

**THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED**

**KSE/N-3708**

**NOTICE TO ALL MEMBERS**

**July 12, 2011**

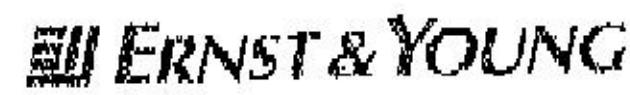
Reproduced hereunder an opinion obtained from KSE Tax Consultants, M/s. Ernst & Young Ford Rhodes Sidat Hyder & Company, Chartered Accountants vide their letter No. T/0209/2011 dated July 8, 2011 regarding Sindh Sales Tax on Services Act, 2011, Services Provided by Stock Brokers.

Further to that, clarification on certain matters has been sought from Sindh Revenue Board vide KSE letter number KSE/GOVT- dated July 11, 2011 addressed to Chairman Sindh Revenue Board, Government of Sindh which is also reproduced hereunder.

Members of the Karachi Stock Exchange are requested to note the same. (Copy of the same is also available on our Website [www.kse.com.pk](http://www.kse.com.pk)).

  
**Ahmed A. Mitha**  
Chief Financial Officer

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Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants  
Plot No. 100-1000, Block No. 100  
M.C. Road, D-6/1, Islamabad  
Tel: 9921 3200 (ext)  
Fax: 9921 3000 (ext)  
[www.ey.com](http://www.ey.com)

T/0209/2011  
08 July 2011

Ahmed Ali Mitha, Esq.,  
Chief Financial Officer  
The Karachi Stock Exchange (Guarantee) Limited  
Stock Exchange Building  
Stock Exchange Road  
Karachi

Dear Sir

**SINDH SALES TAX ON SERVICES ACT, 2011  
SERVICES PROVIDED BY STOCKBROKERS**

Please refer to your telephonic discussion with our Mr. Saad ul Hassan, wherein you had sought our opinion on the applicability of the recently enacted Sindh Sales Tax on Services Act, 2011 (SSTS Act). In this respect, we are pleased to give our comments herein below:

**Background**

As you would be aware sales tax on certain services was imposed either through the Federal Excise Act, 2005 as Federal Excise Duty (FED) in sales tax mode or through the four Provincial Sales Tax on Services Ordinances of 2000 and Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (hereby referred to as Provincial Ordinances). The Provinces had authorized Federal Board of Revenue (FBR) to manage sales tax on services on their behalf through their respective Ordinances.

Now pursuant to the 7<sup>th</sup> NFC award, the Government of Sindh (GoS) decided to impose, assess and collect sales tax on services themselves. Accordingly the Sindh Revenue Board (SRB) has been established to manage, supervise and take all such actions as necessary towards the administration of sales tax on services in Sindh.

**Present Legislation**

The GoS has recently promulgated the Sindh Sales Tax on Services Act, 2011 (SSTS Act) through which the Sindh Sales Tax Ordinance, 2000 has been repealed. The SSTS Act now prescribes sales tax on services rendered in the Province of Sindh at the rate specified in its Second Schedule with effect from 01 July 2011.