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## **KHYBER PAKHTUNKHWA SALES TAX ON SERVICES ACT, 2022**

**(ACT NO. XIX OF 2022)**

**The amendments made through KP Finance Act, 2024 have been shown in Red**

Updated by a team comprising  
Mr. Waqar Ahmed, Assistant Collector  
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**Notification No. PA/Khyber Pakhtunkhwa/Bills-234/ 2022/16078, dated 12th June, 2022.-**  
-The Khyber Pakhtunkhwa Sales Tax on Services Bill, 2022 having been passed by the Provincial Assembly of Khyber Pakhtunkhwa on 3rd June, 2022 and assented to by the Governor of the Khyber Pakhtunkhwa on 8th June, 2022 is hereby published as an Act of the Provincial Legislature of the Khyber Pakhtunkhwa.

**(ACT NO. XIX OF 2022)**

*AN*

*ACT*

to reform the law relating to sales tax on services in the Province of Khyber Pakhtunkhwa and for matters connected therewith and incidental thereto.

WHEREAS it is expedient to reform the law relating to sales tax on services and to make provision for imposition, payment and collection of sales tax on services in the Province of Khyber Pakhtunkhwa and for matters connected therewith and incidental thereto.

It is hereby enacted by the Provincial Assembly of Khyber Pakhtunkhwa as follows:

**CHAPTER-I**  
**PRELIMINARY**

**1. Short title, extent and commencement.**---(1) This Act may be called the Khyber Pakhtunkhwa Sales Tax on Services Act, 2022.

(2) It shall extend to the whole of Province of Khyber Pakhtunkhwa.

(3) It shall come into force at once:

Provided that Government may, in respect of the services listed in the **Schedules** appended to this Act, by notification in the official Gazette, specify different dates for different services, on which taxes shall be levied.

**2. Definitions.**---In this Act, unless there is anything repugnant to the subject or context,-

(a) **“accountant”** means-

- (i) a chartered accountant, as defined in the Chartered Accountants Ordinance, 1961 (Ordinance No. X of 1961), and includes the associate and fellow members thereof;
- (ii) a cost and management accountant, as defined in the Cost and Management Accountants Act, 1966 (Act No. XIV of 1966), and includes the associate and fellow members thereof;
- (iii) a firm or an association of chartered accountants or cost and management accountants; and
- (iv) other accountants or association of accountants notified, in this behalf, by the Management Committee;

(b) **“active taxpayer”** means a registered person, who is regularly filing return and paying tax, as due in terms of this Act, and is so appearing in the active taxpayers’ list, as displayed by the Management Committee and updated from time to time on official website of the Authority; provided that the Management Committee may allow any taxpayer, not appearing in the said list, to be treated as an active taxpayer, for the purposes of this Act and nothing shall bar the Management Committee to declare any taxpayer as inactive, despite being included in the list;

<sup>1</sup>**[(b-i) “Additional Collector” means the Additional Collector appointed under**

<sup>1</sup> Inserted through Finance Act, 2024 (assented on: 06th June 2024)

section 43 of this Act;]

- (c) “**agent**” means a person, who is authorized to act on behalf of another person, called the principal, to create a legal relationship with a third party, and includes a person specified as an agent under section 76 of this Act;
- (d) “**Appellate Tribunal**” means the Appellate Tribunal, established and constituted under the Khyber Pakhtunkhwa Revenue Authority Act, 2022;
- (e) “**arrear**” means any amount of tax, including default surcharge and penalty, due under this Act, but not paid;
- (f) “**Assistant Collector**” means the Assistant Collector, appointed under section 43 of the this Act;
- (g) “**associates**” or “**associated persons**” means associates or associated person as define under sub-section (3) of section 2 of the Sales Tax Act, 1990 (No. VII of 1990);
- (h) “**association of persons**” includes a firm, any artificial or juridical person and body of persons formed under a foreign law, but does not include a company;
- (i) “**Audit Officer**” means an Audit Officer of the Authority, appointed under section 43 of this Act;
- (j) “**Authority**” means the Khyber Pakhtunkhwa Revenue Authority, established under section 3 of the Khyber Pakhtunkhwa Revenue Authority Act, 2022;
- (k) “**authorized officer**” means an officer of the Authority, duly authorized to act under this Act;
- (l) “**business bank account**” means the bank account of a person, used for business transactions, subject to the condition that such account is declared by him in the prescribed application, for registration submitted for obtaining a registration number or for changing the particulars thereof;
- (m) “**Code**” means the Code of Criminal Procedure, 1898 (Act V of 1898);
- [(m-i) “**Collection Agent**” means the State Bank of Pakistan or any other scheduled bank or entity licensed or authorized by the State Bank of Pakistan to transfer money abroad for the specified services;]<sup>2</sup>
- (n) “**Collector**” means a Collector, appointed under section 43 of this Act;
- (o) “**Collector (Appeals)**” means a Collector (Appeal), appointed under section 43 of this Act;
- (p) “**Collectorate**” means the office of the Collector or the Collector (Appeals), having jurisdiction specified under this Act and Notifications issued thereunder;
- (q) “**common taxpayer identification number**” means the registration number or any other number or identification code, allocated to a registered person;
- (r) “**company**” means-
  - (i) a company as defined in the Companies Act, 2017 (Act No. XIX of 2017);
  - (ii) a banking company and foreign banking company, as defined

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<sup>2</sup> Inserted through Finance Act, 2024 (assented on: 06th June 2024)

in the Banking Companies Ordinance, 1962 (Act No. LVII of 1962), and includes anybody corporate, which transacts the business of banking in the Province;

- (iii) a non-banking finance company and the notified entities, as specified in section 434 of the Companies Act, 2017 (No. XIX of 2017), read with the Non-Banking Finance Company (Establishment and Regulation) Rules, 2003;
  - (iv) a modaraba company, as defined in the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (Act No. XXXI of 1980);
  - (v) a financial institution, as defined in the Financial Institutions (Recovery of Finances) Ordinance, 2001 (Act No. XLVI of 2001), including a microfinance institution, licensed under the Microfinance Institutions Ordinance, 2001 (Act No. LV of 2001) and an Islamic financial institution;
  - (vi) an insurance company, as defined in the Insurance Ordinance, 2000 (Act No. XXXIX of 2000);
  - (vii) a body corporate, formed by or under any law, for the time being in force in Pakistan;
  - (viii) a body incorporated outside Pakistan;
  - (ix) a trust, a co-operative society, a finance society or any other society, established or constituted by or under any law for the time being in force;
  - (x) a foreign association, whether incorporated or not, which the Management Committee with the approval of the Policy Board, by general or special order, declared to be a company for the purposes of this Act; or
  - (xi) a company, as defined under the Income Tax Ordinance, 2001 (Act No. XLIX of 2001) or the Sales Tax Act, 1990 (Act No. VII of 1990);
- (s) **“computerized system”** means any comprehensive information technology system, including its development, up-gradation or updation, for carrying out the purposes of this Act;
- (t) **“default surcharge”** means the default surcharge, levied and calculated or calculable, under section 54 of this Act;
- (u) **“defaulter”** means a person or an association of persons, including every member of such association, every director of a company and every partner of a firm and guarantors or successors thereof, who fails to pay the arrears of tax under this Act and the rules;
- (v) **“Deputy Collector”** means a Deputy Collector, appointed under section 43 of this Act;
- (w) **“document”** means any matter or content, expressed or described upon any substance by means of letters, figures or marks or by more than one of those means, intended to be used, or which may be used, for the purpose of recording that matter and includes any electromagnetic data, computer programs, computer tapes, computer disks, micro-films or any other medium or mode for the storage or conveyance of such data;
- (x) **“due date”** in relation to-
- (i) the payment of tax means the 15<sup>th</sup> day of month, following the end of the tax period;

- (ii) in relation to furnishing of a return under Chapter-VI of this Act, means the 18<sup>th</sup> day of month, following the end of the tax period; and
- (iii) such other date as the Management Committee may, by Notification in the official Gazette, specify;
- (y) **“economic activity”** means the economic activity as specified in section 5 of this Act;
- (z) **“e-intermediary”** means a person, appointed as electronic-intermediary, under section 80 of this Act;
- (aa) **“exempt service”** means a service which is exempt from tax under section 11 of this Act;
- (ab) **“FBR”** means the Federal Board of Revenue, established under the Federal Board of Revenue Act, 2007 (Act No. IV of 2007);
- (ac) **“firm”** means the relation between two or more persons, who have agreed to share the profits of a business, carried on by all or any of them acting for all;
- (ad) **“goods”** mean the materials, commodities and articles, specified in Chapters 1 to 97 of the **First Schedule** to the Customs Act, 1969 (Act No. IV of 1969) and includes every kind of moveable property other than actionable claims, money, stocks, shares and securities;
- (ae) **“Government”** means the Government of Khyber Pakhtunkhwa;
- (af) **“input tax”**, in relation to a registered person, means-
  - (i) tax levied under this Act on the services received by the person; and
  - (ii) tax levied under the Sales Tax Act, 1990, on the goods whether imported or procured locally by the person:

Provided that Government may, by a notification in the official Gazette, specify and declare any other sales tax on services, levied and paid under any other law, to be an input tax for the purposes of this Act: Provided further that Government may, by rules or notification in the official Gazette, specify that any or all of the aforesaid tax shall not be treated as input tax for the purposes of this Act, subject to such conditions and limitations as may be prescribed in rules or by notification;

**[(af-i) “Inspector” means an Inspector of the Authority, appointed under section 43 of this Act;]<sup>3</sup>**
- (ag) **“inter-bank rate”** means the Karachi inter-bank offered rate (KIBOR) prevalent on the first day of each quarter of a financial year;
- (ah) **“Management Committee”** means a Management Committee, constituted under the Khyber Pakhtunkhwa Revenue Authority Act, 2022;
- (ai) **“Magistrate”** means a Magistrate of the First Class, empowered under the Code;
- (aj) **“Non-resident”** means a person, who, for any tax year, is not a resident for such tax year, within the meaning of clause (av) below;
- (ak) **“open market price”** means the market rate as specified in section 7 of this Act;

<sup>3</sup> Inserted through Finance Act, 2024 (assented on: 06th June 2024)

(al) **“output tax”** in relation to a registered person, means the tax levied under this Act on the services provided or rendered by the person;

(am) **“person”** means-

- (i) an individual;
- (ii) a company, an agency or an association of persons incorporated, formed, organized or established in Pakistan or elsewhere;
- (iii) the Federal Government;
- (iv) a Provincial Government;
- (v) a local authority or local government; or
- (vi) a foreign government, a political sub-division of a foreign government or a public international organization;

(an) **“place of business”** means whenever a person whether directly, indirectly, physically or virtually-

- (i) owns, avails or uses on rent, shares or in any other manner occupies any space in the Province from where he carries on an economic activity whether wholly or partially and includes a person who provides services without physical presence in the Province; or
- (ii) carries on an economic activity, whether wholly or partially through any other person, such as an agent whether domiciled, resident, stationed or not, associate, franchise, branch, office or otherwise in the Province;

(ao) **“Policy Board”** means the Policy Board, established under the Khyber Pakhtunkhwa Revenue Authority Act, 2022;

(ap) **“PRAL”** means the Pakistan Revenue Automation (Private) Limited; (aq)

**“prescribed”** means prescribed by rules or regulations;

(ar) **“Province”** means the Province of Khyber Pakhtunkhwa;

(as) **“provision of service”** or **“providing of service”** includes the rendering, supply, initiation, origination, consumption, execution, reception or termination of service, whether in whole or part, including making availability of a service, not availed and e-services where the context so requires;

(at) **“registration number”** means the number, allocated to a registered person, for the purposes of this Act;

(au) **“registered person”** means a person, who is registered or is liable to be registered, even though not actually registered under this Act:

Provided that a person, liable to be registered but not registered under this Act, shall not be entitled to any benefit available to a registered person under any of the provisions of this Act or the rules;

**[(au-i) “regulations” mean the regulations made under this Act;]<sup>4</sup>**

(av) **“resident”** means-

- (i) an individual, who, in a financial year, has-
  - (a) a place of business, whether whole or part thereof, in the Province, in any mode, style or manner;
  - (b) his permanent address, as listed in the individual’s national

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<sup>4</sup> Inserted through Finance Act, 2024 (assented on: 06th June 2024)

identity card, in the Province; or

- (c) a permanent representative to act on his behalf or to provide service on his behalf in the Province;
- (ii) an association of persons or a company, which, in a financial year, has-
  - (a) its registered office in the Province;
  - (b) its place of business, whether whole or part thereof, in the Province, in any mode, style or manner;
  - (c) a permanent representative to act or to provide service on its behalf in the Province; or
  - (d) the control or management of the affairs of the association of persons or the company, whether whole or part thereof, situated in the Province, at any time during the financial year;
- (aw) **“return”** means a return, required to be furnished under Chapter VI of this Act, and includes any return required to be furnished under this Act and the rules and, where the context so requires, includes a statement or any other instrument containing any information required under this Act or rules;
- (ax) **“reverse charge”** means the liability to pay tax under section 4 of this Act;
- (ay) **“rules”** mean the rules made under this Act;
- (az) **“Schedule”** means a Schedule appended to this Act;
- (aaa) **“service”** means anything which is not goods and includes facilities, amenities, utilities or advantages by whatever name called and are liable to sales tax on services as specified in **First Schedule**:

**Explanation.**---A service shall remain and continue to be treated as service, whether or not the provision thereof involves use, supply, disposition or consumption of goods, either as an essential or as an incidental part or aspect of such service;
- (aab) **“short-paid”** means a registered person, including a withholding agent, who pays or withholds an amount of tax less than the tax due owing to miscalculation or inadmissible input tax credit or adjustment or incorrect assessment of the tax amount due for a tax period;
- (aac) **“similar service”** with reference to a particular service, means any other service which either is the same as, or closely resembles that particular service in terms of character, quality, quantity, functionality, purpose, usage, materials or reputation;
- (aad) **“special audit”** means an audit, conducted under section 38 of this Act;
- (aae) **“Special Judge”** means a Special Judge, appointed under section 46 of this Act;
- (aaf) **“statement”** means a statement prescribed under the rules made or a issued under this Act and includes the statement specified by the Management Committee for any of the purposes of this Act or rules issued thereunder;
- (aag) **“tax”** means-
  - (i) the sales tax on services, including tax withheld or liable to be withheld or default surcharge levied under this Act;

- (ii) a fine, penalty or fee, imposed or charged under this Act; and
- (iii) any other sum, payable or recoverable under the provisions of this Act or the rules;

(aah) **“tax fraction”** means the amount worked out in accordance with the following formula-

$$a \div (100 + a)$$

**Note.** ‘a’ is the rate of tax applicable to taxable services in terms of section 9 of this Act;

(aai) **“tax fraud”** means knowingly, dishonestly or fraudulently and without an lawful excuse,-

- (i) doing of any act or causing to do any act in contravention of the duties and obligations under this Act or the rules or notifications issued thereunder; or
- (ii) omitting to take any action or causing the omission of any action, including providing of taxable services without being registered under this Act; or
- (iii) falsifying or causing falsification of tax invoices or other tax documents or records; or
- (iv) issuing invoice or bill of taxable services without the provision of that taxable service; or
- (v) failing to pay an amount of tax collected under section 20 of this Act, and failing to pay the amount of tax withheld under section 14 of this Act or the rules; or
- (vi) under-stating or under-paying the tax liability or over- stating the entitlement of tax credit or adjustment or claiming or obtaining in-admissible tax credit, refund or adjustment; or
- (vii) not filing the tax return or the statement for four consecutive months or more; or
- (viii) **[failing to declare and pay the tax so charged and collected under this Act;]**<sup>5</sup>

(aaj) **“taxpayer”** means any person, who is required or is liable to pay or is paying tax, or any sum under this Act and the rules, and includes any person, other than a Government employee, who is assigned any duty or responsibility to withhold, deduct, collect or deposit tax under this Act and the rules;

(aak) **“tax period”** means a period of one month or such other period as the Management Committee may, by notification in the official Gazette, specify;

(aal) **“taxable service”** means the service as given under section 3 of this Act;

(aam) **“value of a taxable service”** shall have the meaning given under section 6 of this Act; and

(aan) **“withholding agent”** means any person, who, as a recipient of taxable service or otherwise, withholds or deducts and pays or deposits tax directly to Government in the manner as may be prescribed;

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<sup>5</sup> Added through Finance Act, 2024 (assented on: 06th June 2024)



**CHAPTER-II**  
**TAXABLE SERVICES**

**3. Taxable service.**---(1) A taxable service is a provision of service, listed in the **Second Schedule**,-

- (a) by a registered person from his registered office or place of business in the Province, in the course of an economic activity;

**Explanation.**---This clause deals with services provided by registered persons, regardless of whether those services are provided to resident or non-resident; and

- (b) by a resident or non-resident in the course of an economic activity.

**Explanation.**---This clause deals with services provided by non-resident to resident, whether or not the said resident is an end-consumer of such services.

(2) For the purposes of sub-section (1), where a person has a registered office or place of business in the Province and another outside the Province, the registered office or place of business in the Province and that outside the Province shall be treated as separate legal persons.

(3) The Policy Board may prescribe the conditions under which a particular service or class of services shall be considered to have been provided by a person from his office or place of business in the Province.

(4) The services, mentioned in the **First Schedule**, are not exhaustive and all services, mentioned in the **Second Schedule**, shall be taxable services, regardless whether or not they are mentioned in the **First Schedule**.

**4. Application of principles of origin and reverse charge in certain situations.**-

--(1)Where a person is providing taxable services from an area or territory other than the Province but the recipient of such services is a resident of the Province or is otherwise availing such services in the Province and tax has been charged from him accordingly, the person providing such services shall pay the amount of tax so charged to Government.

(2) Where the recipient of a taxable service is a person, registered under this Act, as a withholding agent, he shall deduct, such amount of tax as may be prescribed by the Policy Board, in respect of the service received and pay the same to Government.

(3) Where a person is providing taxable services in more than one province or territory in Pakistan including the Province, such person shall be liable to pay tax to Government to the extent the tax is charged from a person resident in the Province or from a person who is otherwise availing such services in the Province.

(4) Unless otherwise specified by Government, where rendering of a taxable service originates from the Province but terminates outside Pakistan, such person shall be required to pay tax on such service to Government.

(5) Where a taxable service originates from outside Pakistan but is received or consumed in the Province, the recipient of such service shall be liable to pay the tax to Government:

Provided that in case of incoming international calls, the telecommunication companies in Pakistan shall pay tax on reverse charge basis to the extent of their share of charges received from abroad, either through local representative or otherwise, for the transmission and delivery of such calls in the Province and in all situations, the telecommunication companies including their local representatives etc., shall be deemed and treated as recipient of such calls.

- (6) The persons, who are required to pay the tax to Government in terms of sub-

sections (1), (2), (3), (4) and (5), shall be liable to registration for purposes of this Act.

(7) Government may, by notification in the official Gazette, specify any additional categories of provision of taxable services, the tax which shall be paid on reverse charge basis by the recipient of such services and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the provision of such services.

**5. Economic activity.**---(1) An economic activity shall be carried on by a person whether continuously, regularly or otherwise, that involves or is intended to involve the provision of services to another person and includes-

- (a) an activity carried on in the form of a business, including a profession, calling, trade or undertaking of any kind, whether or not the activity is undertaken for any consideration or profit;
- (b) the supply or provision of movable or immovable property by way of lease, rent, license or other similar arrangement; and
- (c) a one-time adventure, transaction or concern in the nature of a business or trade.

(2) Anything done or undertaken during the commencement or termination of an economic activity shall be construed as part of the economic activity.

**Explanation.**---For the purposes of this sub-section, the term “*commencement*” includes origination of a service by its provider and the term “*termination*” includes consumption or enjoyment of a service by its recipient.

(3) An economic activity does not include-

- (a) the activities of an employee providing services in that capacity to an employer;
- (b) a private recreational pursuit or hobby of an individual; or
- (c) a sovereign or core function of the State, performed by the Federal Government or any other public authority.

