



**GOVERNMENT OF PUNJAB
PUNJAB REVENUE AUTHORITY**

August 27, 2012

NOTIFICATION

No. PRA/Orders.06/2012 (11). In exercise of the powers conferred under section 76 of the Punjab Sales Tax on Services Act 2012 (XLIII of 2012), Punjab Revenue Authority, with the prior approval of the Government, is pleased to make the following rules:

1. Short title, application and commencement.— (1) These rules may be cited as Punjab Sales Tax on Services (Withholding) Rules 2012.

(2) They shall apply to the taxable services provided to the following persons:

- (a) Federal and Provincial Governments including local and district governments, government departments and offices;
- (b) autonomous bodies;
- (c) public sector organizations including public corporations, state-owned enterprises and regulatory bodies and authorities;
- (d) organizations which are funded, fully or partially, out of the budget grants of the Federal or Provincial Government;
- (e) taxpayers falling in the jurisdiction of Large Taxpayers Units (LTU) established by the Federal Board of Revenue; and
- (f) recipients of service of advertisements who are registered for the Federal sales tax on goods or for the Punjab sales tax on services.

(3) They shall come into force at once.

(4) The persons mentioned in sub-rule (2) are hereby specified withholding agents for purposes of deduction and payment of sales tax under these rules and include the accounting office responsible for making payments against the taxable services received by a Government department or office.

3. Responsibility of a withholding agent.—While intending to receive taxable services, the withholding agent shall indicate in an advertisement, tender, notice, booking order or any other similar document, made or given for this purpose that sales tax to the extent as provided in these rules shall be deducted and withheld from the payment to be made to the service provider for deposit with the Government.

4. Services from registered service providers.—A withholding agent, other than a person falling in the jurisdiction of LTU and a recipient of advertisement services, shall deduct an amount equal to one-fifth of the sales tax shown in the tax invoice issued by a registered service provider and make payment of the balance of the transaction amount to him.

5. Service from unregistered service provider.—A withholding agent, having free tax number (FTN) or national tax number (NTN) and falling under clauses (a), (b), (c), (d) or (e) of sub-rule(2) of rule 1, shall on receipt of taxable services from an unregistered service provider, deduct sales tax at the

applicable rate of the value of taxable services provided to him from the payment due to the service provider and, unless otherwise specified in the contract between the service recipient and the service provider, the amount of sales tax for the purpose of this rule shall be worked out on the basis of gross value of taxable services.

6. Deduction on advertisement services.—A person mentioned in clause (f) of sub-rule (2) of rule 1, who receives advertisement services, provided by a person based in Pakistan or abroad, shall deduct the whole amount of sales tax as mentioned in the invoice issued by the service provider from the payment due to the service provider and in case the sales tax amount is not indicated on the invoice, the recipient shall deduct the amount of sales tax at the applicable rate of the value of taxable services from the payment due to the service provider.

7. Withholding agents registered in LTUs.—(1) Notwithstanding anything contained in rules 5 and 6, a withholding agent falling under clause (e) of sub-rule (2) of rule 1, who receives taxable services from a registered service provider who is also registered in the LTU, shall deduct and withhold one percent of value of taxable services received by him as sales tax from the payment due to that registered service provider.

(2) The amount deducted as aforesaid shall be deposited by the withholding agent with the Government by 15th day of every following month and the withholding agent shall submit the monthly sales tax return for withholding agents as prescribed in the rules by the said date.

(3) Where the said withholding agent is also registered with the Authority, he shall deposit the withheld amount of tax on the Form PST-04 and shall submit his tax return on Form PST-03 by the respective prescribed due dates.

(4) The remaining amount of fifteen percent or more of the value of taxable services shall be paid by the withholding agent to the registered service provider who shall account for such amount in his prescribed tax return in Form PST-03.

8. Services received by Government departments or offices.—(1) Where the taxable services are received by a government department or office specified in clause (a) of sub-rule (2) of rule 1 read with sub-rule (3) of rule 1, the following procedure shall be observed:

(a) the Drawing and Disbursing Officer (DDO), preparing the bill for the accounting office, shall indicate the amount of sales tax withheld under these rules and the accounting office shall adopt the payment procedure as indicated below:

(i) in case of services received by a department or office under the Federal Government, the office of the Accountant General of Pakistan Revenue shall account for and transfer the amount deducted at source during a month to the Government through a cheque in the name of the Chairperson of the Authority by credit to the relevant head of account and send to the Authority by 15th day of the following month;

(ii) in case of services received by departments or offices under the Government or district or local governments thereof, the Accountant General of the Punjab or the District Accounts

Officer, as the case may be, shall credit the amount deducted at source during a month to the Government under due intimation to the Chairperson of the Authority;

