

PAKISTAN PROVINCIAL SALES TAX

NEW AUTHORITIES AND NEW LOGIC GUIDE

THOMSON REUTERS TAX RESEARCH

MAY 2023 CONTENT UPDATE #1

Introduction

This guide provides an explanation of the most recent changes made to Determination for the implementation of the new content supporting Provincial Sales Tax on services transactions in Pakistan through the following authorities:

- Punjab Provincial Sales Tax
- Sindh Provincial Sales Tax
- Balochistan Provincial Sales Tax
- Khyber Pakhtunkhwa Provincial Sales Tax
- Islamabad Provincial Sales Tax

ONESOURCE Determination version 5.13.10 provides the functionality required to support the transactions involving provinces of Pakistan dated from 1 May 2023 onwards.

PART I – UPDATES TO DETERMINATION

Logic Mappings

In order to disable services transactions on country level in Pakistan, the authority logic group of Pakistan_Country_JD was added and mapped effective 1 May 2023 in the following authorities: Pakistan, Pakistan Additional Tax, Pakistan Manufacturer Additional Tax.

In order to enable services transactions and disable goods transactions on provincial level in Pakistan, the authority logic groups of Pakistan_Provincial_Tax_JD and Islamabad Provincial Sales Tax were mapped effective 1 May 2023 in the newly added provincial authorities, respectively.

Authority Options

The following authority options were added effective 1 May 2023 in the newly added provincial authorities:

AUTHORITY OPTION	CONDITION	VALUE
CR - Registration Requirement	Both	Registration Required
Filing Groups Physical Performance	None	No
Intra-Company tax free sale - Physical Performance	None	Yes
PP - Physical Performance Reverse Charge	Not Applicable	Not Applicable
PRL - Parent Registration Lookup	None	Yes
Turn Off Authority	None	No

Below are some examples of the expected tax results including Pakistan provincial authorities in respect of the supplies of Default Services.

PART II - TAX RESULTS EXAMPLES

Test 1: Default Services provided by the Seller located in Punjab to the Buyer located in Punjab

WORKBENCH ELEMENTS	VALUES
Transaction Type	Default Services
Seller Primary	Punjab (Pakistan)

WORKBENCH ELEMENTS	VALUES
Buyer Primary	Punjab (Pakistan)
Supply	Punjab (Pakistan)
Seller Registration	P1234567-1
Buyer Registration	P7654321-1

The following image shows the details of the seller.

Scenario 2023 May 1st Update - Pakistan Provincial content domestic transactions:									
View Results: 1	Zone	Gross Amount: 100.00	Eff%: 16%						
	Authority			Invoice Desc	Type	Dir	Fee	Rate	Tax Amt
Province: PUNJAB	Punjab Provincial Sales Tax			ST	S	O		16%	16.00
Authority Messages:									
Authority	RuleOrder	Message							
Punjab Provincial Sales Tax	10000	PKSS1: Sales Tax in Seller's province.							

The following image shows the details of the buyer.

Scenario 2023 May 1st Update - Pakistan Provincial content domestic transactions:									
View Results: 1	Zone	Gross Amount: 100.00	Eff%: 16%						
	Authority			Invoice Desc	Type	Dir	Fee	Rate	Tax Amt
Province: PUNJAB	Punjab Provincial Sales Tax			ST	S	I		16%	16.00
Authority Messages:									
Authority	RuleOrder	Message							
Punjab Provincial Sales Tax	10000	PKSS1: Sales Tax in Seller's province.							

Test 2: Default Services by the Seller located in Punjab to the Buyer located in Sindh

WORKBENCH ELEMENTS	VALUES
Company Role	Seller
Transaction Type	Default Services
Seller Primary	Punjab (Pakistan)

WORKBENCH ELEMENTS	VALUES
Buyer Primary	Sindh (Pakistan)
Supply	Sindh (Pakistan)
Seller Registration	P1234567-1
Buyer Registration	S1234567-1

The following image shows the details of the seller.

Scenario 2023 May 1st Content Update - Pakistan Provincial Content - interprovincial transactions:

View Results: 1	Zone	Gross Amount: 100.00	Eff%: 16%	Invoice Desc	Type	Dir	Fee Rate	Tax Amt	TT IT
	Province: PUNJAB	Authority							
<input type="checkbox"/> Authority Messages:									
Authority		RuleOrder	Message						
Punjab Provincial Sales Tax		10000	PKSS1: Sales Tax in Seller's province.						