**Explanation-I** For the purpose of clause (c), there must be a monopoly in the performance of a State function and a person performing a commercial activity shall not be entitled to claim any benefit or immunity to the disadvantage of its competitors.

**Explanation-II** A person shall not be entitled to claim any benefit or immunity under clause (c) unless that person is wholly owned and controlled by Federal Government or Government.

**6. Value of a taxable service.** ---(1) The value of a taxable service is the consideration in money, including all Federal and Provincial duties and taxes, if any, which the person, providing a service, receives from the recipient of the service but does not include the amount of tax under this Act:

Provided that where-

- (a) the consideration for a service is in kind or it is partly in kind and partly in money or it is lower than the consideration charged from other recipients of the same or similar service;
- (b) provider of service and its recipient are associated persons;
- (c) the service is otherwise provided for no or a consideration lower than the one at which it is provided under normal market circumstances; or
- (d) there is reason to believe that the value has not been correctly declared on the invoice or for any special or unusual nature of transaction, it is difficult to ascertain the value of the service,

-the value of service shall be the value equal to the open market price of such a service in terms of section 7.

(2) The price discounts in respect of services shall not be permissible for the purpose of tax payment under this Act, unless they are in conformity with the normal, general, ordinary and customary practices of the relevant business in the open market environment and are duly shown on tax invoice or invoices, indicating the normal price, rate and amount of discount and the discounted price.

(3) Notwithstanding anything contained in this Act, where the Management Committee deems it necessary, it may, by notification in the official Gazette, fix the value of any service or class of services and for that purpose fix different values for different classes or description of the same or similar types of services:

Provided that where the value, at which any service is provided, is higher than the value fixed by the Management Committee, the value of the service shall be, unless otherwise directed by the Management Committee, the value at which the service is provided.

**7. Open market price.**---(1)The open market price of a service is-

- (a) the price, the service would fetch in an open market transaction freely entered into between persons who are not associated persons;
- (b) the price a similar service would fetch in an open market transaction freely made between persons who are not associated persons, adjusted to take account of the differences between the similar service and this actual service, if it is not possible to determine an amount under clause (a); and
- (c) determined on the basis of the market conditions prevailing at the time and place at which the service is provided.

(2) If the open market price of a service cannot be determined under sub- section (1), it may be determined using any method or formula specified by the Management Committee for calculating an objective approximation of the price, the service would fetch in an open market transaction freely made between persons who are not associated.

**8. Provision of services over a period of time.**---(1)Where a service is provided over a period of time and payment for the same is made on a periodic basis, the service shall be treated as comprising two or more separate and distinct services each corresponding to the part of the service to which each separate part of the consideration relates:

Provided that where a service is contractually provided to any particular person on daily basis and payment for the value thereof is received by the end of a calendar month, the service shall be treated as single service for the purposes of accounting, invoicing, payment of tax and declaration.

**Explanation-I:** Where services are provided for a two-year period and payment is made on a semi-annual basis, the provision of services for each six-month period constitutes a separate service.

**Explanation-II:** Where an insurance company provides an insurance policy over a five-year period and receives a premium on an annual basis, each premium relates to a separate service.

(2) This section shall not apply to the services for which payment is made on installment basis.

**CHAPTER-III SCOPE  
OF TAX**

**9. Scope of tax and allied matters.**---(1) Subject to the provisions of this Act, there shall be charged, levied, collected and paid a tax on the value of a taxable service, at the rate specified in the **Second Schedule**:

Provided that fifteen percent rate of tax shall be deemed and treated as the standard or general rate of tax for all purposes of this Act.

(2) Government may, on its own or on the recommendation of the Policy Board, and subject to such conditions and restrictions as it may impose, by notification in the official Gazette, declare that in respect of any taxable service, provided by a registered person or a class of registered persons, the tax shall be charged, levied and collected at such higher, lower, fixed or specific rate or rates, as may be specified in the said notification.

(3) Notwithstanding anything contained in this Act, the Policy Board may, with the approval of Government, by notification in the official Gazette and subject to the conditions, restrictions, limitations or otherwise, fix the limit or threshold of annual turnover of any service or class of services, provided by any person or class of persons or such other criteria as may be specified in the notification, below which such person or class of persons shall be exempt from payment of tax under this Act.

**10. Person liable to pay tax.**---(1) Where a service is taxable by virtue of clause (a) of sub-section (1) of section 3, the liability to pay the tax shall be on the registered person providing the service.

(2) Where a service is taxable by virtue of clause (b) of sub-section [(1)]<sup>6</sup> of section 3, the liability to pay the tax shall be on the person receiving the service.

(3) Notwithstanding anything contained in sub-sections (1) and (2), the Policy Board may, by notification in the official Gazette, specify the service or services, in respect of which the liability to pay tax shall be on any person, other than the person providing the taxable service or the person receiving the taxable service.

(4) Nothing contained in this section shall prevent the collection of tax from a different person if that person is made separately or jointly or severally liable for the tax under section 22 of this Act.

**11. Exemptions.**---(1) Notwithstanding anything contained in sections 3 and 9 of this Act, the Policy Board may, with the approval of Government and subject to such conditions, limitations or restrictions, as it may impose, by notification in the official Gazette, exempt a-

- (a) taxable service or services, provided by a person or a class of persons, from the whole or any part of the tax;
- (b) recipient or recipients of service or services, including international organizations and institutions, from the payment of the whole or any part of the tax; and
- (c) class of persons, any area or areas of the Province, from the whole or any part of the tax:

Provided that where in compliance to any commitment of Federal Government or Government either under any international convention, protocol, treaty or agreement, or under any agreement or arrangement for foreign grant-in-aid assistance including free technical assistance to the Province or elsewhere in the country, an exemption from tax is required, the Management Committee shall issue notification or, as the case may be, order for such exemption after taking concurrence from the Finance Department of

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<sup>6</sup> Substituted for the figure and bracket “(2)” through Finance Act, 2024 (assented on: 06th June 2024)

Government, for such exemptions on such conditions, restrictions or limitation as may be mentioned in the said notification.

(2) The exemption, under sub-section (1), may be allowed from any previous date specified in the notification issued under sub-section (1).

**12. Power to amend the Second Schedule.**---Government may, on its own or on the recommendation of the Policy Board, by notification in the official Gazette, add, delete or amend any entry of the **Second Schedule**, including but not limited to, inclusion or exclusion of a service, modification of classification or description of any service or changing the rate of tax of any service.

**13. Effect of change in the rate of tax.**---If there is a change in the rate of tax, the taxable services shall be charged to tax at such rate as is in force at the time the service is provided.

**14. Special procedure and tax withholding provisions.**---(1) Notwithstanding anything contained in this Act, the Policy Board may, by notification in the official Gazette, prescribe a special procedure for withholding of tax, including but not limited to, the payment of tax, registration, book-keeping, invoicing or billing requirements, returns, statements and other related matters in respect of any service or class of services, as may be specified.

(2) Notwithstanding anything contained in any other provisions of this Act, the Policy Board may require any person or class of persons, whether registered or not, for the purpose of this Act to withhold full or part of the tax, charged from or invoiced to such person or class of persons on the provision of any taxable service or class of taxable services and to deposit the tax so withheld, with Government within such time and in such manner as it may, by notification in the official Gazette, specify

(3) In addition to the obligation, stated in sub-section (2), where an individual, during the course of business, is making payment on behalf of the withholding agent, he shall be personally responsible to withhold and deposit the due tax. In case of failure on his part to do so, it shall be his personal liability to pay such due amount of tax alongwith default surcharge and penalty under this Act. Any such amount of tax, including default surcharge and penalty, if not paid, may be recovered from such person under section 74 of this Act.

**[14A. Special procedure for collection of tax through Collection Agent.**---(1) Notwithstanding anything contained in this Act, the policy board may declare any other person or class of persons as collection agent, not necessarily being a service provider or a service recipient in a particular transaction, and required to collect full or part of the tax charged from another person or class of persons on the provision of any taxable service or class of taxable services and to deposit the tax so collected, in the government treasury within such time and in such manner, as the Policy Board may, by notification prescribe.

(2) For the purpose of sub-section (1), the special procedure, so prescribed, may also provide for registration, bookkeeping, invoicing or billing requirements, returns and other related matters in respect of any service or class of services.

(3) Where a person or class of persons, declared as collection agent, is required to collect full or part of the tax on the provision of any taxable service or class of taxable services and either fails to collect the tax or having collected the tax, fails to deposit the tax in Government treasury, such person or class of persons shall be personally liable to pay the amount of tax assessed or determined under section 27 of this Act, to the Government, in the manner as may be prescribed by rules;]<sup>7</sup>

**15. Delegation of power to collect, administer and enforce sales tax on certain services.**---(1) Notwithstanding anything contained in this Act, Government may, by notification in the official Gazette, authorize the FBR or any other Federal or Provincial Department, agency, organization or person to administer, collect and enforce the levy of sales tax on such taxable services as it may notify and in such mode and manner and for

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<sup>7</sup> Inserted through Finance Act, 2024 (assented on: 06th June 2024)

such period as it may prescribe and subject to such restrictions and conditions as it may impose.

(2) Notwithstanding anything contained in this Act, where Government notifies any taxable services under sub-section (1) above, for the period specified therein, except for the provisions of Chapters I, II, III and sections 82, 86 and 95 of this Act, the remaining provisions of this Act shall not be applicable to such taxable services.

(3) At the end of the period, specified in sub-section (1) above, the tax on taxable services, notified under sub-section (1), shall be administered, collected and enforced by the Management Committee in the same mode and manner as all other taxable services and all provisions of this Act shall be applicable to them.

**16. Adjustments.**---(1) A person, required to pay tax under this Act, shall be entitled to deduct from the payable amount, the amount of tax payable or already paid by him to Government on the receipt of taxable services, used exclusively in connection with the taxable services provided by such person, subject to the condition that he holds a true and valid tax invoice not older than six tax periods, showing the amount of tax earlier charged on the services so received; provided that the Management Committee may disallow or restrict such adjustment in case of any service or person or class of services or persons as it may deem appropriate.

**Explanation.**---For the purpose of sub-section (1), the expression “paid” shall be construed to include deposit of tax with Government.

(2) [Notwithstanding anything contained in this Act, the Management Committee may, subject to such conditions, restrictions, limitations and fixation or re-fixation of the extent of input tax adjustment, as it may specify or otherwise, allow registered person to claim adjustments, including refunds arising as a result thereof, in respect of the tax paid under any other law in respect of any taxable service or goods or class of taxable services or goods, received or acquired and used in the provision of taxable service or services by him; provided that the adjustment or refund is admissible in other law as well;]<sup>8</sup>

(3) For the purposes of sub-section (2), the Management Committee may adopt, use and apply the principles or concepts, laid down in such other law in respect of adjustments, deductions or refunds, including zero-rating principle.

(4) No adjustment or deduction of any tax, payable under any other law, shall be claimed by any person, except in the manner, to the extent and from the date specified in the notification issued under sub-section (2):

Provided that if no such date has been specified, the date of coming into effect of such notification shall be deemed to be the specified date for the purpose of this section.

**17. Input tax credit not allowed.**---(1) A registered person shall not be entitled to claim, reclaim, adjust or deduct input tax in relation to-

- (a) the goods, including capital goods and fixed assets or services used or to be used for any purpose other than for the taxable services, provided or rendered or to be provided or rendered by him;
- (b) the goods in respect of which sales tax has not been deposited in the Federal Government treasury by the respective supplier of goods;
- (c) the payment of the amount for a transaction, exceeding value of fifty thousand rupees, excluding payment against a utility bill, not made by a crossed cheque drawn on a bank draft, pay order or any other banking instrument, showing transfer of the amount of the sales tax

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<sup>8</sup> Substituted through Finance Act, 2024 (assented on: 06th June 2024) for the following: “(2) The Management Committee may, subject to such conditions and restrictions as it may specify or otherwise, allow registered persons to claim adjustments, including refunds arising as a result thereof, in respect of the tax paid under any other law in respect of any taxable service or goods or class of taxable services or goods, received or acquired and used in the provision of taxable service or services by them, provided that the adjustment or refund is admissible in other law as well.”



invoice in favour of the service-provider from the business bank account of the service-recipient.

- (d) the service in respect of which the Provincial sales tax has not been deposited in the treasury of Government;
- (e) further tax, extra tax or value addition tax, levied under the Sales Tax Act, 1990 (Act No. VII of 1990), and the rules or notifications issued thereunder;
- (f) fake, false, forged, flying or fraudulent invoices or the invoices issued by persons black-listed or suspended by Management Committee or FBR;
- (g) the following goods or services, excluding the ones directly used or consumed in the economic activity of a registered person in provision of the services paying sales tax:
  - (i) vehicles classified under Chapter 87 of the **First Schedule** to the Customs Act, 1969 (Act No. IV of 1969) and parts, including batteries and tyres and tubes of such vehicles;
  - (ii) calendars, diaries, gifts, souvenirs and giveaways;
  - (iii) garments, uniforms, fabrics, foot-wear, hand-wear, head-wear for the employees of the registered person;
  - (iv) food, beverages and consumptions on entertainments, meetings or seminars or for the consumption of the registered person or his directors, shareholders, partners, employees or guests;
  - (v) electricity, gas and telecommunication services, supplied at the residence of the employees or in the residential colonies of the employees;
  - (vi) building materials, including cement, bricks, mild steel products, paints, varnishes, distemper, glass products;
  - (vii) office equipment and machines, excluding electronic fiscal cash register, furniture, fixtures or furnishings;
  - (viii) electrical and gas appliances, pipes and fittings;
  - (ix) wires, cables, sanitary fittings, ordinary electric fittings, electric fans and electric bulbs and tubes; and
  - (x) crockery, cutlery, utensils, kitchen appliances and equipment;
- (h) utility bills not in the name of the registered person unless evidence of consumption of such utilities is provided to the satisfaction of the officer of the Authority;
- (i) the goods or services procured or received by a registered person during a period exceeding six months prior to date of commencement of the provision of taxable services by him;
- (j) the goods or services used or consumed in a service liable to sales tax at the rate less than the standard rate of fifteen percent or at specific rate or at fixed rate or at such other rates, not based on value as mentioned in the **Second Schedule**, the service-provider in such case shall not be entitled to claim or adjust input tax;
- (k) **[Such goods or services, as are liable to sales tax, at specific rate or at fixed rate or at such other rates, not based on value, or at a rate**

lesser than the standard rate of 15 percent in case of services or 18 percent in case of goods, as the case may be, and are used or consumed as inputs in the provision of a taxable service under this act, the recipient of such services or goods shall not be entitled to adjust the input tax paid on reduced rate of tax against output tax, payable on the service or services provided or rendered by him at immediate next stage of supply chain;]<sup>9</sup>

- (l) the services, provided by a person, are chargeable to a rate of tax entitled to input tax adjustment, the input tax adjustment shall be admissible in respect of the tax paid on the inputs, otherwise taxed on higher rate, only to the extent, not exceeding standard rate of the tax regime to which the input relates;
- (m) the services or goods for which the amount of consideration is not paid from the business bank account of the recipient in the business bank account of the service-provider or supplier of goods, as the case may be;
- (n) such goods or services as are notified by the Management Committee to be inadmissible for input tax claim or reclaim or credit or adjustment or deduction;
- (o) [such goods in respect of which input tax adjustment is barred under the Sales Tax Act, 1990; and
- (p) tax levied and paid on services under the Islamabad Capital Territory (Tax on Services) Ordinance, 2001, on the services received by such person.]<sup>10</sup>

(2) In case where a registered person deals with taxable and non-taxable or exempt services, he shall be entitled to claim or reclaim, for input tax credit or adjustment or deduction, only such proportion of the input tax as is attributable to taxable or non- exempt services, in such manner as may be prescribed by the Policy Board.

(3) No person, other than a person registered under sections 29, 30 or 31 of this Act, shall claim or deduct or adjust any input tax in respect of sales tax paid on any goods or services received or procured by him for use or consumption in the provision of taxable services.

**18. Standard or general tax rate application choice.**---(1) Where any services or class of services are chargeable to reduced rate of tax either under the **Second Schedule** or under any notification issued under this Act, any registered person or class of registered persons, providing such services, may, after taking permission from the Management Committee, opt to pay sales tax at standard or general rate and take input tax adjustment as admissible under this Act and the rules and every such permission shall be effective from the date mentioned therein and subject to such conditions, restrictions and limitations as may be specified by the Management Committee in this behalf:

Provided that a registered person, in case of a company, may opt to operate under standard rate system on intimation to the Management Committee at least one month in advance and shall not be entitled to revert back to the reduced rate without prior permission from the Management Committee as required under sub-section (2).

- (2) Once the registered person has started paying sales tax at standard or general

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<sup>9</sup> Substituted through Finance Act, 2024 (assented on: 06th June 2024) for the following: “(k) the services, where exemption or reduced rate of tax has been applied or allowed in the Second Schedule or through a notification issued under this Act, the recipient of such service shall not be entitled to adjust the input tax paid on reduced rate against output tax payable on the service or services provided or rendered by him at immediate next stage of supply chain;”

<sup>10</sup> Added through Finance Act, 2024 (assented on: 06th June 2024)



rate as aforesaid, he shall not, on his own, switch over back to availing the reduced rate of tax on any of his such services unless he takes prior permission from the Management Committee and while examining and deciding on the requests of switching back to reduced rate of tax, the Management Committee may conduct or cause to conduct such enquiry or audit as it may deem necessary to ascertain the genuineness of the request.

(3) No amount of unadjusted amount of input tax, accrued during the period when standard or general rate was applied, shall be subsequently adjustable in respect of services subjected to reduced rate of tax, provided that recommencement of applying standard or general rate of tax, at any later stage by any registered person, shall likewise, be subject to prior permission from the Management Committee.

(4) The Management Committee may, on its own or otherwise, withdraw the permission, granted under this section, in respect of any case or class of cases, after issuing show cause notice and affording opportunity of hearing in the case or cases.

**19. Refund.**---No refund of tax claimed to have been paid or over-paid through inadvertence, error, misconstruction or refund on account of input adjustment, not claimed within the relevant tax period, shall be allowed, unless the claim is made within one year of the date of payment:

Provided that in a case where a registered person did not deduct input tax, within the relevant tax period, the Collector may, after satisfying himself that input tax adjustment is due and admissible, allow the registered person to take such adjustment in the tax period as specified by the Collector;

Provided further that in a case where the refund has become due on account of any decision or judgment of any officer of the Authority, Appellate Tribunal or Court, the period of one year shall be reckoned from the date of judgment or decision of such officer, Tribunal or Court:

Provided also that the application or claim, filed under this section, shall be disposed of within a period not exceeding one hundred and eighty days from the date of filing of such application or claim, which may be extended for another period of sixty days:

Provided also that no refund shall be admissible under this section, if incidence of tax has been passed directly or indirectly to the consumer.

(2) The manner and mode for payment of refund of any amount, paid or over-paid through inadvertence, error or misconstruction, may be prescribed by Government.

**CHAPTER-IV**  
**PAYMENT AND COLLECTION OF TAX ON TAXABLE SERVICES**

**20. Collection of excess tax.**---(1) Any person, so authorized, who has collected or collects the tax or charge, whether under misapprehension of any provision of this Act or otherwise, which was not payable as tax or charge or which was in excess of the tax or charge actually payable and the incidence of which had been passed on to the person to whom the service was provided, shall pay the amount of tax or charge so collected to Government.

(2) Any amount, payable to Government under sub-section (1), shall be deemed to be an arrear payable under this Act and shall be recoverable accordingly.

(3) The burden of proof that the incidence of tax or charge referred to in sub-section (1), has been or has not been passed on to the person to whom the service is provided shall be on the person collecting the tax or charge.

**21. Time, manner and mode of payment.**---(1) Notwithstanding anything to the contrary contained in this Act or any other law for the time being in force, the tax, in respect of a taxable service, provided during a tax period, shall be paid by a person at the time of filing the return in respect of that period under Chapter VII of this Act.

(2) For the purposes of sub-section (1), a taxable service shall be considered to have been provided in the tax period during which-

- (a) it was provided to the recipient; or
- (b) an invoice for the value of the taxable service was issued or was due to be issued or sent or due to be sent to the recipient; or
- (c) consideration for the same was received,

-whichever is earlier.

