



No.SRB-STM-3/414/2011
GOVERNMENT OF SINDH
Sindh Revenue Board
Karachi, dated 24th October, 2011

Shekha & Mufti
Chartered Accountants
C-253, PECHS Block 6
Off Shahrah-e-Faisal Karachi,

Subject: Taxability of Modarabas under Sindh Sales Tax on Services Act, 2011.

I am directed to refer to your letter Ref: AM/ST/0106/11 dated 27 July 2011 on the captioned subject and to state that following exemptions shall be available to Modarabas:

- a) Services provided or reentered by Modarabas in respect of Musharaka and Modaraba financing [as: exempted in notification of S.R.B. Leg (1)/2011 dated 1st July 2011]
- b) Lease installments and lease rentals to the extent of principal sum and mark up/interest [as per Rule 30(4) of the Sindh Sales Tax on Services Rules, 2011]

Any other revenue or income earned by Modarabas in the form of fee, charges or commission including commitment fee, front end fee/processing fee, commission on brokerage, safe deposit lockers, guarantee and bill discounting shall attract sales tax in terms of section 8 of the Sales Tax on Services Rules, 2011.

(Murtaza Ahmed)
Member (L&C)