

## Top court upholds Sindh's right to collect sales tax



ISLAMABAD: The Supreme Court has upheld the primacy of the Sindh government in matters relating to sales tax on services.

“It needs to be recognised that with the promulgation of the Sindh Sales Tax on Services Act, 2011, the Sindh Revenue Board Act, 2010 and the establishment of the Sindh Revenue Board (SRB), the province of Sindh’s dependency on the federation and on the Federal Board of Revenue (FBR) to administer and collect on its behalf sales tax on services, including penalty and default surcharge thereon, came to an end,” read a 16-page judgment authored by Justice Qazi Faez Isa.

Justice Gulzar Ahmad and Justice Yahya Afridi were also members of the bench.

“The constitution also clearly states that the ‘sales tax on services’ (item 49 to the Fourth Schedule) is within the exclusive domain of the provinces. The Sindh Sales Tax on Services Act, 2011 is to be interpreted keeping in sight these fundamentals and when this is done.”

The court upheld the amnesty notification issued by the Sindh Revenue Board (SRB) under the provisions of the Sindh Sales Tax on Services Act, 2011, in respect of sales tax on services for the period prior to 2011, levied under the repealed Sindh Sales Tax on Services Ordinance, 2000, which was administered by the Federal Board of Revenue on behalf of the provinces. Former attorney general Khalid Javed Khan appeared on behalf of the petitioner and successfully argued the matter.

Justice Isa noted that after the establishment of the SRB, the powers being exercised by the FBR on behalf of the province of Sindh under Article 147 of the Constitution came to an end. Henceforth, if the Sindh government, in exercise of powers under section 14 of the Sindh Sales Tax on Services Act, 2011, elected to authorise the FBR “by notification in the official gazette” the power to “collect and enforce the levy” only then could the FBR do so.