The following image shows the details of the buyer.

Scenario 2023 May 1st Content Update - Pakistan Provincial Content - interprovincial transactions:

View Results: 1	Zone	Gross Amount: 100.00	Eff%: 16%	Invoice Desc	Type	Dir	Fee Rate	Tax Amt	TT IT
	Province: PUNJAB	Authority							
	Province: SINDH	Punjab Provincial Sales Tax	ST	S	I	16%	16.00		
	Province: SINDH	Sindh Provincial Sales Tax	ST	RC	O	13%	13.00		
	Province: SINDH	Sindh Provincial Sales Tax	ST	RC	I	13%	13.00		
<input type="checkbox"/> Authority Messages:									
Authority		RuleOrder	Message						
Punjab Provincial Sales Tax		10000	PKSS1: Sales Tax in Seller's province.						
Sindh Provincial Sales Tax		10000	PKBS3: Reverse Charge in Buyer's province.						
Sindh Provincial Sales Tax		10000	PKBS4: Recovery of Reverse Charge in Buyer's province.						

Test 3: Default Services provided by the Seller located in Balochistan to the Buyer located in Islamabad

WORKBENCH ELEMENTS	VALUES
Transaction Type	Default Services
Seller Primary	Balochistan (Pakistan)
Buyer Primary	Islamabad (Pakistan)
Supply	Islamabad (Pakistan)
Seller Registration	B1234567-1
Buyer Registration	1234567-1

The following image shows the details of the seller.

Scenario 2023 May 1st Content Update - Pakistan Provincial Content - interprovincial transactions:								
View Results: <input checked="" type="checkbox"/> Zone		Gross Amount: 100.00	Eff%: 15%					
	Authority			Invoice Desc	Type	Dir	Fee Rate	Tax Amt TT IT
Province: BALOCHISTAN	Balochistan Provincial Sales Tax			ST	S	O	15%	15.00 15.00 USD
□ Authority Messages:								
Authority	RuleOrder	Message						
Balochistan Provincial Sales Tax	10000	PKSS1: Sales Tax in Seller's province.						

The following image shows the details of the buyer.

Scenario 2023 May 1st Content Update - Pakistan Provincial Content - interprovincial transactions:								
View Results: <input checked="" type="checkbox"/> Zone		Gross Amount: 100.00	Eff%: 15%					
	Authority			Invoice Desc	Type	Dir	Fee Rate	Tax Amt TT IT
Province: ISLAMABAD	Islamabad Provincial Sales Tax			Not Liable	UN	I	0%	0.00
Province: BALOCHISTAN	Balochistan Provincial Sales Tax			ST	S	I	15%	15.00 15.00 USD
□ Authority Messages:								
Authority	RuleOrder	Message						
Islamabad Provincial Sales Tax	5001	ISBBS1: Seller cannot invoice Sales Tax since Seller is not registered in Service location.						
Balochistan Provincial Sales Tax	10000	PKSS1: Sales Tax in Seller's province.						

Test 4: Default Services provided by the Seller located in the Netherlands to the Buyer located in Sindh

WORKBENCH ELEMENTS	VALUES
Transaction Type	Default Services
Seller Primary	Netherlands
Buyer Primary	Sindh (Pakistan)
Supply	Sindh (Pakistan)
Seller Registration	NL123456789B12
Buyer Registration	S1234567-1

The following image shows the details of the seller.

Scenario 2023 May 1st Content Update - Pakistan Provincial content - crossborder transactions:								
View Results: 1		Gross Amount: 100.00		Eff%: 0%		Type	Dir	Fee Rate
Authority	RuleOrder	Zone	Invoice Desc	NL	O	Tax Amt	TT IT	
Country: NETHERLANDS		Netherlands	Not Liable			0.00	0.00	0.00 USD
Authority Messages:								
Authority	RuleOrder	Message						
Netherlands	5001	EUSS17: No VAT liability in Seller's country under Article 44 of EC Directive 2006/112.						

The following image shows the details of the buyer.

Scenario 2023 May 1st Content Update - Pakistan Provincial content - crossborder transactions:								
View Results: 1		Gross Amount: 100.00		Eff%: 0%		Type	Dir	Fee Rate
Authority	RuleOrder	Zone	Invoice Desc	NL	O	Tax Amt	TT IT	
Province: SINDH		Sindh Provincial Sales Tax	Not Liable			0.00	0.00	0.00 USD
Authority Messages:								
Authority	RuleOrder	Message						
Sindh Provincial Sales Tax	5001	PKBS1: No Liability in Buyer's province.						