- (iii) in case of services received by the departments and offices under a Provincial Government, other than the Government or districts or local governments thereof, the Accountant General of that Province or the respective District Accounts Officer shall credit the amount deducted at source during a month to the Government through a cheque in the name of the Chairperson of the Authority to be sent to the Authority by 15th day of the following month; and
 - (iv) where the services are received by the departments falling in purview of Military Accountant General (MAG), the MAG shall deposit the amount deducted at source during a month with the Government under intimation to the Chairperson of the Authority by 15th day of the following month, and the amount so deducted at source shall simultaneously be reported by MAG to the Accountant General of the Punjab through civil exchange accounts; and, the concerned Drawing and Disbursement Officer shall prepare the return in the form as set out in the Annex to these rules for each month and forward the same to the Chairperson of the Authority by 15th day of the following month;
- (b) in case of the services not covered by clause (a) above, the withholding agent shall pay the withheld amount of sales tax to the Government on the form PST-04 by the due dates as specified below:
- (i) in case the withholding agent is registered as a service provider under the Act, by the prescribed due date in the month following the tax period in which he claims input tax adjustment in his Punjab sales tax return or the date on which payment is made to the service provider, whichever is earlier;
 - (ii) in case the withholding agent is not registered as a service provider under the Act but is registered with the FBR under the Sales Tax Act, 1990 (VII of 1990), by 15th day of the month following the period in which he claims input tax adjustment in the Federal sales tax return as prescribed by the FBR, or the date on which payment is made to the service provider, whichever is earlier; and
 - (iii) in case of other withholding agents, not covered by items (i) and (ii) above, by 15th day of the following second month in which the tax invoice was issued by the service provider or the date on which payment is made to the service provider, whichever is earlier; and
- (c) in case the withholding agent is also registered under the Act, he shall file the return and deposit the withheld amount of sales tax in the prescribed manner along with other tax liability, if any, and such person shall not be required to file the return in the form annexed to these rules:

Provided that in case the withholding agent is not registered for sales tax but holds a national tax number assigned under the Income Tax Ordinance, 2001 (XLIX of 2001), he shall file the return as annexed to these rules electronically and deposit the amount deducted at source in the prescribed manner;

Provided further that any other withholding agent may also opt to file the prescribed return electronically and deposit the deducted amount in the manner as provided in this rule.

9. Provision of information or data.—The withholding agent shall furnish to the Authority all such information or data as may be required by it for carrying out the purposes of the Act and these rules.

10. Certificate of deduction (withholding).—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 service provider, description and value of services, total amount of sales tax charged on the services and the amount of tax deducted and a copy or copies of every or all such certificate or certificates shall be sent to the Authority on monthly basis.

11. Responsibility of the registered service provider.—(1) The registered service provider shall issue a proper sales tax invoice in respect of every taxable service provided to a withholding agent.

(2) The registered service provider shall file monthly return as prescribed in the relevant rules and shall be entitled to adjust input tax against the output tax taking due credit of the sales tax deducted by the withholding agent or agents in the prescribed manner.

12. Deposit of withheld sales tax amounts.— All amounts of the Punjab sales tax on services deducted or withheld under these rules shall be paid to or deposited with the Government under head of account “B-02382-Punjab Sales Tax on Services (Withholding)” in the prescribed form and manner.

13. Application of other provisions.—All the provisions of the rules and notifications made or issued under the Act shall apply to the taxable services covered under these rules to the extent that these are not inconsistent with the provisions of these rules.

14. Saving.—The tax withheld or liable to be withheld under the draft version of these rules exhibited on the website of the Authority shall be deemed to have been withheld or liable to be withheld under these rules and shall be paid accordingly.

ANNEX

[see rule 8(1)(a)(iv)]

Punjab Sales Tax Monthly Return for Withholding Agents

Withholding Agent:

Name: _____

Category : _____

as per Punjab Sales Tax on Services (Withholding) Rule, 2012

Contact (Tel/Cell): _____

E-mail: _____

Period

NTN/FTN

Sr. No.	Name of Service Provider	NTN / FTN	Description of the services involved	No. and date of Tax Invoices	Value (excluding Sales Tax) of the Services involved	Amount of Punjab Sales Tax Invoiced	Amount of Punjab Sales Tax Withheld

Verification	<p>I, _____ holder of CNIC No. _____ in my capacity as _____, certify that the information given above is/are correct, complete and in accordance with the provisions of the Punjab Sales Tax on Services Act, 2012 and the rules and notifications issued thereunder.</p> <p>Date: _____ Stamp _____ Signature: _____</p>
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Head of Account "B – 02382 --- Punjab Sales Tax on Services (Withholding)"	
Amount Received Rs. (in Figures)	_____
Rupees (in Words)	_____
Bank Officer's Signature	_____ Bank Stamp with Date _____

C. No. _____

**(IFTIKHAR QUTAB)
CHAIRPERSON
PUNJAB REVENUE AUTHORITY**