(3) In case of a withholding agent, the time and manner of payment may be prescribed by the Policy Board through regulations.

(4) The tax, due on taxable services, shall be paid by any of the following modes and instruments, namely:

- (a) through deposit in a bank designated by the Management Committee;
- (b) through the Alternate Delivery Channel; or
- (c) through such other mode and manner as may be specified by the Management Committee.

(5) Notwithstanding anything contained in sub-section (1), the Management Committee may, by a notification in the official Gazette, direct that the tax, in respect of any taxable service or such classes of taxable services, shall be charged, collected and paid in any other way, mode, manner or time, as may be specified in the notification.

**22. Joint and several liability of persons where tax remained unpaid.**---Where a person receiving a taxable service from another person, is in the knowledge of or has reasonable grounds to suspect that some or all of the tax, payable in respect of that taxable service or any previous or subsequent taxable service provided or to be provided; shall go unpaid as against the requirements of this Act, such person as well as the person, providing the taxable service, shall be jointly and severally liable for payment of such unpaid amount of tax:

Provided that the Management Committee may, by notification in the official Gazette, exempt any person, service or transaction or class of persons, services or transactions from the provision of this section.

**Explanation.** ---Notwithstanding anything contained in this section, it shall be the responsibility of a person to take all possible measures to ensure that the person, from whom he has received taxable services, deposits the due tax, relating to such transaction, in the manner as provided under this Act and the rules.

**23. Sale or transfer of ownership of a business as an ongoing concern.**---(1) In case of sale or transfer of a business, providing taxable services as an ongoing concern, by a registered person to a non-registered person, such registered person shall be required to account for and pay the tax on the services provided by him:

Provided that if the tax, payable by such registered person, remains unpaid, the amount of unpaid tax shall be the first charge on the assets of the business and shall be payable by the transferee of business:

Provided further that under no circumstances, shall the registration of the buyer be affected for any difficulty or delay in the cancelation of the registration of the transferor of business.

(2) In case of sale or transfer of ownership of a business, providing taxable services to another registered person as an ongoing concern, the liability to pay sales tax, chargeable thereon, shall be accounted for and paid by the registered person to whom such business is transferred.

**24. Estate of deceased person.**---The tax liability of a deceased registered person under this Act shall be the first charge on his estate in the hands of his successors.

**25. Estate in bankruptcy.**---(1) If a registered person is declared bankrupt, the tax liability under this Act shall pass on to the estate in bankruptcy, if it continues to operate the business.

(2) Where the tax liability is incurred by an estate in bankruptcy, the tax is deemed to be a current expenditure in the operations of the estate in bankruptcy and shall be paid before the claims of all other creditors are settled.

**26. Liability for payment of tax in the case of private companies or business enterprises.**---Notwithstanding anything contained in the Companies Act, 2017 (Act No. XIX of 2017), where any private company or business enterprise is wound up and any tax chargeable on or payable by the company or business enterprise, whether before, or in the course of, or after its liquidation, in respect of any tax period, cannot be recovered from the company or business enterprise, every person who was an owner of, or partner in, or director of the company or business enterprise during the relevant period, shall, jointly and severally with such persons, be liable for the payment of such tax.

**27. Assessment of tax and recovery of tax not levied or short-levied.**---(1) Where on the basis of any information acquired during an audit, inquiry, inspection or otherwise, an officer of the Authority, not below the rank of Assistant Collector, is of the opinion that a registered person has not paid the tax due on taxable services, provided by him or has made short payment, including such short payment as has resulted or may result from taking inadmissible adjustment of input tax, the officer of the Authority shall make an assessment of the tax actually payable by that person:

**[(1A) Where a person fails to file a return or files a return or makes payment of the tax after the due date or fails to furnish any information, explanation, documents, record or any other details as may be required in a notice issued under sections 36, 37, 60, 61 and 63 or fails to comply with the provisions of sections 34 or 64 of this Act, an order under this section shall be passed to the extent of imposition of penalty or default surcharge in accordance with sections 53 and 54 of this Act.]<sup>11</sup>**

(2) Where any person, required to withhold sales tax on services under the provisions of this Act or the rules, **[or regulations]**<sup>12</sup> fails to withhold the tax or withholds the

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<sup>11</sup> Inserted through Finance Act, 2024 (assented on: 06th June 2024)

<sup>12</sup> Inserted through Finance Act, 2024 (assented on: 06th June 2024)

same but fails to deposit the same in the prescribed time and manner, an officer of the Authority, not below the rank of Assistant Collector, shall determine the amount in default.

(3) Where by reason of any inadvertence, error, misconstruction or for any other reason, any tax or charge has not been levied or made or has been short-levied or has been erroneously refunded, the person liable to pay such amount of the tax or charge or the amount of refund erroneously made or has claimed inadmissible input tax credit, an officer of the Authority, not below the rank of Assistant Collector, shall determine the amount in default.

(4) Where by reason of some collusion, abetment, deliberate attempt, misstatement, fraud, forgery, false or fake documents any tax or charge has not been paid or levied or is short paid or levied or has been erroneously refunded or has claimed inadmissible input tax credit, an officer of the Authority, not below the rank of Assistant Collector, shall determine the amount in default of the person liable to pay any amount of tax or charge or the amount of refund erroneously made.

(5) No order, under this section, shall be made by an officer of the Authority, unless a notice to show cause is given within five years from the end of the tax period to which the assessment relates or relevant date, as the case may be, to the person in default, specifying the grounds on which it is intended to proceed against such person and he shall take into consideration the representation made by such person and provide him with an opportunity of being heard if the person so desires and impose the penalty and default surcharge in accordance with sections 54 and 55 of this Act.

(6) An order, under this section, shall be made within one hundred and twenty days of issuance of show cause notice or within such extended period as the officer of the Authority, may, for reasons to be recorded in writing, fix:

Provided that such extended period shall in no case exceed sixty days:

Provided further that any period during which the proceedings are adjourned on account of a stay order or alternative dispute resolution proceedings under section 73 or the time taken through adjournment by the person not exceeding forty five days or the adjournments otherwise ordered by the officer of the Authority for any *bona fide* or genuine reasons or factors beyond normal human control of the person, on the date fixed for hearing, shall be excluded.

(7) For the purpose of this section, the expression “*relevant date*” means where tax or charge has been erroneously refunded, the date of its refund.

(8) An order, passed by an officer of the Authority under this section, may further be amended, as may be necessary, when on the basis of any additional information, acquired during an audit, inquiry, inspection or otherwise, the officer of the Authority is satisfied that-

- (a) any tax has been under-assessed or assessed at a low rate; or
- (b) any taxable service provided by the person has escaped assessment;

(9) The Collector may amend or further amend any order, passed under this section, including sub-section (8), if he considers that the order is erroneous or prejudicial to the interest of justice.

(10) The provisions of sub-sections (5) and (6) shall be applicable to an order passed under sub-sections (8) and (9).

(11) Notwithstanding anything contained in this Act, the Policy Board may prescribe, by regulations, thresholds, parameters, standards and basis for assessment of supply value of services and the assessment of tax.

**Explanation-I**---For the purpose of this section, the term “*audit*” includes departmental audit, external audit, special audit or any other scrutiny of records, facts and tax affairs in

any manner, style or mode, resembling audit or appearing like audit.

**Explanation-II.**---For the purpose of this section, where a person fails to file a return or files a return or makes payment of tax after the due date; provided that no principal amount of tax is involved, an order can be passed to the extent of imposition of penalty or default surcharge in accordance with sections 53 and 54 of this Act.

**28. Assessment giving effect to an order.**---(1) Except where sub-section (2) applied, where, in consequence of, or to give effect to, any finding or direction in any order made under Chapter-IX by the Collector (Appeals), Appellate Tribunal, High Court or Supreme Court, an order of assessment of tax is to be issued to any registered person, the Collector or an officer of Authority empowered in this behalf shall issue the order within one year from the end of the financial year in which the order of the Collector (Appeals), Appellate Tribunal, High Court or Supreme Court, as the case may be, was served on the Collector or officer of the Authority.

(2) Where, by an order made under [Chapter-X]<sup>13</sup> by the Appellate Tribunal, High Court or Supreme Court, an order of assessment is remanded, wholly or partly, and the Collector or Collector (Appeals) or officer of the Authority, as the case may be, is directed to pass a new order of assessment, the Collector or Collector (Appeals) or officer of the Authority, shall pass new order, within one year from the end of the financial year, in which the Collector, Collector (Appeals) or officer of the Authority, as the case may be, is served with the order:

Provided that limitation under this sub-section shall not apply, if an appeal or reference has been preferred against the order passed by Appellate Tribunal or a High Court.

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<sup>13</sup> Substituted through Finance Act, 2024 (assented on: 06th June 2024) for the word, hyphen and roman figure “Chapter-IX”.

**CHAPTER-V**  
**REGISTRATION**

**29. Registration and application for registration.**---(1) A person shall be registered under this Act, who-

- (a) provides a taxable service from his registered office or place of business in the Province;
- (b) is otherwise required to be registered under any of the provisions of this Act or the rules;
- (c) is a withholding agent under this Act; or
- (d) fulfills any other criteria or requirements which the Management Committee may specify under sub-section (2).

(2) The registration, under this section, shall be regulated in such manner and subject to such conditions and restrictions, as the Management Committee may, by notification in the official Gazette, specify.

(3) A person, who receives a service, which is a taxable service by virtue of clause (b) of sub-section (1) of section 3, and is not a registered person, shall be deemed to be a registered person for the purposes of the tax period in which-

- (a) such person receives the service;
- (b) an invoice for the value of the service is sent to the person; or
- (c) consideration for the service is paid by the person,

-whichever is earlier and all the provisions of this Act and rules shall be applicable to such person for that particular tax period and any matters relating to, arising out of, or concerning that tax period as if that person had provided the service.

**Explanation.**---Any person, who is not registered or required to be registered for the purposes of this Act, whether as a service-provider or otherwise but is required to withhold and pay or otherwise pay tax in terms of any provisions of this Act or rules, shall be deemed as a registered person for all legal purposes under this Act, including non-filing or non-submission of any information or document and such person shall, regardless of the place of residence, business or other activity, comply with such registration, enrolment or other obligations or formalities as may be specified by the Management Committee.

(4) The [Management Committee may,]<sup>14</sup> through notification in the official Gazette, require any person or class of persons engaged in providing only exempt service or services to necessarily obtain registration under this Act and file return in such form and manner as my specified in the notification.

(5) It shall be reasonable to believe that a person is registered under this Act, if the tax profile of that person is available on the website of the Authority.

(6) A person, who is required to be registered, shall apply for registration in such manner and mode as may be specified by the Management Committee, not later than fifteen days, before the day on which the person becomes liable to be registered.

(7) If the Management Committee or authorized officer, as the case may be, is satisfied that the person is liable for registration, the Management Committee or authorized officer shall, within fifteen days of receiving the application,-

- (a) register the person; and
- (b) notify the person of the registration, the day on which it takes effect, and the registration number issued to the person.

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<sup>14</sup> Substituted through Finance Act, 2024 (assented on: 06th June 2024) for the words and commas "Policy Board may, with prior approval of Government,".

- (c) Where a person, who is not required to be registered, applies for registration, the Management Committee or authorized officer shall, within fifteen days of receiving the application, notify the person of the decision on the application, and if- the Management Committee or authorized officer registers the person, the notice shall state the day on which the registration takes effect and the registration number issued to the person; or
- (d) the Management Committee or authorized officer rejects the application, notify the person of the reasons for the decision and outlining the person's right to appeal against the decision.

(8) The Management Committee shall issue every registered person with a registration number through its computerized system for the purpose of this Act.

**30. Voluntary registration.**---(1) A person, who provides a taxable service in the course of an economic activity but is not required to be registered for any reason, may apply for voluntary registration at any time.

(2) If such person applies for registration under sub-section (1), the Management Committee or authorized officer may register the person, if it is satisfied that-

- (a) the person has a place of business at which he carries on an economic activity;
- (b) there are reasonable grounds to believe that the person shall keep proper records and file regular returns as specified under this Act and prescribed under the rules; and
- (c) if the person has commenced carrying on an economic activity, the person has-
  - (i) kept proper records in relation to his economic activity; and
  - (ii) complied with his obligations under other taxation laws.

**31. Compulsory registration.**---(1) If the Management Committee or authorized officer is satisfied, on the basis of any information that a person who is required to be registered under this Act, has not applied for registration, the Management Committee or authorized officer shall register the person through an order to be issued, in writing, and such person shall be deemed to have been registered from the date he became, liable to registration:

Provided that no person shall be registered compulsorily without being given an advance notice and an opportunity of being heard in such manner as may be necessary and every order for compulsory registration, issued under this section, shall be appealable.

(2) The provisions of this section shall, *mutatis mutandis* and to the extent required, apply to persons required to withhold and pay tax under this Act.

**32. Suspension of registration.**---(1) Subject to sub-section (3), the Management Committee may temporarily inactivate the registration of a registered person if it is satisfied that such registered person-

- (a) is not entitled to be registered; or
- (b) has failed to comply with its obligations under this Act or the rules.

(2) The Management Committee shall give notice to a registered person stating the reasons for temporary inactivation of the registered person's registration and the remedial actions required to be taken by the registered person in such time as may be specified in the notice.

(3) In case the Management Committee is not satisfied with the response of the registered person or no remedial actions taken by him or does not receive any response in the specified time, as required under sub-section (2), the Management Committee may suspend his registration.

(4) The Management Committee may remove the name of the suspended person from the list of registered persons published on its website.

(5) At any time, within a period of sixty days of suspension, the Management Committee may withdraw the suspension, if it is satisfied with the remedial actions taken by the person.

(6) Where, at the expiry of sixty days, the suspension has not been withdrawn, the Management Committee may-

- (a) institute proceedings against the person in respect of the alleged non-compliance under this Act; or
- (b) re-instate the person's registration; or
- (c) cancel the person's registration, if neither of the actions in clauses (a) and (b) is taken.

(7) No registration shall be cancelled unless the Management Committee, either through enquiry, investigation or audit, is satisfied that circumstances exist, necessitating such cancellation, and under no circumstances, the cancellation of registration shall absolve the person of his other obligations and liabilities under this Act or the rules.

**33. De-registration.**---(1) The Management Committee may de-register a registered person or such class of registered persons not required to be registered under this Act.

(2) Where any person, registered under this Act, believes that he does not satisfy the requirements for registration specified in section 29, he may, in the manner and mode provided in the rules, make an application to the Management Committee to be de-registered.

(3) If, upon receiving an application under sub-section (2), the Management Committee is satisfied that the person is not required to be registered under this Act and has fulfilled the obligations under this Act, it shall de-register such person.

(4) Where the Management Committee receives an application under sub-section (2), it shall dispose of the same within a period of three months from the date of receipt of the application, or within such extended period, not exceeding sixty days, as the Management Committee may, for reasons to be recorded in writing, fix.



**CHAPTER-VI**  
**INVOICING, BOOK KEEPING AND AUDIT PROCEEDINGS**

**34. Issuance of tax invoices.**---(1) A registered person, providing a taxable service, shall issue a serial numbered and dated tax invoice, containing the following particulars:

- (a) name, address and registration number of the service provider;
- (b) name, address and registration number, if any, of the service recipient;
- (c) description of service or services;
- (d) value exclusive of the tax;
- (e) applicable rate of the tax;
- (f) amount of the tax; and
- (g) value inclusive of the tax.

(2) The Management Committee may, by notification in the official Gazette, specify a modified format of invoices for different services or persons and prescribe the manner and procedure for regulating the issuance and authentication of tax invoices.

(3) A registered person, providing a taxable service, may, subject to such conditions and restrictions as the Management Committee may, by notification in the official Gazette, specify, issue invoices to another registered person or other recipient of taxable service electronically and transmit images or statements of such invoices to the Management Committee as well as to the Collector, as may be specified.

**35. Records.**---(1) A registered person, providing or receiving a taxable service, as the case may be, under this Act, shall maintain and keep at his business premises or registered office in English or Urdu, the following records of taxable service, including exempt service, provided or received by him or by his agent acting on his behalf in such form and manner as would permit ready ascertainment of his tax liability during a tax period:

- (a) records of taxable service provided or received, as the case may be, indicating-
  - (i) the description and type of service;
  - (ii) the value of service;
  - (iii) the particulars of the person, to whom the service was provided, or from whom the service was received; and
  - (iv) any other information as may be specified by the Management Committee.
- (b) record of exempt services;
- (c) record of purchases, including imports of goods and services, containing import documents, if any, purchase invoices and proof of payment for the purchase thereof; and
- (d) such other records as may be specified by the Management Committee.

(2) Every person, applying for or required to obtain registration under this Act, shall declare particulars of his bank account(s), intended to be used for the purposes of business involving providing or rendering services, including purchases of goods and services used as inputs.

(3) The Management Committee may, by notification in the official Gazette, specify that any person or class of persons, registered under this Act, shall use such

electronic fiscal cash registers in such manner as are approved by the Management Committee.

(4) The Policy Board may, by notification in the official Gazette, prescribe the procedure or software for electronic invoicing or billing, maintenance of records, filing of tax returns and for any other matter or approve any software for electronic invoicing or billing, maintenance of records and filing of returns by a registered person or class of such persons under this Act.

(5) The registered persons, whose accounts are subject to audit under the Companies Act, 2017 (Act No. XIX of 2017), may be required to submit a copy of the annual audited accounts, along with a certificate by the auditors, certifying the payment of the tax due, and any deficiency in the tax paid by the registered person.

**36. Retention and production of records and documents.**---(1) A person, who is required to maintain any record or documents under this Act, shall retain the record and documents for a period of five years after the end of the tax period to which such record or documents relate or till the final decision in any proceedings including proceedings for assessment, appeal, revision, reference or petition, whichever is later.

(2) A person who is required to maintain any record or documents under this Act or any other law shall, as and when required by an officer of the Authority, not below the rank of Assistant Collector, produce records or documents which are in his possession or control or in the possession or control of his agent; and where such records or documents have been stored as electronic data, he shall allow to such officer full and free access to, and use of, such data of any machine.

**37. Audit proceedings.**---(1) An authorized officer or the Collector may, on the basis of the return or returns or statements or information, furnished by or required by the said officer from a registered person, or the records maintained under this Act or any other law, for the time being in force, and rules made or notifications issued thereunder, conduct an audit of such person; provided that nothing shall bar the authorized officer to enlist any document, data or information from any other source for use in the audit.

(2) In case the Management Committee or the Collector has any information, showing that such registered person is involved in tax fraud or evasion of tax, it may authorize an officer of the Authority, not below the rank of Assistant Collector, to conduct an inquiry or investigation, which may or may not be in addition to any audit carried out for the same period.

(3) Where the authorized officer is to conduct an audit under this section, he shall issue a notice of audit to the person informing him of the audit proceedings and direct him to produce any records or documents which such officer may require for conducting the audit:

Provided that the authorized officer may, with the permission of the Collector, conduct the audit in the place of business or the office of the registered person, directing him to produce the records and documents in such premises as indicated in the notice:

Provided further that for the purpose of this section, the audit proceedings may be conducted electronically through video link or any other facility as prescribed by the Policy Board through regulations.

(4) The authorized officer shall conduct an audit and issue an audit observation, pointing out the contraventions of this Act or the rules and the amount of tax evaded or short-paid, and the registered person may, within such period as specified in the audit observation, submit his reply in writing.

(5) If no reply is received, within the specified time or the reply furnished by the registered person is found unsatisfactory, the officer of the Authority shall issue a contravention report, specifying the amount of tax or charge that has not been levied or has been short-levied or any claim of inadmissible input tax credit or tax not withheld or short withheld or withheld but not deposited or any other violation of any provision of this Act or the rules.

(6) After completion of the audit under this section or any other provision of this Act or the rules, the officer of the Authority, having pecuniary jurisdiction in terms of section 45 of this Act, shall, if required, pass an order under section 27 of this Act, determining the correct amount of payable tax, charging default surcharge and imposing a penalty.

