Act, 2005 read with Chapter 98 of the Pakistan Customs Tariff to Central Product Classification (CPC) coding system Version 2.1 as published by the United Nations.
- Definitions of services have been omitted from the Act.
- With respect to services provided by a non-resident person to a resident person, a registered office of a person in Sindh and another outside Sindh is treated as separate legal person. Now the term 'registered office' has been substituted with 'office'. It would mean that SST will be imposed on services provided from any office located in Sindh.
- Issuance or renewal of licenses or permissions will now be contingent on the applicant being a registered and active taxpayer. Presently, such an applicant needs to proof his registration under SSTSA.
- All existing taxable services will attract rate of tax prevailing as on June 30, 2025.



## CHANGES OF NOMENCLATURES

Existing Description of Services	New Description of Services
Indenters	Retail Trade Service
Restaurant	Food serving & Beverage serving services
Cab aggregator	Taxi Services
Services provided or rendered by persons engaged in transportation or carriage of goods by road	Road Transport Services or Freight
Services rendered by persons engaged in transportation or carriage of goods through pipeline or Conduit	Transport services via pipeline
Vehicle towing, vehicle parking and valet services	Parking Lot & Towing Services for commercial and private vehicles
Service provided or rendered by a foreign exchange dealer or exchange company or money changer	Foreign exchange services
Insurance agents	Insurance brokerage and agency services
Legal practitioners and consultants, Accountants and auditors	Legal and accounting services
Supply chain management or distribution (including delivery) services	Business process management services including distribution services
Services provided or rendered by fashion designers	Other specialty design services & Design originals
Travel agents & Tour Operators	Travel arrangement, tour operator and related services
Services provided or rendered by call centres	Telephone call centre services & Other information services



## CHANGES OF NOMENCLATURES & TAX RATES

Previous Description	New Description	Change of Rate of Tax
Auctioneers & Automobile Dealers	Wholesale trade Services	Reduced from 10% to 8%
Rent a car and automobile rental Service	Rental services of passenger cars with operator, Local bus and coach charter services & Rental services of transport vehicles with operators	Reduced from 10% to 8%
Freight forwarding agents and services provided by Freight Forwarding agents in respect of issuance of bills of lading or house bills of lading	Freight transport agency services and other freight transport services	Enhanced from Rs 500 to Rs. 1,000
Services provided or rendered in respect of insurance to a policy holder by an insurer, including reinsurer	Motor vehicle insurance services	Reduced from 15% to 5%
Intellectual Property Services & Franchise services	Licensing services for the right to use intellectual property and similar products & Trademarks and Franchises, except for services falling under CPC Code 7331 and 7335	Reduced from 10% to 8%
Outdoor photographers and Videographers	Photography services and photographic processing services	Reduced from 15% to 8%
Cable TV Operators	Broadcasting services and multi channel programme distribution services except PCP Code 84631	Reduced from 10% to 8%



Previous Description	New Description	Change of Rate of Tax
Security agency	Armoured car services, Guard services and other security Services	Reduced from 10% to 8%
Maintenance or cleaning services	Cleaning services	Reduced from 10% to 8%
Auctioneers	Other support services	Reduced from 10% to 8%
Maintenance or cleaning services	Maintenance and repair services of fabricated metal products, machinery and equipment & Repair services of other goods	Reduced from 10% to 8%
Training Services		Reduced from 5% to 3%
Services provided or rendered by Hospitals and Clinics	Human Health Services [General Cosmetic and Plastic Surgery]	Reduced from 15% to 3%
Sports and games center	Sports and recreational sports services	Reduced from 10% to 8%
Services provided or rendered for personal care by beauty parlors, beauty clinics, slimming clinics or centres and others	Beauty and physical well-being services	Reduced from 10% to 8%
Real estate services on a fee or contract basis, except services falling under CPC Code 7224		Reduced from 10% to 8%



### NEWLY TAXED SERVICES

Description	Rate of Tax
Bus station services	5%
Highway, bridge and tunnel operation services	5%
Real estate services involving own or leased property including rental or leasing services involving own or leased property	3%
Licensing services, IT consulting services, IT support services, Hosting IT infrastructure & network management services, on-line content [Except for services falling under CPC Code 83159]	3%
Research and development, except services provided or rendered educational institutions recognized by HEC Commission Services	8%
Historical restoration architectural services	8%
Radio & TV broadcast programs	8%
Publishing, printing and reproduction services	5%
Moulding, pressing, stamping, extruding and similar plastic manufacturing services. Casting, forging, stamping and similar metal manufacturing services	8%
Audio visual and related services	8%
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.]
Other amusement and recreational Services	8%
Other miscellaneous services	5%
Installation services falling under construction services under CPC Code 546	15%
Sales of Advertising Space or Time (on Commission basis) falling under CPC Code 83631	15%



### STANDARD RATE SERVICES WITH OPTION FOR REDUCED RATE TAXATION

Description	Rate	Conditions and
Construction services	8%	Nil
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,
Road transport services of freight	8%	Nil
Transport services via pipeline	8%	Nil
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.
Trademarks and franchises		
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.
IT consulting services		
IT support services		
Information technology (IT) design and development services		
Hosting and information Technology (IT) infrastructure provisioning services		
IT infrastructure and network management services		
On-line content		
Telephone call centre services	3%	The rate shall apply to the services provided or rendered by call centres.
Other information services	3%	





## NEW / MODIFIED EXEMPTIONS

Description	Details
Food & Beverage Services	Exemption threshold increased from 3 Million to 5 Million
Storage and Warehousing Services	Applicable to services provided or rendered in relation to food and agricultural commodities
Supporting Services for Railway Transport	
Electricity, Gas and Water Distribution (on own account) except those falling in CPC Code 69111	
Central Banking Services	
Financial Market Regulatory Services	Applicable to SBP, CCP & SECP
Trade services of building, vacant and subdivided land	
Veterinary services	
News Agency Services	
Library and Archive Services	
Support and operation services to agriculture, hunting, forestry and fishing	Services provided or rendered in relation to "Support and operation services to hunting" falling under CPC Code 8613 not entitled for exemption
Services provided in the matter of manufacturing or processing for others on toll basis [textile and leather goods]	Exemption available only to industrial consumers. It appears an attempt has been made to tax cottage industry which are exempt under Sales Tax Act 1990.
Public administration and other services provided to the community as a whole; compulsory social security services	Applicable to services provided or rendered by the Federal Government, Government and the Local Governments



Description	Details
Residential care services for the elderly and disabled, Other social services with accommodation, Social services without accommodation for the elderly and disabled and other social services without accommodation	
Remediation services & Other environmental protection services	Applicable to services provided or rendered by Government
Motion picture projection services	
Services of performing and other artists	Not applicable to stage designers, set designers, lighting designers and costume designers
Museum and preservation services	
Services of athletes and related support services	
Domestic Services	
Services by extra-territorial organizations and bodies	
Funeral, cremation and undertaking services	
All services (Respective CPCs)	<p>This exemption is available to services whose total annual turnover does not exceed Rs. 4 Million in a financial year, excluding the following:-</p> <ol style="list-style-type: none"> <li>(1) Services provided to withholding agents as notified under Section 13;</li> <li>(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;</li> <li>(3) Services under the service categories where different</li> </ol>



Description	Details
	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.
Accommodation, Food and Beverage Services	Services rendered to Clubs, Room or Unit Accommodation for students and Food served by flight-kitchen on-board the conveyance leaving for a destination outside Pakistan shall remain exempt
Printing and reproduction services of recorded media, on a fee or contract basis	Exemption to services provided for newspaper, periodical, journal, text books



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