



NO SRB-AC-37/WHT/CL/2016-17/ [REDACTED]  
SINDH REVENUE BOARD  
GOVERNMENT OF SINDH  
Karachi Dated [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

Express notice before the Issuance of Show Cause notice

Subject **CLARIFICATION REQUIRED IN RESPECT TO THE EXPENDITURE HEADS DECLARED IN FINANCIAL STATEMENTS**

Whereas, under sub rule (2) of rule 1 of Sindh Sales Tax Special Procedure (Withholding) Rules, 2014 – the Rules-2014, {Previously called as Sindh Sales Tax Special Procedure (Withholding) Rules, 2011, [REDACTED] (hereinafter to be referred as “the person”), being a withholding agent, are liable to withhold and deposit the amount of Sindh Sales Tax at the applicable rates on receipts of taxable services provided or rendered to them from the invoiced/billed amount of service providers under these Rules.

02. While scrutinizing the record available with SRB, it has been revealed that the person has deposited an amount of **Rs. 1,181,590/-** only, till to date, into Sindh Government's head of account "B-02384--- Sindh sales tax on services" in relation to received or procured taxable services. However, after the detailed scrutiny of the financial record of the person for the fiscal years ended **2014** and **2015**, it has been observed that the person has expended handsome amount against various heads of expenditures, which cover under various taxable services, as envisaged in the Second Schedule of the Sindh Sales Tax on Services Act, 2011 (hereinafter to be referred as “the Act, 2012”), and are chargeable to Sindh sales tax as per prescribed rates under section 8 read with respective tariff headings of the Second Schedule of the Act, 2011. The details are as under;

Expense head	Category	Tariff heading	Financial Year, 2015	SST involved 14%	Financial Year, 2014	SST involved 15%
Addition to Capital Work In Progress (Outlets)	Construction/Contractual execution services	9824.0000/ 9809.0000			107,538,814	16,130,822
Computer Software	Software or IT bases system development consultants	9815.6000	15,389,857	2,154,580		
Repair & Maintenance (Direct Cost)	Contractual Services	9809.0000	121,707,904	17,039,107	127,203,410	19,080,511
Software charges	Software or IT bases system development consultants	9815.6000	873,234	122,253	1,629,472	244,421
Fumigation charges	Fumigation services	9822.1	342,956	48,014	560,709	84,106
Security Services	By security agencies	9818.1000	2,276,685	318,736	1,616,027	242,404

Advertisement Expenses	Advertisement Services	98.02 and thereof	46,147,308	6,460,623	55,099,999	8,264,999
Marketing expense	Advertisement Services	98.02 and thereof	68,656,098	9,611,854	46,491,381	6,973,707
Sponsorship charges	Sponsorship services	9805.9100	1,536,896	215,165	2,756,250	413,438
Courier	Courier services	9808.0000	979,755	137,166	533,309	79,996
Repair & Maintenance (Admin)	Contractual Services	9809.0000	20,909,302	2,927,302	20,112,547	3,016,882
Audit Fee	By Professional and Consultants	98.15 and thereof	400,000	24,000 (6%)	300,000	15,000 (5%)
				<b>39,058,800</b>		<b>54,546,286</b>

03. Moreover, the person, being a withholding agent in terms of clause (e) of sub-rule (2) of rule 1 of Sindh Sales Tax Special Procedure (Withholding Rules), 2014--the Rules, 2014, failed to deposit the due Sindh sales tax amounts into Sindh Government's head of account “**B-02384---Sindh sales tax on services**” in relation to aforesaid expenditures made against taxable services received or procured by him.

04. In connection to it, a letter bearing No. SRB-COM-IV/WHT/2016-17/ [REDACTED] dated [REDACTED] wherein, the person was required to clarify his position against the expenditures of said financial statements and was also required to provide the copies of all invoices /bills received by him with respect to the said expenditure on or before [REDACTED] but despite granting many extensions of time, they failed to provide any concrete reply or documents for the necessary verification of the aforesaid expenditures.

05. **Now**, therefore, the person is, hereby, given Final opportunity to clarify their position in respect to expenditures declared in financial statements and deposit SST amount **Rs. 92,423,496/- (93,605,086-1,181,590)** worked out on the bases of services declared in the financial statements.

06. In case of failing to submit the required record and failing deposit the aforesaid SST amount on or before [REDACTED], this office is not in position to grant you any other extension and may issue show cause notice under the provisions of section 47 of the Act, 2011 read with rule 3(1), (3), (4) & (5) of the said Withholding Rules.

( [REDACTED] )  
Assistant Commissioner ( [REDACTED] )

*A copy is forwarded to the Commissioner-III (Taxation), Sindh Revenue Board, Karachi for kind information.*