(7) Notwithstanding the penalties, as specified in section 53 of this Act,-

- (a) if a registered person wishes to deposit the amount of tax short paid or amount of tax evaded along-with default surcharge voluntarily, whenever it comes to his notice, he shall, before receipt of notice of audit, file a revised return and shall deposit the amount short paid or amount of tax evaded along-with default surcharge, in which case no penalty shall be recovered from him;
- (b) if a registered person wishes to deposit the amount of tax short paid or amount of tax evaded along-with default surcharge during the audit, or at any time before issuance of show cause notice in lieu of the audit report, he shall file a revised return and shall deposit the evaded amount of tax, default surcharge under section 54 of this Act, and twenty percent of the penalty payable under section 53 of this Act, in which case a show cause notice in lieu of the audit report shall not be issued in the matter; and
- (c) if a registered person wishes to deposit the amount of tax short paid or amount of tax evaded along-with default surcharge after issuance of show cause notice, he shall file a revised return and shall deposit the evaded amount of tax, default surcharge under section 54 of this Act, and fifty percent of the penalty payable under section 53 of this Act and thereafter, the show cause notice shall abate.

**38. Special audit.**---(1) The Management Committee may, with the approval of Policy Board, by notification in the official Gazette, appoint a special audit panel, consisting of accountants or persons as may be specified, for conducting a special audit of the records of any registered person or class of registered persons.

(2) Notwithstanding that the records of a registered person have been audited by an officer appointed under section 43 of this Act, the Management Committee may direct a special panel, appointed under sub-section (1), to conduct fresh or new audit of the records of any registered person for the same period.

(3) A special panel, appointed under sub-section (1), shall carry out such functions and exercise such powers as may be conferred by the Authority to its own officers under any of the provisions of this Act.

(4) The cost of special audit shall be met by the Authority from the budgeted funds.

(5) Every special panel, appointed under this section shall be headed and supervised by such officer of the Authority as may be nominated in this behalf.

(6) Where so required by the Management Committee, the special panel appointed under this section may be required to conduct audit of such other business affairs or matters of the registered person as are considered or deemed to have implications on tax compliance under this Act.

(7) Nothing shall bar the Government or the Management Committee to conduct audit including special forensic and investigation etc. of any registered person or class of registered persons, any taxable or class of taxable services jointly in collaboration and association with other tax authorities or boards whether Federal or Provincial, in the country.

**Explanation.**---For the purposes of this section or section 27 of this Act, the audit of records include audit of the tax affairs of the registered person under this Act and the rules.

## CHAPTER-VII RETURNS

**39. Return.**---(1) Every registered person shall furnish, not later than the due date, a true, correct and properly filled-up return in the prescribed form to the Management Committee or any other office through the computerized system or any other manner or mode as may be specified by the Management Committee, indicating the tax due and paid during a tax period and such other information, as may be specified.

(2) Notwithstanding anything contained in sub-section (1), the Management Committee may, by notification in the official Gazette, require any registered person or class of registered persons to submit any other periodic return in lieu of a monthly return.

(3) Notwithstanding anything contained in sub-section (1), the Management Committee may, by notification in the official Gazette, require any registered person or class of registered persons to submit such returns, as may be prescribed, for any period in addition to other returns required to be filed by such person.

(4) A return, filed electronically on the web or any magnetic media or any other computer readable media, as may be specified by the Management Committee, shall be deemed to be a return for the purpose of sub-section (1), sub-section (2) or sub-section (3) and the Policy Board may, by regulations, determine eligibility of the data of such returns and e-intermediaries, who shall digitize the data of such returns and transmit the same electronically under their digital signatures.

(5) If there is a change in the rate of the tax during a tax period, separate entries shall be made in respect of each portion of tax period showing the application of different rates of tax in the return for that tax period.

(6) A registered person may, after prior permission of the Collector, file a revised return, within six months of filing a return under sub-section (1), sub-section (2) or sub-section (3) to correct any omission or wrong declaration made therein and to deposit any amount of tax not paid or short-paid.

(7) Where any person or class of persons are engaged in providing any service or services, which are either exempt under this Act, including a notification issued thereunder or are otherwise not taxable for the purposes of this Act, the Management Committee may require any such person or class of persons to regularly file monthly or periodic declarations or returns, containing such correct and verifiable information, as may be required to be provided in such declaration or return and every such person or class of persons shall be under a legal obligation to file such declaration or return and any violation, relating thereto, shall be treated as non-filing of the return due under this Act, except that no tax liability per se other than liability for penalty, may be imposed, shall accrue in respect thereof.

**40. Special returns.**---In addition to the return or returns specified under section 39 of this Act, the Collector may require any person whether, registered or not, to furnish a return, whether on his own behalf or as an agent or trustee in a prescribed form and such person shall furnish the return not later than the date specified in this regard.

**41. Final returns.**---If a person, who applies for de-registration in terms of section 33 of this Act, shall, before such de-registration, furnish a final return to the Management Committee or the Collector in the specified form in such manner and at such time as may be directed by the Management Committee or the Collector.

**42. Return deemed to have been made.**---A return, purporting to be made on behalf of a person by his duly appointed representative, agent or e-intermediary, shall, for all purposes of this Act or the rules, be deemed to have been made by such person or under his authorization unless proved to the contrary.

**CHAPTER-VIII**  
**APPOINTMENT OF AUTHORITIES AND THEIR POWERS**

**43. Appointments of authorities.**---(1) For the purposes of this Act and the rules, the Management Committee may, by notification in the official Gazette, appoint in relation to any area, person, taxable service or cases specified in the notification, any person to be-

- (a) a Collector;
- (b) a Collector (Appeals);
- (c) an Additional Collector;
- (d) a Deputy Collector;
- (e) an Assistant Collector;
- (f) an Audit Officer;
- (g) an Inspector; or
- (h) any other officer of the Authority with any other designation.

(2) An officer, appointed under sub-section (1), shall exercise such powers, pecuniary and territorial jurisdiction, and discharge such duties as are conferred on him under this Act, rules or order issued by the Management Committee through a notification in the official Gazette and shall also be empowered and competent to exercise all powers and discharge all duties or functions conferred upon any officer sub-ordinate to him.

(3) The Management Committee may, by general or special order, impose such limitations, restrictions or conditions on the exercise of such powers and discharge of such functions as it may deem fit.

**44. Distribution of powers.**---(1) The Management Committee may, by notification in the official Gazette and subject to such limitations or conditions as may be specified therein, empower by name or designation-

- (a) an Additional Collector to exercise or perform any of the powers or function of the Collector (Appeals);
- (b) an Additional Collector to exercise or perform any of the powers or function of the Collector;
- (c) a Deputy Collector to exercise or perform any of the powers or function of the Additional Collector;
- (d) an Assistant Collector to exercise or perform any of the powers or function of the Deputy Collector; and
- (e) any other officer of the Authority to exercise or perform any of the powers or function of an Assistant Collector.

(2) The officer of the Authority, to whom any powers or functions are delegated under this section, shall not further delegate such powers.

(3) The officer, designated or empowered as Collector (Appeals), shall not sit in appeal against his own orders in original. In the interest of natural justice, the Management Committee shall make alternate arrangements in such cases.

**45. Powers of adjudication.**---(1) In respect of cases, involving determination of tax liability, including assessment of tax, recovery of tax not levied or short-levied, charging of default surcharge, imposition of penalty and recovery of amount erroneously refunded or any other contravention or violation, including tax fraud under this Act or the rules, the pecuniary jurisdiction and powers of adjudication of the officers shall be as follows-

- (a) Additional Collector: Cases without any restriction as to the amount of the tax involved or amount erroneously refunded;
- (b) Deputy Collector: Cases where the amount of the tax involved or the amount erroneously refunded exceeds two and half million rupees, but does not exceed five million rupees;
- (c) Assistant Collector: Cases where the amount of the tax involved or the amount erroneously refunded does not exceed two and a half million rupees; and
- (d) Other officers of the Authority: Such cases, other than those mentioned above, as may be prescribed.

(2) The Collector may adjudicate any case, falling in the jurisdiction and powers of any officer subordinate to him, in appeal against the order passed by the Collector in such case shall lie to the Appellate Tribunal.

(3) The Management Committee may specify the system of adjudication, including transfer of cases, changes in pecuniary limits or extension of time limit, within the meaning of section 90 of this Act.

**Explanation.**---For the purposes of this section, the term “*tax*” means the principal amount of the tax other than penalty and default surcharge and in case where only penalty or default surcharge is involved, the amount of penalty or default surcharge.

**46. Special Judges.**---(1) Government may, in consultation with Peshawar High Court, by notification in the official Gazette, appoint any person, who is serving or has served as District and Sessions Judge for an extendable period of three years and where it appoints more than one Special Judge, it shall specify in the notification the headquarters of each Special Judge and the territorial limits, within which he shall exercise jurisdiction under this Act and the rules or notifications issued thereunder.

(2) If a Special Judge is, for any reasons, unable to perform his duties under this Act or the rules, the District and Sessions Judge of the district shall perform such duties of the Special Judge for the district and in his absence, such duties shall be performed by the senior most Additional District and Sessions Judge of such district.

**47. Cognizance of offence.** ---(1) The Special Judge may, within the limits of his jurisdiction, take cognizance of any offence punishable by him under this Act upon-

- (a) a report in writing made by an officer of the Authority, not below the rank of Assistant Collector with the approval of the Collector, or by an authorized officer;
- (b) receiving a complaint or information of facts, constituting such offence, made or communicated by any person; or
- (c) his knowledge acquired during any proceedings before him.

(2) Upon receipt of a report under clause (a) of sub-section (1), the Special Judge shall proceed with the trial of the accused.

(3) Upon receipt of a complaint or information under clause (b) or on the basis of his own knowledge under clause (c) of subsection (1), the Special Judge shall, before issuing a summon or warrant for appearance of the accused person, hold a preliminary inquiry for the purpose of ascertaining the truth or falsehood of the complaint, or direct any Magistrate or any officer of the Authority to hold such inquiry and submit a report, and such Magistrate or officer of the Authority, shall conduct such inquiry and make a report accordingly.

(4) If, after conducting such an inquiry or after considering the report of such Magistrate or officer of the Authority, the Special Judge is of the opinion that-

- (a) there is insufficient ground for proceeding, he may dismiss the complaint; or
- (b) there is sufficient ground for proceeding, he may proceed against the accused person in accordance with law.

(5) A Special Judge or a Magistrate or an officer of the Authority, holding an inquiry under sub-section (3), may hold such inquiry, as nearly as possible, in accordance with the provisions of section 202 of the Code.

**48. Application of the Code.**---(1) The provisions of the Code, so far as they are not inconsistent with the provisions of this Act, shall apply to all proceedings of the Court of a Special Judge and such Court shall be deemed to be a Court of Sessions for the purposes of the said Code and the provisions of Chapter XXII-A of the Code, so far as applicable and with the necessary modifications, shall apply to the trial of cases by the Special Judge under this Act.

(2) For the purposes of sub-section (1), the Code, shall have effect as if an offence punishable under this Act, were one of the offences referred to in sub-section (1) of section 337 of the Code:

Provided that nothing in this section shall restrict any officer of the Authority from undertaking and completing the adjudicatory process or proceedings for the purpose of determination and assessment of tax, including default surcharge and penalties in any case *sub-juice* for trial or any other proceedings before the Special Judge.

**49. Exclusive jurisdiction of Special Judge.**---No court other than the Court of Special Judge shall conduct criminal trial for an offence or, as the case may be, a part of an offence, punishable under this Act, which falls under his jurisdiction in terms of column 4 of the table under section 53 of this Act.

**50. Place of sitting.**---The Special Judge shall ordinarily hold sittings at his headquarters; provided that keeping in view the general convenience of the parties or the witnesses, he may hold sittings at any other place.

**51. Persons who may conduct prosecutions.**---(1) An officer of the Authority, not below the rank of an Assistant Collector, shall be competent to conduct a prosecution before a Special Judge for and on behalf of Government.

(2) Prosecution, conducted under this Act before the Special Judge, may only be withdrawn by the Management Committee with the approval of Policy Board or, as the case may be, on the direction of Government.

**52. Appeal to the High Court.**---(1) Any person, including Government, the Management Committee or any officer of the Authority, aggrieved by any order passed or decision made by a Special Judge under this Act or under the Code, may, subject to the provisions of Chapters XXXI and XXXII of the said Code, within sixty days from the date of the order of the decision, prefer an appeal to the High Court.

(2) Except as otherwise provided in sub-section (1), the provisions of the Limitation Act, 1908 (Act No. V of 1908), shall apply to an appeal preferred under sub-section (1) of this Act.



**CHAPTER-IX**  
**OFFENCES, PENALTIES AND DEFAULT SURCHARGE**

**53. Offences and penalties.**---If a person commits any offence, described in Column (2) of the Table below shall, in addition to and not in derogation of any punishment to which he may be liable under any other law, be liable to the penalty, mentioned against that offence in Column (3), imposed in accordance with the jurisdiction specified in Column (4) thereof.

**TABLE**

<b>1.</b>	<b>2.</b>	<b>3.</b>	<b>4.</b>
<b>S. No</b>	<b>Offences.</b>	<b>Punishment or Penalty.</b>	<b>Competent Jurisdiction.</b>
1.	Where a person who is required to apply for registration under this Act fails to make an application for registration before providing any taxable services.	Such person shall be liable to pay a penalty of one hundred thousand rupees or five percent of the amount of the tax he would have been liable to pay had he been registered, whichever is higher provided that in the case of non-compliance of compulsory registration, the minimum penalty shall be two hundred thousand rupees.	Officer of the Authority competent under this Act.
2.	Where a person who is required to get himself registered under this Act, fails to get registered within ninety days of providing taxable services or who fails to comply with compulsory registration.	Such person shall be liable to imprisonment for a term which may extend to one year, or with fine which may extend to the amount of the tax he would have been liable to pay had he been registered, or with both.	Special Judge.
3.	Where a person fails to furnish a return within the due date.	Such person shall be liable to pay a penalty of nine thousand rupees per tax period or a fraction thereof provided that if a return is filed within ten days of the due date, he shall pay a penalty of three hundred rupees for each day of default.	Officer of the Authority competent under this Act.

4.	Where a person fails to issue tax invoice.	Such person shall be liable to pay a penalty of one hundred thousand rupees or five percent of the tax involved, whichever is higher.	Officer of the Authority competent under this Act.
[4A.	Were any registered person, who after integration of its computerized system with the computer system of the authority i.e., through Restaurant Invoice Management System (RIMS) or Invoice Management and Reporting system (IMRS) or any other prescribed system, fails to comply with e-invoicing system or issues invoices outside the e-invoicing system or failed to upload invoices on Restaurants Invoice Management System (RIMS) or Invoice Management and Reporting System (IMRS) on real-time basis.	Such person shall be liable to pay a penalty of rupees one hundred thousand (100,000) or five percent (05%) of the tax involved, whichever is higher, for each instance of non-compliance.	Officer of the Authority competent under this Act.] <sup>15</sup>
5.	Where a person fails to deposit the amount of the tax due or any part thereof in time or in the manner provided under this Act or the rules made or notifications issued thereunder.	Such person shall be liable to pay a penalty of ten thousand rupees or five percent of the tax payable for that period, whichever is higher provided that no penalty shall be levied if any miscalculation is made for the first time during a financial year.	Officer of the Authority competent under this Act.
6.	If a person does not pay the amount of tax due even after the expiry of a period of sixty days of issuance of the notice for such payment by an officer, not below the rank of Assistant Collector.	Such person shall be liable to imprisonment for a term which may extend to three years, or with fine which may extend to the amount of the unpaid tax, or with both.	Special Judge.
7.	Where a person fails to properly maintain or retain records required under this Act or the rules made and notifications issued thereunder.	Such person shall pay a penalty of ten thousand rupees or five percent of the total tax paid or assessed on the basis of available information, to be payable for the tax period or periods for which he has failed to maintain the required record, whichever is higher.	Officer of the Authority competent under this Act.

<sup>15</sup> Inserted through Finance Act, 2024 (assented on: 06th June 2024)

[7A]	Where a registered person, including a person compulsorily registered under this Act, who, in non-compliance to the provisions of this Act, fails to produce information/ records/ documents on receipt of a notice by an officer of the Authority, not below the rank of Assistant Collector.	Such person shall be liable to pay a penalty of rupees two hundred thousand (200,000) for the first instance of non-compliance- In case of non-compliance for the second time, such person shall be liable to pay a penalty of rupees five hundred thousand (500,000)- In case of non-compliance for the third time, such person shall be liable to pay a penalty of rupees one million (1,000,000).	Officer of the Authority competent under this Act.] <sup>16</sup>
8.	<p>Where a person knowingly, deliberately, intentionally or fraudulently-</p> <p>(a) submits a false, fake, untrue or forged document to the Management Committee or any of officer of the Authority; or</p> <p>(b) destroys, alters, mutilates or falsifies the records including a tax invoice;</p> <p>(c) makes a false statement, false declaration, false representation, or false personification, or gives any false data or information; or</p> <p>commits, causes to commit or attempts to commit tax fraud, or abets or connives in the commission of tax fraud equal to one hundred thousand rupees or</p> <p>(d) more.</p>	<p>(i) Such person shall be liable to pay a penalty of one hundred thousand rupees or one hundred percent of the tax payable for the tax period or periods to which the offence relates, whichever is higher.</p> <p>(ii) He shall further be liable to imprisonment for a term which may extend to five years or with fine which may extend to an amount equal to the tax payable for the tax period or periods to which the offence relates, or with both.</p>	<p>(i) Officer of the Authority competent under this Act.</p> <p>(ii) Special Judge</p>

<sup>16</sup> Inserted through Finance Act, 2024 (assented on: 06th June 2024)

9.	[Where a person violates any embargo placed on providing of service or violates the restrictions imposed vide sealing of business premises in connection with recovery of tax.] <sup>17</sup>	<p>(i) Such person shall be liable to pay a penalty of fifty thousand rupees or ten percent of the amount of the tax sought to be recovered, whichever is higher.</p> <p>(ii) He shall, further be liable to imprisonment for a term which may extend to one year, or with fine which may extend to an amount equal to the amount of the tax sought to be recovered, or with both.</p>	<p>(i) Officer of the Authority competent under this Act.</p> <p>(ii) Special Judge.</p>
10.	Where a person obstructs any officer of the Authority in the performance of his official duties under the law.	<p>(i) Such person shall be liable to pay a penalty of fifty thousand rupees or one hundred percent of the tax payable for the tax period to which the offence of such person relates, whichever is higher.</p> <p>(ii) He shall be further liable to imprisonment for a term which may extend to one year or with fine not exceeding fifty thousand rupees or with both.</p>	<p>(i) Officer of the Authority competent under this Act.</p> <p>(ii) Special Judge.</p>
11.	Where a person fails to fulfill any of the conditions, limitations or restrictions prescribed in a notification issued under any of the provisions of this Act or the rules made thereunder, or where a person contravenes any provision of this Act or the rules made thereunder for which no penalty has specifically been provided in this section.	Such person shall be liable to pay a penalty of twenty-five thousand rupees or three percent of the tax payable for the tax period to which the offence relates, whichever is higher.	Officer of the Authority competent under this Act.
12.	Where a person repeats an offence for which a punishment is provided under this Act.	Such person shall be liable to punishment equal to twice the punishment provided under this Act for such offence.	<p>(i) Officer of the Authority competent under this Act; or</p> <p>(ii) Special Judge</p> <p>- as the case may be</p>

<sup>17</sup>Substituted through Finance Act, 2024 (assented on: 06th June 2024) for the following: “Where a person violates any embargo placed on providing of service or services in connection with recovery of tax.”