Test 5: Default Services provided by the Seller located in Sindh to the Buyer located in the Netherlands

WORKBENCH ELEMENTS	VALUES
Transaction Type	Default Services
Seller Primary	Sindh (Pakistan)
Buyer Primary	Netherlands
Supply	Sindh (Pakistan)
Seller Registration	S1234567-1
Buyer Registration	NL123456789B12

The following image shows the details of the seller.

Scenario 2023 May 1st Content Update - Pakistan Provincial content - crossborder transactions:								
View Results: 2		Gross Amount: 100.00		Eff%: 13%				
Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT IT
Province: SINDH	Sindh Provincial Sales Tax	ST	S	O	13%	13.00		
Country: NETHERLANDS	Netherlands	Not Liable	NL	O	0%	0.00		
							13.00	USD

Authority Messages:

Authority	RuleOrder	Message
Sindh Provincial Sales Tax	10000	PKSS1: Sales Tax in Seller's province.
Netherlands	5001	EUSS04: No VAT liability in Buyer's country under Articles 196 and 44 of EC Directive 2006/112. Customer to Reverse Charge.

The following image shows the details of the buyer.

Scenario 2023 May 1st Content Update - Pakistan Provincial content - crossborder transactions:								
View Results: 2		Gross Amount: 100.00		Eff%: 13%				
Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT IT
Province: SINDH	Sindh Provincial Sales Tax	ST	S	I	13%	13.00		
Country: NETHERLANDS	Netherlands	VAT	IR	O	21%	21.00		
Country: NETHERLANDS	Netherlands	VAT	IR	I	21%	21.00		
							13.00	USD

Authority Messages:

Authority	RuleOrder	Message
Sindh Provincial Sales Tax	10000	PKSS1: Sales Tax in Seller's province.
Netherlands	10000	EUSS31: Reverse charge in Buyer's country under Articles 196 and 44 of EC Directive 2006/112.
Netherlands	10000	EUSS32: Recovery of reverse charge in Buyer's country under Articles 196 and 44 of EC Directive 2006/112.

Test 6: Default Services provided by the Seller located in Islamabad to the Buyer located in the Netherlands

WORKBENCH ELEMENTS	VALUES
Transaction Type	Default Services
Seller Primary	Islamabad (Pakistan)
Buyer Primary	Netherlands
Supply	Netherlands
Seller Registration	1234567-1
Buyer Registration	NL123456789B12

The following image shows the details of the seller.

Tax Calculation Results										
Scenario 2023 May 1st Content Update - Pakistan Provincial content - crossborder transactions:										
View Results: 4	Zone	Gross Amount: 100.00	Eff%: 0%	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT IT
	Province: ISLAMABAD	Authority	Islamabad Provincial Sales Tax	Zero Rated Export	ZR	O	0%	0.00		
	Country: NETHERLANDS		Netherlands	Not Liable	NL	O	0%	0.00		
									0.00 USD	
<input type="checkbox"/> Authority Messages:										
Authority	RuleOrder	Message								
Islamabad Provincial Sales Tax	5000	ISBS54: Zero Rated Export in Seller's province.								
Netherlands	5001	EUSS04: No VAT liability in Buyer's country under Articles 196 and 44 of EC Directive 2006/112. Customer to Reverse Charge.								

The following image shows the details of the buyer.

Tax Calculation Results										
Scenario 2023 May 1st Content Update - Pakistan Provincial content - crossborder transactions:										
View Results: 4	Zone	Gross Amount: 100.00	Eff%: 0%	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	TT IT
	Country: NETHERLANDS	Authority	Netherlands	VAT	IR	O	21%	21.00		
	Country: NETHERLANDS		Netherlands	VAT	IR	I	21%	21.00		
									0.00 USD	
<input type="checkbox"/> Authority Messages:										
Authority	RuleOrder	Message								
Netherlands	10000	EUUB31: Reverse charge in Buyer's country under Articles 196 and 44 of EC Directive 2006/112.								
Netherlands	10000	EUUB32: Recovery of reverse charge in Buyer's country under Articles 196 and 44 of EC Directive 2006/112.								