

SST on travel agents, tour operators cut to eight percent

The Sindh government has introduced amendments to Sindh Sales Tax (SST) on Services Act with the objective of improving the taxation system and procedure. For next financial year, the Sindh government has not proposed any new tax. However, slight amendments are being introduced in the SST on Services Act.

According to Sindh Chief Minister Syed Murad Ali Shah for next financial year, it has been proposed to rationalize the rate of Sindh Sales Tax on Telecom Services, and bring it at par with other provinces, by increasing it from 19 percent to 19.5 percent. Telecom sector is already charging this amount from consumers. This will allow us to generate an additional amount of Rs 400 million, he added.

For next financial year, the Sindh government has announced to reduce Sindh Sales Tax on travel agents & tour operators from 10 percent to 8 percent. In addition, reduction of SST on services provided by specific class of indenters and call centers has been proposed from 13 percent to 3 percent. Reduction of SST from 8 percent to 3 percent on the services of renting of immovable property services has also been proposed. For the next financial year target of Sindh Revenue Board is being enhanced to Rs 100 billion as per the Sindh Tax Resource Mobilization Plan.

The CM Sindh said that at present collection on account of agriculture income tax stands at Rs 393 million. This tax has a lot of potential and can provide much-needed fiscal space for development of Sindh. "Hence, in consultation with leading agriculturists, farmers and parliamentarians, we have increased the target of agriculture income tax to Rs 1 billion for next financial year," he added. Also, the World Bank-sponsored Trust Fund for Accelerated Growth and Revenue (TAGR) in collaboration with Economic Reforms Unit, the Finance Department is studying the agricultural income tax for possible policy changes and improved collection.

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