13.	<p>Where a person-</p> <p>(a) knowingly and without any lawful authority or excuse gains access to the computerized system of the Authority; or</p> <p>(b) uses, discloses or publishes or otherwise disseminates, without any lawful authority or excuse, any information obtained from the said system; or</p> <p>(c) falsifies any record or information stored in the said system; or</p> <p>(d) knowingly or dishonestly damages or impairs the said system; or</p> <p>(e) knowingly or dishonestly damages or impairs any duplicate tape or disc or other medium on which any information obtained from the said system is kept or stored; or</p> <p>(f) uses, without any lawful authority or excuse, unique user identifier of any other registered user to authenticate a transmission of information to the said system; or fails to comply with or contravenes any of the conditions prescribed for security of unique user identifier.</p>	<p>Such person shall pay a penalty of twenty- five thousand rupees or one hundred percent of the amount equal to the loss caused to the tax revenue.</p> <p>He shall further be liable to imprisonment for a term which may extend to three years, or with fine which may extend to an amount equal to the loss caused to the tax revenue, or with both.</p>	<p>(i) Officer of the Authority competent under this Act.</p> <p>Special Judge.</p>
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14.	Where any person intentionally, deliberately or fraudulently intervenes, alters or damages any electronically filed invoices mechanism or system prescribed or specified for the purpose of avoiding correct payment of due tax.	(i) Such person shall pay a penalty of one hundred thousand rupees or one hundred percent of the amount equal to the loss caused or believed to be caused, to the tax revenue, whichever is higher.  (ii) He shall further be liable to imprisonment for a term which may extend to three years, or with fine which may extend to an amount equal to the loss caused to the tax revenue, or with both.	(i) Officer of the Authority competent under this Act.  (ii) Special Judge
15.	Where an officer of the Authority acts or conducts himself in a manner resulting in vexatious prosecution or undue detriment of a taxpayer.	Such officer shall be liable to imprisonment for a term which may extend to three years or with fine not exceeding fifty thousand rupees or with both.	Special Judge.
16.	Where a bank fails to attach or delays in attaching the bank account of the person from whom tax is sought to be recovered, specified in the notice issued by the officer of the Authority or fails or delays in payment of such amount.	(i) Such bank shall be liable to penalty of one hundred thousand rupees or five percent of the amount of tax involved, whichever is higher.  The concerned officer of such bank shall further be liable, upon conviction by the Special Judge, to imprisonment which may extend to one year or with fine which may extend to five percent of the amount of tax involved, or with both.	(i) Officer of the Authority competent under this Act.  Special Judge
17.	Where a person fails to withhold or withholds but fails to deposit the tax.	Such person shall be liable to a penalty of twenty five thousand rupees or five percent of the amount of tax involved, whichever is higher.	Officer of the Authority competent under this Act.

18.	Where an individual, who during the course of business is making the payment on behalf of the withholding agent but fails to withhold or deposit the due tax.	Such person shall be liable to a penalty of twenty five thousand rupees or five percent of the amount of tax involved, whichever is higher.	Officer of the Authority competent under this Act.
19.	Where any person-  (a) fails to make the payment of consideration for goods or services from the business bank account to the service-provider or supplier of goods, as the case may be; or  (b) fails to receive the payment of consideration for services in the business bank account of the service-provider, as the case may be.	(i) Such person shall be liable to a penalty of fifty thousand rupees or ten percent of the amount of consideration or transaction involved, whichever is higher.  (ii) Such person shall, further be liable, upon conviction by the Special Judge, to imprisonment for a term which may extend to six months, or with fine or with fine not exceeding twenty thousand rupees or with both.	(i) Officer of the Authority competent under this Act.  (ii) Special Judge

**Explanation-I:** For the purpose of this section, in situations, where penalty or penalties are to be adjudicated or other penal actions are to be initiated or taken in terms of this section, in respect of any withholding agent, the word and expressions, carrying meanings of a “*service-provider*”, shall be construed as “*service-recipient*” or if so required, as “*withholding agent*”.

**Explanation-II.**---For the purpose of this section, in situations, where the officer of the Authority, competent under this Act is of the opinion, at any stage of the proceedings but before signing the order, that the accused person ought to receive a more severe punishment than that which the officer of the Authority is empowered to inflict or the case is one which ought to be tried by the Special Judge, he may record the opinion and send the case to the Special Judge for trial.

**54. Default surcharge.**---(1) Notwithstanding anything contained in the provisions of section 27 of this Act, if a registered person does not pay the tax due or any part thereof, whether willfully or otherwise, on time or in the manner specified under this Act, rules or notifications or procedures issued thereunder, he shall, in addition to the tax due and any penalty under section 53 of this Act, levy and pay default surcharge-

- (a) at the rate of [twenty four percent (24%)]<sup>18</sup> per annum, amount of tax or charge or the amount of refund erroneously made; and
- (b) in case, the default is on account of tax fraud, the person who has committed tax fraud shall pay default surcharge at the rate of [thirty six percent (36%)]<sup>19</sup> per annum, of the amount of tax evaded, till such time the entire liability, including the amount of default surcharge, is paid.

(2) For the purpose of calculation of default surcharge,-

<sup>18</sup> Substituted through Finance Act, 2024 (assented on: 06th June 2024) for the words, brackets, figure and expression “twelve percent (12%).

<sup>19</sup> Substituted through Finance Act, 2024 (assented on: 06th June 2024) for the words, brackets, figure and expression “twenty four percent (24%).

- (a) in the case of inadmissible input tax credit or refund, the period of default shall be reckoned from the date of adjustment of such credit or, as the case may be, refund is received; and
- (b) in the case of non-payment of tax or part thereof, the period of default shall be reckoned from the 16th day of a month (following the due date of the tax period to which the default relates) to the day preceding the date on which the tax due is actually paid.

**Explanation-I.**---For the purpose of this section, the term “*tax due*” does not include the amount of penalty.

**Explanation-II.**---For the purpose of this section, the period of default less than a month shall be considered as a full month default.

**55. Exemption from penalty and default surcharge.**---(1) Government may, by a notification in the official Gazette, exempt any registered person or any taxable service from payment of the whole or any part of the penalty and default surcharge, subject to such conditions and limitations as may be specified in such notification.

(2) Government, at the end of each financial year, shall lay before the Provincial Assembly of the Khyber Pakhtunkhwa all the notifications made under sub section (1).

**56. Compounding of offences.**---Notwithstanding anything contained in this Act, where any person has committed any offence, warranting prosecution under this Act, the Management Committee may, either before or after the institution of any proceedings for the prosecution of such offence, compound the offence and terminate the proceedings, if such person pays the amount of the tax, due along-with such default surcharge and penalty, as is determined by the Management Committee under this Act and the rules.

**57. Power to summon persons to give evidence and produce documents.**---(1) An officer of the Authority, not below the rank of Assistant Collector, may summon any person, whose attendance he considers necessary either to tender evidence or to produce documents or any other thing in any audit, inquiry or investigation, which such officer is making for any of the purposes of this Act and the rules.

(2) Any person, summoned under sub-section (1), shall be bound to attend, either in person or by an authorized agent, as the officer of the Authority may direct.

(3) Notwithstanding anything contained in sub-sections (1) and (2), a person who is exempted from personal appearance in a Court under sections 132 and 133 of the Code of Civil Procedure (Act No. V of 1908), shall not be required to appear in person.

(4) Any proceedings, under this Act or the rules before an officer of the Authority, shall be deemed to be judicial proceedings, within the meanings of sections 193 and 228 of the Pakistan Penal Code, 1860 (Act XLV of 1860).

**58. Power to arrest and prosecute.**---(1) An authorized officer, who, on the basis of material evidence, has reasonable cause to believe that any person has committed a tax fraud or any offence warranting prosecution under this Act, may cause arrest of such person.

(2) All arrests, made under this Act, shall be carried out in accordance with the relevant provisions of the Code.

(3) Where a person, suspected of tax fraud or any offence warranting prosecution under this Act, is a company, every director or officer of that company, whom the officer of the Authority has reason to believe, is personally responsible for actions of the company, contributing the tax fraud or any offence, warranting prosecution under this Act, shall be liable to arrest:

Provided that any arrest under this sub-section shall not absolve the company from



the liabilities of payment of tax, default surcharge and any penalty imposed or due under this Act.

**59. Procedure to be followed on arrest of a person.**---(1) When an officer of the Authority arrests a person under section 58 of this Act, he shall immediately intimate the fact of the arrest of that person to the Special Judge, who may direct such officer to produce that person at such time and place and on such date as the Special Judge considers expedient.

(2) Notwithstanding anything contained in sub-section (1), any person, arrested under this Act, shall be produced before the Special Judge or, if there is no Special Judge within a reasonable distance, to the nearest Magistrate, within twenty-four hours of such arrest, excluding the time necessary for the journey from the place of arrest to the Court of the Special Judge or of the Magistrate.

(3) When any person is produced under sub-section (2) before the Special Judge, the Special Judge may, on the request of such person, after perusing the record, if any and after giving the prosecution an opportunity of being heard, admit him to bail on his executing a bond, with or without sureties, or refuse to admit him to bail and direct his detention at such place as he deems fit.

(4) Nothing contained herein shall preclude the Special Judge from cancelling the bail of any such person at a subsequent stage if, for any reason, he considers such cancellation necessary, but before passing such order he shall afford such person an opportunity of being heard, unless for reasons to be recorded he considers that the affording of such opportunity shall defeat the purpose of this Act.

(5) When such person is produced, under sub-section (2), before a Magistrate, such Magistrate may, after authorizing his detention in such custody at such place and for such period as he considers necessary or proper for facilitating his earliest production before the Special Judge, direct his production before the Special Judge on a date and time to be fixed by him or direct such person to be forthwith taken to, and produced before, the Special Judge and he shall be so taken or produced.

(6) Nothing in sub-sections (2), (3) and (4) shall preclude the Special Judge or the Magistrate from remanding any such person to the custody of the officer of the Authority holding an inquiry or investigation against that person if such officer makes a request in writing to that effect, and the Special Judge or the Magistrate, after perusing the record, if any, and hearing such person, is of the opinion that for the completion of inquiry or investigation it is necessary to make such order but the total period of such custody shall not exceed fourteen days.

(7) When any person is arrested under this Act, the arresting officer of the Authority shall record the fact of arrest and other relevant particulars in the register specified in sub-section (11) and shall immediately proceed to inquire into the charge against such person and if he completes the inquiry within twenty-four hours of his arrest, and he may, after producing such person before the Special Judge or the Magistrate, make a request for his further detention in his custody.

(8) While holding an inquiry under sub-section (7), the officer of the Authority shall exercise the same powers as are conferred upon or exercisable by an officer in charge of a police station under the Code, but such officer shall exercise such powers, subject to the foregoing provisions of this section, while holding an inquiry under this Act.

(9) If an officer of the Authority, after holding an inquiry, is of the opinion that there is no sufficient evidence or reasonable ground for suspicion against such person, he shall release him on his executing a bond, with or without sureties, and shall direct such person to appear, as and when required, before the Special Judge, and make a report to the Special Judge for the discharge of such person and shall make a full report of the case to his immediate superior.

(10) The Special Judge to whom a report has been made under sub-section (8) may, after the perusal of record of the inquiry and hearing the prosecution, agree with such report and discharge the accused or, if he is of the opinion that there is sufficient ground for proceedings against such person, proceed with his trial and direct the prosecution to produce evidence.

(11) The officer of the Authority, holding an inquiry under this section, shall maintain a register to be called the “*Register of Arrests and Detentions*” in the form prescribed by Government, in which he shall enter the name and other particulars of every person arrested under this Act, together with the time and date of arrest, the details of the information received, the details of things, goods or documents, recovered from his custody, the name of the witnesses and the explanation, if any, given by him and the manner in which the inquiry has been conducted from day to day; and, such register or authenticated copies of its aforesaid entries shall be produced before the Special Judge, whenever such officer is so directed by the Special Judge.

(12) After completing the inquiry, the officer of the Authority shall, as early as possible, submit to the Special Judge a complaint in the same form and manner in which the officer in charge of a police station submits a report, before a Court.

(13) The Magistrate may record any statement or confession, during inquiry or investigation under this Act, in accordance with the provisions of section 164 of the Code.

**60. Officers to have access to premises, stocks, accounts and records.**---(1) Any officer of Authority, not below the rank of Assistant Collector, shall, [with the prior approval of the Collector or Management Committee,]<sup>20</sup> in his relevant jurisdiction, have free access to the business premises, registered office or any other place, where any stocks, business records or documents, required under this Act, are kept or maintained by any registered person or a person liable for registration or whose business activities are covered under this Act or who may be required for any inquiry or investigation in any tax fraud, committed by him or his agent or any other person, and such officer may, at any time, inspect the goods, stocks, records, data, documents correspondence, accounts, statements, utility bills, bank statements, information, regarding nature and sources of funds or assets, with which his business is financed, and any other records or documents, including those which are required under any other law, to be maintained in any form or mode and may take into his custody such records, statements, diskettes, documents or any part thereof, in original or copies thereof, in such form as the authorized officer may deem fit against and sign the receipt.

(2) The registered person, his agent or any other person, specified in sub-section (1), shall answer any question or furnish such information or explanation as may be asked by such officer.

(3) All other Government Departments, local bodies, autonomous bodies, corporations or such other institutions shall supply requisite information and render necessary assistance to the officer of the Authority in the course of inquiry or investigation under this section.

(4) The records and material etc., taken into custody, shall be documented into an inventory statement, to be signed jointly by the officer of the Authority and the person concerned or his agent or representative; provided that refusal to sign the inventory statement by such person or his agent or representative shall not affect the legality or validity of the inventory statement and its contents.

**61. Obligation to produce documents and provide information.**---(1)

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<sup>20</sup> Inserted through Finance Act, 2024 (assented on: 06th June 2024).

Notwithstanding anything contained in this Act or any other law for the time being in force, any person, required to maintain any record under this Act and the rules, shall, on demand by an officer of the Authority, not below the rank of an Assistant Collector, by notice in writing, as and when specified in the notice,-

- (a) produce, for examination, such documents or records which the officer of the Authority considers necessary or relevant to the audit, inquiry, investigation or any other purpose under this Act;
- (b) allow the officer of the Authority to take extracts from or make copies of such documents, records; and
- (c) appear before the officer of the Authority and answer any question put to him concerning the documents and records relating to the audit, inquiry or investigation referred to in clause (a).

(2) An officer of the Authority, conducting an audit, inquiry or investigation under this Act and the rules, may require, in writing, any person, department, company or organization to furnish such information, as is held by that person, department, company or organization, which, in the opinion of the officer of the Authority, is relevant for the audit, inquiry or investigation.

(3) The Management Committee may require, in writing, any person, department, company or organization, as the case may be, to provide any information or data held by that person, department, company or organization, which, in the opinion of the Management Committee, is required for the purposes of this Act.

(4) Every person, department, company or organization shall furnish the information and data and documents, requisitioned by the Management Committee or the officer of the Authority under sub-section (2) or sub-section (3) of this section, within the time specified in the notice, issued by the Management Committee or officer of the Authority.

**62. Searches under warrant.**---(1) Where any officer of the Authority has reason to believe that any documents or things, which, in his opinion, may be useful for, or relevant to, any proceedings under this Act, are kept in any place, he may after obtaining a warrant from the Magistrate, enter that place and cause a search to be made at anytime.

(2) All searches, made under sub-section (1), shall be carried out in accordance with the relevant provisions of the Code.

(3) Notwithstanding anything contained in this Act, where an officer of the Authority, not below the rank of Collector, has reason to believe that a person has failed to comply with his obligations under the Act or the rules, he may, by an order, in writing, seal the business premises of that person for a period which may extend to one month upon giving a notice in writing to this effect.

**63. Posting of an officer of the Authority to business premises.**---(1) Subject to such conditions and restrictions, as it deem fit to impose, the Management Committee or the Collector may post an officer of the Authority to the premises of a registered person to monitor the provision of services by such registered person.

(2) A person, to whose business premises an officer of the Authority is posted under this section, shall provide at his own cost, all facilities to meet the departmental requirements of such posting as may be determined by the Management Committee or the Collector.

(3) No registered person shall claim, nor shall he be otherwise entitled to any financial or other compensation for the expenses incurred by him to provide the facilities under sub-section (2).

**64. Monitoring or tracking by electronic or other means.**---(1) Subject to such conditions, restrictions and procedure, as it may deem fit to impose or specify, the Management Committee may, by notification in the official Gazette, specify any registered person or class of registered persons or any of the services or class of services, in respect of which monitoring or tracking of provision or receipt of service or services, may be implemented through electronic or other means as may be prescribed.

(2) The Policy Board may, in the prescribed manner, devise and implement an electronic system for monitoring and capturing the transactions recorded or the invoices issued by a registered person or a class of registered persons or a service or services or class of services, and transferring the information, obtained by such monitoring or capturing of transactions or invoices, to the computer systems of the Authority on real time basis or otherwise.

(3) From the date as may be specified by the Management Committee from time to time, the persons, providing or rendering taxable services, shall compulsorily use such electronic means or systems, including fiscal cash registers, for issuance of tax invoice under the e-invoicing system.

**65. Revision.**---(1) The Management Committee or, as the case maybe, Collector may, of its or his own motion or on an application made in writing by a registered person for revision, call for and examine the record of any proceedings under this Act of the rules for the purpose of satisfying himself as to the legality or propriety of any decision or order passed therein by an officer of the Authority, pass such order as he may think fit:

Provided that no order imposing or enhancing any penalty, fine or requiring payment of a greater amount of tax than the originally levied amount shall be passed unless the person affected by such order has been given an opportunity of showing cause and of being heard:

[Provided further that in any case where the decision or order of an officer of the Authority is revised by the Collector, the revised order passed under this section shall be communicated to the Management Committee by the Collector within seven days of passing of such orders.]<sup>21</sup>

- (2) The Management Committee or Collector shall not revise any order under sub-section (1), if-
- (a) an appeal under section 66 is pending or the matter has been referred for resolution under section 73;
  - (b) where an appeal against the order lies under section 66, the time within which such appeal may be made has not expired or the person has not waived his right of appeal;
  - (c) in the case of an application made by a person, the application has not been made within one hundred and eighty days of the date on which such order was served on the person, unless the Collector is satisfied that the person was prevented by sufficient cause from making the application within the time allowed; and
  - (d) in the case where the Collector has, on his own motion, called for and examined an order passed by a subordinate officer, more than five years have lapsed from the date of the original order.

(3) No application for revision of an assessment shall be made under sub-section (1), unless the amount of tax due under the assessment that is not in dispute has been paid by the taxpayer.

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<sup>21</sup> Added through Finance Act, 2024 (assented on: 06th June 2024).

**CHAPTER-X**  
**APPEALS AND OTHER REMEDIES**

**66. Appeals.**---(1) Any aggrieved person, other than the Management Committee or any of employee of the Authority, may appeal to the Collector (Appeals) against any order passed by an officer of the Authority, other than the Collector, under-

- (a) section 27 for assessment of tax and recovery of tax not levied or short-levied;
- (b) sub-section (8) of section 29 for rejection of an application for registration;
- (c) sub-section (1) of section 31 for compulsory registration; or
- (d) any other order passed under section 45.

(2) An appeal under sub-section (1) shall-

- (a) be in the prescribed form;
- (b) be verified in the prescribed manner;
- (c) state precisely the grounds upon which the appeal is made;
- (d) be accompanied by the fee specified in sub-section (3);and
- (e) be lodged with the Collector (Appeals) within thirty days of the date of receipt of a decision or order specified under sub-section (1).
- (f) The specified fee shall be- where the appellant is a company, one thousand rupees; or
- (g) where the appellant is not a company, five hundred rupees.

(3) The Collector (Appeals) may, upon application, in writing, by the appellant, admit an appeal after the expiration of the period specified in sub-section (1), if the Collector (Appeals) is satisfied that the appellant was prevented by sufficient cause from lodging the appeal within that period.

**67. Procedure in appeal.**---(1) The Collector (Appeals) shall give notice of the day fixed for the hearing of the appeal to the appellant and to the authorized officer; provided that nothing shall bar the officer, who has adjudicated the case or who has been nominated by the Director General, to represent and defend the case before the Collector (Appeals).

(2) The Collector (Appeals) may adjourn the hearing of the appeal from time to time.

