



GOVERNMENT OF PAKISTAN
REVENUE DIVISION
FEDERAL BOARD OF REVENUE

C.No. 2(9)ST-L&P/2011


Islamabad the 05th January, 2012

The Chief Commissioner,
All LTUs/RTOs

Subject: SALES TAX ON SOFTWARE

I am directed to refer to the subject cited above and to say that after deletion of S.No. 41 from Table I of Sixth Schedule to the Sales Tax Act, 1990, vide Finance Act, 2011, softwares have become chargeable to sales tax. Registered persons engaged in the business of software have approached FBR for issuance of clarification this regard. The issue has been examined in the FBR and it is submitted that supply of all kinds of software are chargeable to sales tax @ 16% w.e.f. 04-06-2011. Some of these transactions which take place in software industry are listed below (this list is not exhaustive):

- (i) Sale of CDs/DVDs with or without software.
 - (ii) Sale of any other hardware medium with or without software.
 - (iii) Sale of System softwares, which are usually essential to operate computers.
 - (iv) Download which is accompanied backup copy of the software on any hardware medium.
 - (v) Sale of Customized software with transfer of all rights to make amendment/changes in the software.
2. Other transactions such are downloaded from internet (without accompanying backup on hardware medium), subscription charges, licensee fee only for usage, up-gradation charges, maintenance charges, training fees etc., are not liable to sales tax.


(Fahad Ali Chaudhary)
Second Secretary (ST-L&P)