(3) The Collector (Appeals) may, before the hearing of an appeal, allow an appellant to file any new ground of appeal, not specified in the grounds of appeal already filed by the appellant where the Collector (Appeals) is satisfied that the omission of the ground from the form of the appeal was not willful or unreasonable.

(4) The Collector (Appeals) may stay the recovery of any tax due by virtue of the decision or order being appealed against and any such order made by the Collector (Appeals) shall remain operative for not more than fifteen days during which period a notice shall be issued to the respondent and after hearing the parties, the order staying recovery may be confirmed, varied or vacated as the Collector (Appeals) deems fit but the stay order so confirmed or varied shall remain operative for not more than sixty days, including any period for which the recovery may have been stayed prior to the confirmation or variation of the stay order.

(5) The Collector (Appeals) may, before disposing of an appeal, call for such

particulars, documents, records or information as the Collector (Appeals) may require respecting the matters arising in the appeal or cause further inquiry to be made by the officer of the Authority.

**68. Decision in appeal.**---(1) In disposing of an appeal, lodged under section 66, the Collector (Appeals) may pass such order as he thinks fit, confirming, varying, altering, setting aside or annulling the decision or order appealed against.

(2) In deciding an appeal, the Collector (Appeals) may make such further inquiry as may be necessary provided that he shall in no case remand any matter for *denovo* consideration:

Provided that a case may be remanded for *de novo* consideration, in special circumstances, for reasons and purposes to be recorded by the Collector (Appeals) in writing.

(3) The Collector (Appeals) shall communicate his order to the appellant and the Management Committee.

(4) An order passed by the Collector (Appeals) under sub-section (1), shall be passed not later than one hundred and twenty days from the date of filing of appeal or within such extended period, not exceeding sixty days, as the Collector (Appeals) may, for reasons to be recorded in writing, fix.

(5) In computing the aforesaid time period, any period during which the proceedings are adjourned, on account of a stay order or Alternative Dispute Resolution proceedings under section 73 or the time, taken through adjournment by the appellant, shall be excluded.

**69. Appeal to the Appellate Tribunal.**---(1) The aggrieved registered person or the officer of the Authority, not below the rank of Additional Collector, may appeal to the Appellate Tribunal against any order passed by the-

- (a) Collector, under section 27 of this Act, for assessment of tax and recovery of tax not levied or short-levied;
- (b) Management Committee or Collector, under sub-section (8) of section 29 of this Act, for rejection of application for registration;
- (c) Management Committee or Collector, under sub-section (1) of section 31 of this Act, for compulsory registration;
- (d) Management Committee, under sub-section (3) of section 32 of this Act, for suspension of registration;
- (e) Management Committee, under sub-section (4) of section 33 of this Act, for rejection of an application for de-registration;
- (f) Collector, under sub-section (3) of section 62 of this Act, for sealing of business premises; or
- (g) Management Committee or Collector, under section 65 of this Act, for revision;
- (h) Collector (Appeals), under section 66 of this Act, including a stay order under sub-section (4) of section 66; or
- (i) any other appealable order passed by the Management Committee or Collector under any other provisions of this Act:

Provided that unless otherwise directed by the Director General in any specific case or class of cases, only an authorized

officers shall appear to defend or plead the case in the Appellate Tribunal.

- (2) An appeal under sub-section (1) shall be-
  - (a) in the prescribed form;
  - (b) verified in the prescribed manner;
  - (c) accompanied by the fee specified in sub-section (3);and
  - (d) preferred to the Appellate Tribunal, within sixty days of the date of receipt of the order of the Collector (Appeals) or the Collector or Management Committee, as the case may be, by the appellant
  - (e) The fee for an appeal shall be three thousand rupees, except when filed by the Management Committee or the officer of the Authority.

(3) The Appellate Tribunal may, upon application in writing, admit an appeal after the expiration of the period specified in clause (d) of sub-section (2), if it is satisfied that the person appealing was prevented by sufficient cause from filing the appeal within that period.

**70. Disposal of appeals by the Appellate Tribunal.**---(1) The Appellate Tribunal may, before disposing of an appeal, call for such particulars, documents, records or information as it may require in respect of the matters arising on the appeal or cause further inquiry to be made by the officer of the Authority.

(2) The Appellate Tribunal shall afford an opportunity of being heard to the parties to the appeal and, in case of default by any of the parties on the date of hearing, the Appellate Tribunal may, if it deems fit, dismiss the appeal in default, or may proceed *ex parte* to decide the appeal on the basis of the available record but the Appellate Tribunal shall decide the appeal within six months from the date of filing of the appeal.

(3) The Appellate Tribunal may stay the recovery of any tax due by virtue of the decision or order being appealed against and any such order made by the Appellate Tribunal shall remain operative for not more than thirty days during which period a notice shall be issued to the respondent and after hearing the parties, the order staying recovery may be confirmed, varied or vacated as the Appellate Tribunal deems fit but the stay order so confirmed or varied shall remain operative for not more than six months, including any period for which the recovery may have been stayed prior to the confirmation or variation of the stay order.

(4) In deciding the appeal, the Appellate Tribunal may, without prejudice to the powers specified in sub-section (2), make an order to-

- (a) affirm, modify or annul the order being appealed against; or
- (b) remand the case to the officer of the Authority or the Collector (Appeals) for making such inquiry or taking such action as the Appellate Tribunal may direct.

(5) The Appellate Tribunal shall communicate its order to the taxpayer and the Collector.

(6) Save as provided in any other law, the decision of the Appellate Tribunal on an appeal shall be final.

**71. Reference to the High Court.**---(1) A reference to the High Court shall lie only if a question of law is involved in a case.

- (2) Any person, the Collector or the Management Committee may, within sixty

days from the date of communication of the final order of the Appellate Tribunal, prefer a reference in the prescribed form along with a statement of the facts of the case and the question of law involved in the case.

(3) The High Court may dismiss a reference *in limine* if it is satisfied that the reference does not contain any question of law for determination.

(4) The reference, under this section, shall be heard by a Bench of at least two Judges of the High Court and the provisions of section 98 of the Code of Civil Procedure 1908 (Act No. V of 1908) shall, as far as possible, apply to such reference.

(5) The High Court shall send a copy of the judgment under the seal of the Court to the Appellate Tribunal.

(6) Notwithstanding that a reference has been filed in the High Court, the tax shall be paid in accordance with the order of the Appellate Tribunal.

(7) If the tax liability is reduced by the High Court and the Management Committee decides to seek leave to appeal to the Supreme Court, the Management Committee may, within thirty days of the receipt of the judgment of the Court, apply to the High Court to postpone the refund until the decision by the Supreme Court.

(8) Section 5 of the Limitation Act, 1908 (Act No. IX of 1908), shall apply to an application made to the High Court under sub-section (1).

(9) A court fee of rupees one thousand shall be affixed on a reference under this section except when it is filed by the Management Committee or the Collector.

**72. Deposit of the tax demand while appeal is pending.**---Where in any appeal, the decision or order appealed against relates to any tax demanded under this Act, the person who has filed the appeal shall, pending the appeal, deposit the amount of the tax admitted by the taxpayer based on the return filed under section 39 or as may be determined by the Collector (Appeals) or the Appellate Tribunal where such return has not been filed.

**73. Alternative dispute resolution.**---(1) Notwithstanding any other provisions of this Act or the rules, any registered person, aggrieved in connection with any dispute pertaining to-

- (a) the liability of tax against the registered person;
- (b) the extent of waiver of default surcharge and penalty;
- (c) relaxation of any procedural or technical irregularities and condonation of any prescribed time limitation; and
- (d) any other specific relief, required to resolve the dispute, may apply to the Management Committee for the appointment of a committee for the resolution of any dispute mentioned in detail in the application.

(2) Notwithstanding anything contained in sub-section (1), the Management Committee shall not accept an application under sub-section (1), where criminal proceedings have been initiated or where, the Management Committee is of the opinion that the interpretation of a question of law, having a larger impact on revenue or on a number of similar cases, is involved.

(3) The Management Committee may, after examination of the application of a registered person, appoint a committee of not less than three persons, within thirty days of receipt of such application, consisting of an officer of the Authority, not below the rank of an Additional Collector and nominees from a notified panel to be notified by the Management Committee, from time to time consisting of chartered or cost accountants, advocates, representatives of trade bodies or associations, retired officers of the rank of



not less than BS-20, retired judges or any other reputable taxpayers, for the resolution of the dispute.

(4) The committee, constituted under sub-section (3), shall examine the issue and may, if it deems fit, conduct an inquiry, seek expert opinions, direct any officer of the Authority or any other person to conduct an audit and shall make recommendations to the Management Committee within ninety days of its constitution in respect of the dispute.

(5) If the committee fails to make recommendations, within the said period, the Management Committee shall dissolve the committee and constitute a new committee which shall decide the matter within a further period of ninety days. If after the expiry of that period the dispute is not resolved, the matter shall be taken up by the appropriate forum provided under this Act for decision.

(6) The Management Committee may, on the recommendation of the committee, pass such order, as it may deem appropriate within forty-five days of the receipt of the recommendations of the committee.

(7) The registered person may make payment of tax as determined by the Management Committee in its order under sub-section (6), and such order of the Management Committee shall be submitted before the forum, Tribunal or the Court where the matter is *subjudice* for consideration of orders as deemed appropriate.

**CHAPTER-XI RECOVERY**  
**OF ARREARS**

**74. Recovery of arrears of tax.**---(1)Subject to sub-section (2), where any amount of tax is due from any person, an officer of the Authority not below the rank of Assistant Collector may-

- (a) deduct the amount from any money owing to the person from whom such amount is recoverable and which may be at the disposal or in the control of such officer or any officer of the Authority;
- (b) require, by a notice in writing, any person who holds or may subsequently hold any money for or on account of the person from whom tax may be recoverable to pay to such officer the amount specified in the notice; provided that where such person other than Government department and other public sector non-commercial institution, deliberately avoids compliance to such notice despite his ability to do so, the officer of the Authority may issue a show cause notice for imposition of personal penalty, not exceeding one hundred thousand rupees;
- (c) require, by notice in writing, any bank to attach that person's bank account(s)whether business or otherwise and recover the amount payable without attachment and remit the money there from; provided that where such notice has been issued and the officer in charge of the bank branch concerned declines or otherwise is found involved in any manipulation with the defaulter to avoid remittance of the requested amount, the officer of the Authority may issue a show cause notice for imposition of personal penalty not exceeding one hundred thousand rupees;
- (d) place embargo on any business premises of such person till such amount is paid or recovered;
- (e) seal the person's business premises till such time as the amount of tax is paid or recovered in full;
- (f) attach and sell or sell without attachment any movable or immovable property of the person from whom tax is due;
- (g) attach, through direct or real-time collection, of sale proceeds of services by appointing an official receiver for direct deposit thereof with Government under relevant head of account; and
- (h) recover such amount by attachment and sale of any movable or immovable property, including attachment of bank account or accounts of the guarantor, person, company, bank or financial institution where a guarantor or any other person, company, bank or financial institution fails to make payment under his or its guarantee, bond or instrument deposited, filed or executed by the person as security or surety for payment of tax due:

Provided that the officer of the Authority may, in consequence of any notice, issued under any of the above clauses, recover the due amount of tax, in the manner prescribed under the rules or otherwise as deemed appropriate to make recovery of such amount directly from the person, who is holding or is otherwise in custody of any money, whether owned by or payable to the defaulter.

(2) If any arrears of tax, default surcharge, penalty or any other amount which is payable by any person, cannot be recovered in the manner specified above, the

Management Committee or the Collector may, for reasons to be recorded in writing, write-off the arrears or amount in the specified manner.

(3) For the purpose of recovery of tax, penalty or any other demand raised under this Act, the officer of the Authority shall have the same powers which under the Code of Civil Procedure, 1908 (Act No. V of 1908), a Civil Court has for the purpose of recovery of an amount due under a decree.

**75. [Unpaid and short paid amounts recoverable without notice.]**---Notwithstanding anything contained in this Act, where it is indicated from the return, submitted by the registered person or, as the case may be, evident from the records and materials, including but not limited to the Computer Systems, taken into custody by the authorized officer from the business premises of the registered person that the tax has been charged or collected from customer or service recipient but not paid or short paid by the registered person, the unpaid or short paid amount of tax along with default surcharge may be recovered from such person by attaching his bank accounts without giving him a show cause notice and without prejudice to any other action specified under section 74 of this Act, rules or regulations:

Provided that attachment of bank accounts of the registered person, for the purpose of recovery of tax under this sub-section, shall only be exercised with proper prior approval of the Collector or Management Committee, as the case may be:

Provided further that no penalty under section 53 of this Act shall be imposed unless show-cause notice is given to such person.]<sup>22</sup>

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<sup>22</sup> Substituted through Finance Act, 2024 (assented on: 06th June 2024) for the following: “75. Short paid amounts recoverable without notice.---Notwithstanding any of the provisions of this Act, where a registered person pays the amount of tax less than the tax due as indicated in his return, the short-paid amount of tax along with default surcharge shall be recovered from such person by attaching his bank accounts, without giving him a show cause notice and without prejudice to any other action specified under section 74 of this Act or the rules:

Provided that no penalty under section 53 of this Act shall be imposed unless a show cause notice is given to such person.”

**CHAPTER-XII**  
**AGENTS, REPRESENTATIVES AND E-INTERMEDIARIES**

**76. Agent.**---For the purpose of this Act and subject to sub-sections (2) and (3), the expression “*agent*” in respect of a registered person, means-

- (a) where the person is an individual under a legal disability, the guardian or manager who receives or is entitled to receive income on behalf, or for the benefit of the individual;
- (b) where the person is a company other than a Trust, a Government, or local authority in Pakistan, a director or a manager or secretary or accountant or any similar officer of the company;
- (c) where the person is a Trust declared by a duly executed instrument in writing whether testamentary or otherwise, any trustee of the trust;
- (d) where the person is a Government, or local authority in Pakistan, any individual responsible for accounting for the receipt and payment of money or funds on behalf of Government or local authority;
- (e) where the person is an association of persons, a director or a manager or secretary or accountant or any similar officer of the association or, in the case of a firm, any partner in the firm; or
- (f) where the person is a public international organization, or a foreign government or political sub-division of a foreign government, any individual responsible for accounting for the receipt and payment of moneys or funds in Pakistan on behalf of the organization, government or political subdivision of government.

(2) Where the Court of Wards, the Administrator General, the Official Trustee or any receiver or manager, appointed by, or under, any order of a Court, receives or is entitled to receive income on behalf, or for the benefit of any person, such Court of Wards, Administrator General, Official Trustee, receiver or manager shall be the agent of the person for the purposes of this Act.

(3) Notwithstanding anything contained in this section, any registered person may, expressly or impliedly, authorize another person to be his agent for all or any of the purposes this Act.

**77. Liability and obligations of agents.**--- (1) Every agent of a person shall be responsible for performing any duties or obligations imposed by or under this Act on the person, including the payment of tax.

(2) Subject to sub-section (5) of this section, any tax that, by virtue of sub-section (1), is payable by an agent of a registered person, shall be recoverable from the agent only to the extent of any assets of the registered person that are in the possession or under the control of the agent.

(3) Every agent of a registered person, who pays any tax owing by the registered persons shall be entitled to recover the amount so paid from the registered person or to retain the amount so paid out of any moneys of the registered person that are in the agent’s possession or under the agent’s control.

(4) Any agent, or any person who apprehends that he may be assessed as an agent, may retain out of any money payable by him to the person on whose behalf he is liable to pay tax (hereinafter in this section referred to as the “principal”), a sum equal to his estimated liability under this Act, and in the event of disagreement between the principal and such an agent or a person as to the amount to be so retained, such agent or person may obtain from the Collector a certificate stating the amount to be so retained

pending final determination of the tax liability, and the certificate so obtained shall be his authority for retaining that amount.

(5) Every agent shall be personally liable for the payment of any tax due by the agent if, while the amount remains unpaid, the agent-

- (a) alienates, charges or disposes of any moneys received or accrued in respect of which the tax is payable; or
- (b) disposes of or parts with any moneys or funds belonging to the registered person that is in the possession of the agent or which comes to the agent after the tax is payable, if such tax could legally have been paid from or out of such moneys or funds.

(6) Nothing in this section shall relieve any person from performing any duties imposed by or under this Act on the person which the agent of the person has failed to perform.

**78. Liability of the registered person for the acts of his agent.**---A registered person shall be responsible for any and all acts done by his agent.

**79. Appearance by authorized representative.**---A registered person, required to appear before the Appellate Tribunal or an officer of the Authority in connection with any proceedings under this Act, may, in writing, authorize any person, having such qualification as may be prescribed in the rules, to represent him or appear on his behalf.

**80. E-intermediaries.**---(1) Subject to such conditions, limitations and restrictions, the Management Committee may, by a notification in the official Gazette, appoint a person to electronically file returns and other electronic documents under this Act and the rules, on behalf of a registered person.

(2) A registered person may authorize, in writing, an e-intermediary to electronically file returns or any other documents on his behalf, as specified in sub-section(1).

(3) The return or such other documents, filed by an e-intermediary on behalf of a registered person, shall be deemed to have been filed by that registered person.

(4) Where this Act requires anything to be done by a registered person and if such thing is done by an e-intermediary authorized by the registered person under sub-section (2), unless the contrary is proved, such thing shall be deemed to have been done with the knowledge and consent of the registered person so that in any proceedings under this Act, the registered person shall be liable as if the thing has been done byhim.

(5) Where an e-intermediary, authorized by a registered person under sub-section (2), to act on his behalf, knowingly or willfully submits false or incorrect information or document or declaration with an intent to avoid payment of tax due or any part thereof, such e-intermediary shall be jointly and severally responsible for recovery of the amount of tax short paid as a result of such incorrect or false information or document or declaration, without prejudice to any other action that may be taken against him under the relevant provisions of the law.

(6) The Policy Board may, in the prescribed manner, determine the conduct and transaction of business of e-intermediaries, including their appointment, suspension and cancellation of appointment, subject to such conditions as prescribed in the regulations.

**CHAPTER-XIII**  
**GENERAL ADMINISTRATION**

**81. Power to make rules and regulations.**--- (1) Government may make rules for carrying out the purpose of this Act.

(2) The Policy Board may, by notification in the official Gazette, make regulations for carrying out the purposes of any of the provisions of this Act.

(3) The rules and regulations, made under this section or any other provisions of this Act, shall be collected, arranged and published along-with general orders and departmental instructions, directions, notifications and rulings, if any, at appropriate intervals and sell to the public at a reasonable price.

**82. Power to restrain certain authorities.**---The Management Committee may require that any authority, including a regulatory authority, competent to issue or renew licenses or permissions for engaging into an economic activity which is a taxable service, notwithstanding any contained in any other law for the time being in force, shall not issue or renew such licenses or permissions unless the licensee or the permission-holder submits the evidence that he is duly registered under this Act.

**83. Computerized system.**---(1) The Policy Board may prescribe the use of a computerized system for carrying out the purposes of this Act, including the receipt of applications for registration, returns and such other declarations or information required to be provided under this Act and the rules, from such date and for such registered persons or class of persons as the Policy Board may specify.

(2) The Management Committee may regulate the conduct and transaction of business in relation to the submission of returns or other information to the Management Committee by the persons required to transmit or receive any information through the computerized system, including matters such as the grant of authorization, suspension and cancellation of authorization and for security of the information transmitted or received through the computerized system.

(3) Unless otherwise proved, the information, received in the computerized system from or on behalf of any registered person, shall, for all official and legal purposes, be deemed to have been furnished by and received from such registered person.

(4) The business information gathered through computerized system shall be confidential to be used only for official and legal purposes and no unauthorized person shall claim or be provided any access to such information.

**84. Service of orders and decisions.**---(1) Subject to this Act, any notice, order or requisition, required to be served on an individual for the purposes of this Act, shall be treated as properly served on the individual if-

- (a) personally served on the individual or, in the case of an individual or under a legal disability the agent of the individual;
- (b) sent by registered post or courier service to the individual's usual or last known address in Pakistan; or
- (c) served on the individual in the manner prescribed for service of a summons under the Code of Civil Procedure, 1908 (Act No. V of 1908).

(2) Subject to this Act, any notice, order or requisition, required to be served on any person, other than an individual to whom sub-section (1) applies, for the purposes of this Act, shall be treated as properly served on the person if-

- (a) personally served on the agent of the person;

- (b) sent by registered post or courier service to the person's registered office or address for service of notices under this Act in Pakistan or where the person does not have such office or address, the notice is sent by registered post to any office or place of business of the person in Pakistan; or
- (c) served on the manner prescribed for service of a summons under the Code of Civil Procedure, 1908 (Act No. V of 1908).

(3) Where an association of persons is dissolved, any notice, order or requisition, required to be served under this Act, on the association, or a member of the association may be served on any person who was the principal officer or a member of the association, immediately before such dissolution.

(4) Where a business stands discontinued, any notice, order or requisition, required to be served under this Act, on the person discontinuing the business, may be served on the person personally or on any individual, who was the person's agent, at the time of discontinuance.

(5) The validity of any notice or service of a notice, under this Act, shall not be called into question after the notice has been complied with in any manner.

(6) Any registered person may indicate, in the manner prescribed in the rules, that he wishes to electronically receive all or specific communications, including notifications, orders, assessments and requisitions, from the Management Committee, the Appellate Tribunal or any officer of the Authority.

(7) The Management Committee may, by notification in the official Gazette, direct that all or specific communications, including notifications, notices, show cause notices, orders, assessments and requisitions from the Management Committee, the Appellate Tribunal or any officer of the Authority to a specific registered person or class of registered person shall be made electronically.

(8) For the purposes of sub-sections (6) and (7), a registered person shall be considered to have received the electronic communication within seventy-two hours of the sending of the electronic communication by the Management Committee, Appellate Tribunal or officer of the Authority.

(9) For the purposes of sub-sections (6), (7) and (8), an electronic communication includes a communication sent by email.

**85. Correction of clerical errors.**---(1) Any clerical or arithmetical error in any assessment, adjudication, order or decision may, at anytime, be corrected by the officer of the Authority or the Management Committee, as the case may be, who made the assessment or adjudication or passed such order or decision or by his successor in office, through an order made under this section.

(2) Before any correction is made under sub-section (1), an intimation notice shall be given to the registered person affected by such correction.

**86. Issuance of duplicate of the tax documents.**---An officer of the Authority, not below the rank of Assistant Collector, may issue an attested copy of any tax-related document to the registered person on payment of one hundred rupees.

**87. Power to issue orders, instructions and directions.**---The Management Committee may issue such orders, instructions and directions to all officers of the Authority, not inconsistent with this Act and the rules, as it may deem necessary to implement, administer or enforce the provisions of this Act and the rules.

**88. Officers of the Authority to follow orders.**---All officers of the Authority and other persons, employed in the administration of this Act and the rules, shall observe and follow the orders, instructions and directions of Governments, Policy Board and the

Management Committee:

Provided that no such orders, instructions or directions shall be given so as to interfere with the discretion of officers of the Authority in the exercise of their *quasi-judicial* functions.

**Explanation.**---The interpretation of any provision of this Act, rules and regulations shall not have any binding force, if issued on the administrative side. Such power vests with the officers of the Authority performing *quasi-judicial* functions under this Act, the Appellate Tribunal and the Courts of competent jurisdiction.



**CHAPTER-XIV**  
**MISCELLANEOUS**

**89. Computation of limitation period.**---In computing the period of limitation prescribed for any appeal or application under this Act, the day on which the order complained of was served and, if the concerned person was not furnished with a copy of the order, the time requisite for obtaining a copy of such order shall be excluded.

**90. Condonation of time-limit.**---(1) Where any time or period has been specified under any of the provisions of the Act or the rules within which any act or thing, including submission of an application, filing of a return or payment of tax, is to be done, the Management Committee may permit such application to be made or such act or thing to be done within such time or period as it may consider appropriate.

(2) The Management Committee shall not condone a time limitation which results in increase of any tax payable unless the taxpayer has been given a reasonable opportunity of being heard.

**Explanation.**---For the purposes of this sub-section, the term “*tax payable*” means the principal amount of the tax other than penalty and default surcharge and in case where only penalty or default surcharge is involved, the amount of penalty or default surcharge.

(3) The Management Committee may, by notification in the official Gazette, and subject to such limitations or conditions as may be specified therein, empower any Collector or an officer of the Authority to exercise the powers under this section in any case or class of cases:

Provided that where a Collector or any other officer of the Authority has been empowered to grant condonation under this section, he shall not be competent to grant condonation in any case falling in the jurisdiction of any officer with designation or rank higher than the Collector or such officer.

**Explanation.**--- Condonation of time limit under this section may be granted by the Management Committee either for the purposes of general application, in respect of any person or class of persons, with regard to any case or class of cases or to any officer or official or class of officers or officials of the Authority, performing functions or exercising powers under any of the provisions of this Act and rules.

**91. Bar of suits, prosecution and other legal proceedings.**---(1) No suit or other legal proceedings shall be brought in any Civil Court to set aside or modify any notice issued, order passed, assessment made, tax levied, penalty or default surcharge imposed collection of tax made or any action taken for collection or recovery of any tax or arrears of tax under this Act.

(2) No suit, prosecution or other legal proceeding shall lie against Government or against any public servant in respect of any action taken or any notice issued or any decision made or any order passed in good faith under this Act.

(3) Under no circumstances, any of the authorities, having the powers to hear appeal, under this Act, shall order any cost or fine, on any ground, whatsoever, against the Management Committee or any of its officers or officials.

(4) Notwithstanding anything in any other law for the time being in force, no investigation or inquiry shall be undertaken or initiated by any Government agency, against any officer or official for anything done in his official capacity under this Act, except with the permission of the Management Committee.

**92. Removal of difficulties.**---If any difficulty arises in giving effect to the provisions of this Act, the rules or notifications issued thereunder, the Management Committee may through a general order or otherwise, issue instructions or directions, not inconsistent with the provisions of this Act, for such actions to be taken by an officer of the Authority or any

other person as it considers necessary or expedient for the purpose of removing the difficulty.

**[92A. Reward to whistleblowers.---**(1) The Management Committee, with the approval of the Finance Department, may sanction reward to whistleblowers in case of reporting concealment or evasion of tax, tax fraud, corruption or misconduct by officers or officials of the Authority, providing credible information leading to such detection of evasion of tax.

- (2) The Policy Board, in the manner as may be prescribed, specify the procedure for processing the reward and also specify the apportionment of reward sanctioned under this section of whistleblowers.
- (3) The claim for reward by the whistleblowers shall be rejected, if,-
  - (a) the information provided is of no value;
  - (b) the Management Committee already had the information;
  - (c) the information was available in public records; or
  - (d) no collection of taxes is made from the information provided from which the Management Committee may pay the reward.

**Explanation:** For the purpose of this section, “whistleblower” means a person who reports concealment or evasion of sales tax and tax fraud leading to detection or collection of taxes, fraud, corruption or misconduct by officers or officials of the Authority, to the competent authority having power to take action against the person or officers or officials of the Authority committing fraud, corruption, misconduct, or involved in concealment or evasion of tax.]<sup>23</sup>

**93. Repeal and savings.---**(1) [Section 2 and sections 19 to 116]<sup>24</sup> of the Khyber Pakhtunkhwa Finance Act, 2013 (Khyber Pakhtunkhwa Act No. XXI of 2013), both inclusive, are hereby repealed, which, hereinafter, referred to as the repealed sections.

(2) Subject to sub-section (3), in making any assessment or determination of tax in respect of any tax period prior to the enforcement of this Act, the provisions of the repealed sections, in so far as these relate to the amount of tax payable in such previous tax period, shall apply as if this Act had not come into force.

(3) The assessment or determination of tax, referred to in sub-section (2), shall be made by the officer of the Authority, competent under this Act to make an assessment or determination in respect of a subsequent tax period after the enforcement of this Act, in accordance with the procedure specified in this Act.

(4) The recovery of any sum, found due as a result of the assessment or determination under sub-section (2), shall be recovered under the provisions of this Act.

(5) Any proceeding under the repealed sections, pending on the date of enforcement of this Act, before any authority, the Appellate Tribunal or any Court by way of appeal, reference, revision or prosecution, shall be continued and disposed of as if this Act had not come into force.

(6) Any proceeding relating to an assessment or determination of tax in respect of any tax period, ending prior to the enforcement of this Act, which is initiated after the enforcement of this Act, shall be initiated and conducted in accordance with the procedure specified in this Act.

(7) Any tax, payable under the repealed sections, may be recovered under this Act, but without prejudice to any action already taken for the recovery of the amount under the repealed sections.

(8) Where Government or the Authority has taken any action or has made any decision or orders, issued any instruction, direction, clarification or notification in pursuance of or in exercise of the powers conferred by or under any of the provisions of

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<sup>23</sup> Inserted through Finance Act, 2024 (assented on: 06th June 2024)

<sup>24</sup> Substituted through Finance Act, 2024 (assented on: 06th June 2024) for the words and figures “Sections 19 to 116”.

the repealed sections and rules or notifications issued thereunder, such actions, decisions, orders, instructions, directions, clarifications and notifications shall, unless otherwise directed by Government or, as the case may be, by the Authority, be deemed to have been validly issued, so far as they serve the purposes of this Act and the rules or notifications issued thereunder.

**FIRST SCHEDULE**

(Classification and Description of Services)  
[see sections 2(ad) & (aaa), 3(4) & 17(1)(g)(i)]

<b>Classification(1)</b>	<b>Description(2)</b>
9801.0000	Services provided by hotels, restaurants, marriage halls, lawns, clubs and caterers, suppliers of prepared eatables and drinkables, <i>pandals</i> and <i>shamianas</i> , messes, hostels and similar undertakings including allied, auxiliary or ancillary services thereto
9801.1000	Hotels and similar establishments
9801.2000	Restaurants and similar undertakings or businesses
9801.3000	Marriage halls, lawns, <i>pandals</i> and <i>shamianas</i>
9801.4000	Clubs
9801.5000	Caterers and other persons supplying prepared eatables and drinkables
9801.6000	Motels, guest houses, lodges and farm houses
9801.7000	Messes and hostels
9801.8000	Similar other services or service providers
9801.9000	Services allied, auxiliary or ancillary thereto
<b>9802.0000 Advertisements and advertisement services</b>	
9802.1000	TV including cable TV networks
9802.2000	Radio
9802.3000	Closed Circuit TV (CCTV)
9802.4000	Newspapers, periodicals, magazines and similar other publications
9802.5000	Website and internet
9802.6000	Poles or similar structures
9802.7000	Billboards, electronic bill boards, hoarding boards, signboards and similar other medium of advertisement display
9802.8000	Lease or renting of space whether on constructed or erected structure or otherwise, for the purposes of advertisements
9802.9000	Other similar services or other advertisement services
<b>9803.0000 Cinematographic production, photographic services and broad casting services</b>	
9803.1000	Film making or film production including drama production whether in serials or otherwise
9803.2000	TV production
9803.3000	Radio production
9803.4000	Broad casting services
9803.5000	Photographic services (services of photography or photographers)
9803.9000	Other similar, allied, ancillary or auxiliary services

9804.0000	Services provided as facilities for travel or transportation (including carriage) of persons
9804.1000	Sea or river (ships, vessels, ferries, trawlers, launches, barrages, boats or similar power-operated structures)
9804.2000	Air (aircrafts, airplanes, helicopters, airships, air-balloons and other flying structures, apparatuses or machines)
9804.3000	Railways (train) including tram ways
9804.4000	Road (busses, coaches, coasters, wagons, jeeps, cars, taxis and other motor or motor-bike-operated four or three wheel vehicles primarily meant for passengers transport)
9804.5000	Chairlifts or similar directly or indirectly power-operated moving structures
9804.9000	Other traveling or transportation services
9805.0000	Services provided for carriage or transportation of goods
9805.1000	Sea or river (ships, vessels, oil tankers, ferries, trawlers, launches, barrages, boats or similar power-operated structures)
9805.2000	Air (airplanes, helicopters, airships, air-balloons and other flying structures, apparatuses or machines)
9805.3000	Railways (train) including tramways
9805.4000	Road (vehicles whether or not containerized like trucks, trailers, trawlers, oil tankers, loaders, pick-ups, trollies and other power or motor bike-operated four or three wheel vehicles primarily meant for loading and carriage of goods)
9805.5000	Bucket-lifts or similar directly or indirectly power-operated moving structures
9805.6000	Conduit, pipeline, convey or and similar cargo transmission networks or arrangements for transportation of goods whether liquid or otherwise
9805.9000	Other services for carriage or transportation of goods whether liquid or otherwise
9806.0000	Services provided by persons authorized to transact business on behalf of others as agent or otherwise
9806.1000	Shipping agents, ship chandlers, stevedores, and ship handling or management service providers
9806.2000	Freight forwarding agents and cargo forwarding or moving businesses
9806.3000	Customs or customs house agents
9806.4000	Travel agents, tour operators and recruiting agents
9806.5000	Advertising agents and advertisement intermediaries
9806.6000	Share transfer agents and general insurance agents
9806.7000	Sponsorship services
9806.8000	Business management or business support services
9806.9000	Other similar services
9807.0000	Services provided in matters of sale, purchase, rent or hire
9807.1000	Property dealers, property agents and realtors

9807.2000	Car and other automobile dealers (whether old or new)
9807.3000	Dealers of electrical or electronic equipments, appliances or other goods (whether old or new)
9807.4000	Dealers of other second hand goods
9807.9000	Other similar or allied services
9808.0000	Services (including dyeing) provided by laundries (launderers), dry cleaners or similar other businesses whether independently or Otherwise
9808.1000	Launderers and dry cleaners operating independently
9808.2000	Launderers and dry cleaners operating in conjunction with other businesses providing services
9808.3000	Laundering or dry cleaning services by other businesses (including those performed for industrial purposes)
9808.4000	Dyers of cloth or clothes including industrial dyers (e.g., dyers of textiles or textile materials)
9808.9000	Other similar or allied services
9809.0000	Courier services including speedy, fast, quick or urgent mail or cargo services provided either by courier companies or by other businesses or entities whether as a sole activity or in conjunction or along with other business activity or activities
9809.1000	Courier services (including parcels) by dedicated businesses
9809.2000	Urgent delivery cargo services as an exclusive business activity
9809.3000	Courier or urgent delivery cargo services performed by other businesses like passenger transport companies or entities
9809.9000	Other similar, allied or ancillary services
9810.0000	Services provided by persons engaged in contractual execution of works or furnishing supplies (excluding transactions involving contractual supply of goods only, without any component of service)
9810.1000	Work contractors other than construction or maintenance work
9810.2000	Maintenance work services whether or not involving furnishing of supplies (excluding supplies of goods only)
9810.9000	Other similar services
9811.0000	Services, by whatever name called, provided whether independently or otherwise for personal care, personal beautification and cosmetic uplift by beauty parlors, beauty clinics, slimming clinics and similar other businesses operating separately or otherwise
9811.1000	Ladies' beauty parlors or beauty clinics including ladies' salons Whether working independently or as part of other businesses
9811.2000	Cosmetic treatment or cosmetic surgery centers or clinics whether operating as stand-alone or as part of other businesses
9811.3000	Sliming or other health clinics or clubs providing, <i>interalia</i> , personal beautification services whether working independently or otherwise

9811.4000	Gents' grooming parlors or salons including barbour shops providing single or multiple services for personal care or beautification
9811.9000	Other similar services
9812.0000	Packing or packaging services including allied and ancillary services
9812.1000	Packing or packaging of industrial goods or products for industrial or commercial purposes
9812.2000	Packing or packaging of old or used office or household goods
9812.9000	Other similar, allied or ancillary services
9813.0000	Telecommunication and similar, allied or ancillary services
9813.1000	Telephone services (including fixed line, wireless, cellular, wireless local loop, video, pre-paid, post-paid, pay phone cards and voice mail etc.)
9813.1010	Messaging services (including Short Message Service (SMS), Multimedia Message Service (MMS) and messaging through other digital applications etc.)
9813.1020	Installation, provision, shifting, changing, conversion and restoration of telephone connections (including conversion of NWD connection to non NWD or <i>vice versa</i> ) and similar other services
9813.2000	Band width services (including copper-line/fiber-optic/co-axial cable/microwave/satellite-based, IP services, teleconferencing, 3G/4G/5G/LTE or similar other services)
9813.3000	Telegraph and other services relating there to
9813.4000	Tele fax including store and forward fax and similar other services
9813.4010	Internet services including e-mail, dial-up and other allied services
9813.4020	Broad band services for DSL connection (including copper-line/ fiber-optic/co-axial cable/wireless/satellite-based, internet/e-mail/data/SMS/MMS services on WLL or cellular mobile networks) and similar other services
9813.4030	Data communication network services (DCNS including copper-line/co-axial, cable/fiber-optic/wireless/radio/satellite-based, services relating to value-added data, virtual private network (VPN) and digital signature) and similar other services
9813.5000	Long distance international (LDI) services
9813.6000	Local loop or other similar services
9813.7000	Audio text services (including tele-text, trunk radio, paging or similar other services)
9813.8000	Voice paging services (including radio paging, vehicle or other object (whether or otherwise) tracking and burglar alarm etc.) and other similar services
9813.9000	Other similar, allied or ancillary services
9814.0000	Services provided by banks or banking companies, insurance companies, cooperatives and foreign exchange companies or dealers (including similar institutions or entities)

9814.1000	Banks or banking companies, cooperatives or similar institutions or entities (their all services including bank guarantee, brokerage, letter of credit, pay order or demand draft, bill of exchange, transfer of money in any manner, bill discounting, lockers and safe vaults, credit/debit cards, foreign exchange dealings, ATMs, issue-banking, provision of loans, business or investment financing or advances, leasing or releasing whether financial, equipment/commodity-related, <i>musharakah</i> financing etc.)
9814.2000	Insurance companies (their all services including goods, fire, theft, marine, travel, life, health, industrial, business-related, moveable or immoveable property insurance and other insurance and reinsurance services)
9814.3000	Services of cooperatives and cooperative societies (including producer cooperatives, worker cooperatives, consumer cooperative, credit unions, retail or purchasing cooperatives, social cooperatives, industrial service cooperatives, manufacturing cooperatives, marketing cooperatives, cooperative farming societies, housing cooperatives and credit cooperatives etc.)
9814.4000	Service of foreign exchange companies, dealers and money changers or similar businesses
9814.9000	Other similar banking, insurance, cooperative or money exchange services
9815.0000	Services provided by architects, civil engineers, construction consultants, construction contractors, town or real estate or property promoters, developers or planners including interior decorators or allied or ancillary professions
9815.1000	Architects and civil engineers or town promoters, developers or planners
9815.2000	Town, real estate or property promoters, developers or planners
9815.3000	Construction contractors including contractors of allied work such as electrical or gas fittings, plumbing, water boring, wood work, plastering, flooring, steel work, paint and other finishing work
9815.4000	Landscape or land development designers including land surveyors
9815.9000	Other similar, allied or ancillary services
9816.0000	<b>Services provided by practitioners, professionals, consultants and advisers (by whatever name called) in their respective fields or disciplines</b>
9816.1000	Medical, dental or allied health fields or disciplines including paramedics and specialized technicians
9816.2000	Veterinary and allied sciences including pet care
9816.3000	Law and allied fields or disciplines
9816.4000	Financial, accountancy, cost accountancy, tax management or tax affairs and similar other fields or disciplines
9816.5000	Human resource management or development
9816.6000	Business planning, business management, business reforms, business communication including hospitality administration and similar other fields or disciplines
9816.9000	Other similar services



9817.0000	<b>Services provided by laboratories engaged in lab work like examination, analysis, testing, verification, experimentation, innovation and product development etc., in relevant domain so knowledge</b>
9817.1000	Scientific including medical, health or health care labs
9817.2000	Mechanical including engineering labs
9817.3000	Chemical including materials or goods testing labs
9817.4000	Electrical or electronic labs
9817.5000	Forensic labs
9817.6000	Petro-chemical labs
9817.9000	Other similar labs
<b>Services provided by specialized agencies</b>	
9818.0000	<b>Services provided by specialized agencies</b>
9818.1000	Security agencies including security alarm services
9818.2000	Credit rating or similar evaluation agencies
9818.3000	Market research or market survey agencies
9818.4000	Private detective or intelligence service providing agencies
9818.5000	Project including business project planning or preparation agencies
9818.9000	Other similar agencies
<b>Services provided by specified persons or businesses</b>	
9819.0000	<b>Services provided by specified persons or businesses</b>
9819.1000	Stock brokers, future brokers and commodity brokers
9819.1100	Underwriters
9819.1200	Indenters and similar other commission agents
9819.1400	Packers and movers not falling under classification heading 9812.0000
9819.1500	Distribution agents
9819.2000	Money exchangers not falling under classification heading 9814.0000
9819.3000	Rent-a-car and automobile rental services
9819.4000	Survey or other than those falling under classification heading 9815.0000
9819.5000	Designers other than those falling under classification heading 9815.0000
9819.6000	Outdoor photographers and video graphers including studios services other than those falling under classification heading 9803.0000
9819.7000	Video tape, sound record, program producers and production services other than those falling under classification heading 9803.0000
9819.8000	Art painters including services provided by art galleries (excluding sale of their own pre-made—not made to order—art products)
9819.9000	Cable TV operators including private radio channel operators
9819.9100	Auctioneers other than those who pay tax as customs agent
9819.9200	Public relations services other than those who pay tax as practitioner, professional, consultant or advisor of business communication
9819.9300	Technical testing and analysis services other than those classifiable under heading 9817.0000

9819.9400	Service provided by a registrar to an issue
9819.9500	Services relating to processing for registration or protection of copy rights or other IPRs
9819.9900	Other similar services
9820.0000	<b>Services provided by specialized workshops or under takings</b>
9820.1000	Auto-workshops whether or not providing other allied or extended services
9820.2000	Workshops for industrial, construction, earth moving or other similar, heavy duty or special purpose machinery
9820.3000	Workshops for electric or electronic equipments or appliances including computer hardware
9820.4000	Car washing or similar service stations
9820.9000	Other similar workshops or businesses
9821.0000	<b>Services provided in specified fields not clubbed with other (taxable) services classified elsewhere in this Schedule</b>
9821.1000	Health care centers, health clubs, gyms or physical fitness centers
9821.2000	Indoor sports and games centers
9821.3000	Baby care centers
9821.4000	Body massage centers
9821.5000	Pedicure centers
9821.9000	Other similar services
9822.0000	<b>Services provided for specified purposes</b>
9822.1000	Fumigation or decontamination of commercial, industrial or residential buildings, warehouses, <i>godowns</i> , storage houses or storage places, parks, gardens and other buildings or places including business places
9822.2000	Maintenance or cleaning services in respect of buildings or other places whether or not wholly or partly constructed including places having only civil infrastructure
9822.3000	Janitorial services
9822.4000	Dredging or de-silting services
9822.5000	Salvage or similar other recovery services
9822.9000	Other similar services
9823.0000	<b>Franchise services either on giving or on receiving ends including royalties or similar financial benefits arising out of intellectual property rights or other factors of business good will</b>
9824.0000	<b>Brokerage (whether traditional, discount, commodity or other category) services (other than stock or securities brokers)</b>
9825.0000	<b>Exhibition, convention or carnival services including renting of purpose-specific property or space for such events</b>

9826.0000	<b>Services of computer software engineers including provisioning of information, data feeding, data processing, data cleaning, data storage, data transfer or data management etc.</b>
9827.0000	<b>Services relating to handling, storage or ware housing of goods whether or not movement or transport of such goods is undertaken or conducted by the same service provider</b>
9828.0000	<b>Services of fashion designers not engaged in designing, manufacturing and selling their own products or goods through their regular paid employees</b>
9829.0000	<b>Services of internet café including businesses providing facilities for playing computer games as separate activity of in conjunction or along with such café services</b>
9830.0000	<b>Airport services (including passenger facilitation, car parking, cargo handling, aviation support services, flight kitchen supplies, Renting of special purpose machinery, equipment, vehicles, porter age, quarantine and other fumigation or vaccination, janitorial services, jet or other fuel supply services etc.)</b>
9831.0000	<b>Forward contract services whether for property, commodity or other purposes</b>
9832.0000	<b>Coaching, training, vocational or tuition centers (whether or not called academies)</b>
9833.0000	<b>Tracking services</b>
9834.0000	<b>Quality control services (ISO certification authority)</b>
9835.0000	<b>Debt collection agencies</b>
9836.0000	<b>Amusement parks services</b>
9837.0000	<b>Call centers</b>
9838.0000	<b>Film and drama studios including mobile stage shows or cinemas</b>
9839.0000	<b>Entertainment services including services provided for planning, arranging or managing sports activities, games or matches etc.</b>
9840.0000	<b>Services provided in respect of manufacturing or processing on toll or charges basis(out of main or major inputs owned by</b>

9841.0000	<b>Container terminal, container handling or container storage services regardless whether the containers are empty or stuffed with cargo</b>
9842.0000	<b>Man power recruitment including recruitment for overseas jobs and labour supply services regardless the labour charges are given by these vice provider or the service recipient</b>
9843.0000	<b>Dry port services including operation of a dry port and other provided a torin respect of dry port such as inward/out ward transportation/movement of goods, cargo handling, cargo storage or warehousing, loading/unloading of cargo, booking or discharge of cargo etc.</b>
9844.0000	<b>Public bonded ware house services</b>
9845.0000	<b>Services provided in respect of exploration or mining of minerals, oil and gas including surveys and other activities related or allied thereto</b>
9846.0000	<b>Event management services whether covering all or any of the processes like planning, budgeting, scheduling, site selection, acquiring necessary permits, coordinating transportation and parking, arranging for speakers or entertainers, arranging decor, event security, catering or any other allied or connected task</b>
9847.0000	<b>Electric power and gas transmission (including wheeling) or distribution services</b>
9848.0000	<b>Valuation or assessment services including competency and eligibility testing services</b>
9849.0000	<b>Transportation, carriage, haulage or transmission of cargo whether dry, liquid or otherwise</b>
9850.0000	<b>Digital or IT-based services in whatever form or manner or under whatever arrangement including but not limited to web design and development, mobile app development, server management, page-speed optimization, UX/UI optimization, PPC marketing, blogging, Google Ad Words, Face book advertising, Insta-gram advertising, custom software development, assessment and road map development, software maintenance and support services, supply of any other software or soft ware product or products through any medium and online digital marking services such as search engine optimization (SEO), so cal media marketing, content marketing, affiliate marketing, influencer marketing, email marketing, viral marketing services etc.</b>
9851.0000	<b>Ride-hailing or ride-hail services like Uber, Cream, Biker and Lifted. Regard less of the mode, manner or dynamics of the business system involved in such services.</b>

9852.0000	<b>Online Market Place (OMP) including online platform or portal services by whatever name called.</b>
9853.0000	<b>Services relating to or in respect of the installation, erection, commissioning or other permanent structure-affixed/ linked/ tied placement (whether full or in part) of any industrial, mechanical or electrical plant, machinery or equipment (excluding installation of domestic equipment etc. for residential use)</b>
9854.0000	<b>Services relating to or involving collection, provision, organization, digitization, processing, analysis, safety, preservation, sharing, verification, validation, decontamination or any other treatment of data including granting access to data for the purposes of information-gathering, information-verification, information- authentication or similar other purposes.</b>
9855.0000	<b>Visa processing or visa acquisition services including advisory or consultancy services for foreign education or migration provided by persons in their private business or professional capacity.</b>
<b>[9856.0000</b>	<b>Education services including technical and vocational education services provided by private sector.</b>
<b>9856.1000</b>	<b>Pre-primary education services.</b>
<b>9856.2000</b>	<b>Primary education services.</b>
<b>9856.3000</b>	<b>Lower secondary education services.</b>
<b>9856.4000</b>	<b>Secondary education services.</b>
<b>9856.5000</b>	<b>Upper secondary education services.</b>
<b>9856.6000</b>	<b>Post-secondary non-tertiary education services.</b>
<b>9856.7000</b>	<b>First stage tertiary education services.</b>
<b>9856.8000</b>	<b>Second stage tertiary education services.</b>
<b>9856.9000</b>	<b>Other education and training services and educational support services.</b>
<b>9857.000</b>	<b>Management Services, including fund and asset management services.]<sup>25</sup></b>

<sup>25</sup> Added through Finance Act, 2024 (assented on: 06th June 2024)

**SECOND SCHEDULE**

(Taxable Services)

[see sections 3 (1) & (4), 9 (1), 12, 17 (1)(j) & (k) & 18 (1)]

S#	Description of Services	Headings	Rate of Tax
1.	<p>Services provided or rendered by hotels, motels, guest houses, resorts, accommodation – and/or – food service providing farm-houses, motorway–or–highway-side accommodation – and/or – food provisioning/food servicing or food supply facilities, restaurants (including food service supply chains), ice cream parlors, marriage or wedding halls, marques, lawns, clubs and caterers, suppliers of prepared eatables and drinkables, <i>pandals</i> and <i>shamianas</i>, clubs including such clubs as, though run on mutuality basis, are operated in commercial mode, manner or style, messes, hostels and similar entities, enterprises or undertakings including all such services, facilities, utilities, entertainments, comforts, enjoyments or amusements etc., as are allied, auxiliary or ancillary thereto.</p> <p><b>Exemptions and Reduced Tax Rates:</b></p> <p>(i) Full exemption shall be available to the services of hostels exclusively meant for providing accommodation and allied facilities to students.</p> <p>(ii) The rate of tax in case of services (whole range of services including accommodation, food supplies and laundry etc.) provided or rendered by all other categories of hostels shall be Five Percent (5%) without any input tax adjustment.</p> <p>(iii) [Services provided or rendered by local non-corporate stand-alone hotels or chains of such hotels (including guest houses, clubs and lodges etc.) and restaurants shall be charged to tax at the rate of six percent (06%) without input tax adjustment; provided that the Restaurant Invoice Management System (RIMS) shall compulsorily be installed and working properly on regular basis on all restaurants registered with the Authority:                      Provided that in case of traditional type restaurants usually called as <i>dhaba</i> or conventional hut-type or similar other road/street side non-air-conditioned restaurants usually serving limited range of pre-cooked or pre-prepared food items with informal seating environment (located or operating anywhere in the the Province), the tax shall be charged and paid at the rate of two percent (02%).]<sup>26</sup></p>	9801.0000 9801.1000 9801.2000 9801.3000 9801.4000 9801.5000 9801.6000 9801.7000 9801.8000 9801.9000	[Thirteen percent (13%) with the facility of input tax adjustment as allowed under this Act, rules and regulations] <sup>27</sup>

<sup>26</sup> Substituted through Finance Act, 2024 (assented on: 06th June 2024) for the following: “(iii) Services provided or rendered by local non-corporate stand-alone hotels or chains of such hotels (including guest houses, clubs and lodges etc.) and restaurants shall be charged to tax at the rate of Eight Percent (8%) without input tax adjustment; provided that where in any case of such restaurant, the Restaurant Invoice Management System (RIMS) is installed and working properly on regular basis, the rate of tax shall be further reduced to Five Percent (5%) without any input tax adjustment:

**Provided** that in case of traditional type restaurants usually called as *dhaba* or conventional hut-type or similar other road/street side non-air-conditioned restaurants usually serving limited range of pre-cooked or pre-prepared food items with informal seating environment (located or operating anywhere in the tariff areas of the Province) the tax shall be charged and paid at the rate of One Percent (1%).”

<sup>27</sup> Substituted through Finance Act, 2024 (assented on: 06th June 2024) for the words, brackets, figure and expression “Fifteen Percent (15%)”.

	(iv) In case of traditional accommodation facilities like		
	<p><i>sarrayae</i> or inns or open air over night bed provisioning services generally located or available around or in the vicinity of railway stations, bus or wagon stands (stations), the rate of tax shall be <b>[two percent (02%)]<sup>28</sup></b>. without any input tax adjustment if the charges for overnight stay do not exceed rupees three hundred per bed.</p> <p>(v) In case of marriage or wedding halls including <i>pandals</i> and <i>shamiana</i> and similar other businesses including food services provided therein, the rate of tax shall be <b>[eleven percent (11%)]<sup>29</sup></b> without any input tax adjustment.</p> <p><b>[(v-a) Tax shall be charged on fixed rate basis in respect of wedding/ marriage/ shadi halls as per the following categories:</b></p> <p><b>CATEGORY-A: Where the wedding hall is having a</b></p>		

<sup>28</sup> Substituted through Finance Act, 2024 (assented on: 06th June 2024) for the words, brackets, figure and expression “One Percent (01%)”.

<sup>29</sup> Substituted through Finance Act, 2024 (assented on: 06th June 2024) for the words, brackets, figure and expression “Eight Percent (08%)”.

	<p>capacity of 500 or above persons and located in posh area of a major city, its rate of fixed tax shall be rupees 25,000 per function.</p> <p>CATEGORY-B: Where the wedding hall is having a capacity of more than 300 but less than 500 persons and located in municipality, its rate of fixed tax shall be rupees 15,000 per function.</p> <p>CATEGORY-C: Where the wedding hall is having a capacity of less than 300 persons and located in suburb or roadside outside main city, its rate of fixed tax shall be rupees 10,000 per function.</p> <p><b>Note:</b> The registered person may opt one of the tax regimes, as specified at under clauses (v) and (v-a) above. The existing registered person shall be bound to give his option till 25<sup>th</sup> June, 2024; provided that the person, liable to be registered in future, shall give such option at the time of registration with the Authority.]<sup>30</sup></p> <p>(vi) In case of caterers whether stand-alone or otherwise, the rate of tax shall be Ten Percent (10%) without any input tax adjustment.</p> <p>(vii) In case of non-corporate sector hospitality businesses, including hotels, guest houses, rest houses, lodges, restaurants and similar other accommodations and food serving businesses, located in the tourist spots of Galiyat and Kaghan Valleys, the tax shall be charged and paid at the rate of Five Percent (5%), without any input tax adjustment, subject to the compliance to all such conditions and procedures, as may be prescribed by the Authority, in this behalf.</p> <p><b>Explanation:</b> It is clarified for the removal of any doubt that the services of this entry include “takeaway” or “home or door-step delivery” transactions of the restaurants or other categories or types of food serving outlets either as a part of their overall services or as an exclusive activity.</p>		
[1A	Services provided by Health Care Centers etc. in Private Sector.	9821.1000	Five percent (05%) (without input tax adjustment) of the charges (including fixed charges, if any) of such centers or hospital beds/ rooms: Provided that the said charges exceed rupees 10,000/- per day per bed/room.] <sup>31</sup>

<sup>30</sup> Inserted through Finance Act, 2024 (assented on: 06th June 2024).

<sup>31</sup> Inserted through Finance Act, 2024 (assented on: 06th June 2024).



2.	<p>Services provided or rendered by beauty parlors, beauty clinics, health care centers, cosmetic or plastic surgery centers/clinics, hair transplant centers or clinics, health clubs, gyms (including yoga centers with or without yoga teaching classes system or arrangements), physical fitness centers, massage centers, pedicure/ manicure centers, swimming pools and similar other establishments, undertakings, enterprises or entities etc.</p> <p><b>Exemption:</b> Full exemption on:  (i) cosmetic treatment of burns or burned body parts; and  (ii) conventional or traditional barber shops provided they do not render any high end beautician or cosmetic services.</p>	9811.0000 9811.1000 9811.2000 9811.3000 9811.4000 9811.9000 9821.1000 9821.4000 9821.5000	Five Percent (5%) without any input tax adjustment
3.	<p>Services provided or rendered by stand-alone or other launderer sand dry cleaners including carpenters of a set or similar furniture items cleaners or washers.</p> <p><b>Exemption:</b> Full exemption to small size traditional style stand-alone launderers and dry cleaners operating without any branded or registered business name and without the involvement or use of any electrical or mechanical apparatus, equipment or machinery for washing or cleaning purposes.</p> <p><b>Reduced Rate of Tax:</b> Services provided or rendered by medium sized stand-alone or other launderers and dry cleaners including carpet or sofa set or similar furniture items cleaners or washers shall be chargeable to tax at the rate of Two Percent (2%) without any input tax adjustment.</p> <p><b>Explanation:</b> No benefit of exemption or reduced rate of tax shall be available or admissible to the laundries and dry-cleaning or other similar businesses operating under chain-business-system with or without any business brand name or operating as a part of businesses providing hotel or other accommodation services and in all such cases, the rate of tax shall be Fifteen Percent (15%).</p>	9808.0000 9808.1000 9808.2000 9808.3000 9808.4000 9808.9000	Fifteen Percent (15%)

4.	<p>Telecommunication and similar, allied or ancillary services including:</p> <p>a) Telephone services (including fixed line, wireless, cellular, wireless local loop, video, pre-paid, post-paid, pay phone cards and voicemail etc.);</p> <p>b) Messaging services (including short message service (SMS), multi media message service (MMS) and messaging through other digital applications etc.);</p> <p>c) Installation, provision, shifting, changing, conversion and restoration of telephone connections (including conversion of NWD connection to non NWD or <i>vice versa</i>) and similar other services;</p> <p>d) Bandwidth services (including copper-line/fiber-optic/co-axial cable/microwave/satellite-based, IP services, teleconferencing, 3G/4G/5G/LTE or similar other services;</p> <p>e) Telegraph and other services relating thereto;</p> <p>f) Tele fax including store and forward fax and similar other services; Internet services including e-mail, dial-up and other allied services;</p> <p>g) Broad band services for DSL connection (including copper-line/fiber-optic/co-axial cable/ wireless/ satellite-based, internet/e-mail/ data/SMS/MMS services on WLL or cellular mobile networks) and similar other services;</p> <p>h) Data communication network services (DCNS including copper-line/co-axial cable/fiber-optic/ wireless/radio/satellite-based, services relating to value added data, virtual private network (VPN) and digital signature) and similar other services;</p> <p>i) Long distance international (LDI) services;</p> <p>j) Local loop or other similar services; Audio text services (including tele-text, trunk radio, paging or similar other services);</p> <p>k) Voice paging services (including radio paging, vehicle or other object (whether or otherwise) tracking and burglar alarm etc.) and other similar services;</p> <p>l) Rental either full, partial or on sharing basis of space, place or any other facility or arrangement on towers or other structures or installations for any purposes;</p> <p>d) Internet-based cable TV services whether as a single service or otherwise; and</p> <p>e) All other similar, allied, ancillary or auxiliary services.</p> <p><b>Explanation:</b> In case of incoming international calls, charges received by telecom service providers abroad shall be taxed on tax fraction formula basis only to the</p>	<p>9813.0000 9813.1000 9813.1010 9813.1020 9813.2000 9813.3000 9813.4000 9813.4010 9813.4020 9813.4030 9813.5000 9813.6000 9813.7000 9813.8000 9813.9000</p>	<p>Nineteen and a half Percent (19.5%)</p>
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	<p>extent to which such charges are shared or received by such domestic service providers treating the charges so shared or received as tax-inclusive.</p>		
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5.	<p>Services provided or rendered by persons authorized to transact or deal with business in any manner on behalf of others such as customs agents, shipping agents (including import/export cargo freight forwarders), stock brokers, share transfer agents, business support or business or asset management agents, tour operators, travel agents, recruiting/recruitment agents, labour or man power supply services, insurance agents, commission agents, distribution agents and similar other persons engaged in business transaction work or activity against commission or similar charges.</p> <p><b>Explanation:</b></p> <p>(i) The persons falling in this category do not generally have any investment or investment-related interest in the business though they may have their own infrastructure or other resources to carry out such work or activity.</p> <p>(ii) The persons covered in this category shall pay tax to the Authority in all such cases where their clients, customers or buyers are located in the province of Khyber Pakhtunkhwa regardless of the location of such person's business or office elsewhere and regard less whether or not documentation or other related formalities of their transactions with such clients, customers or buyers is done or are carried out in the said Province or elsewhere.</p> <p><b>Exemption:</b> Full exemption in case of performance of <i>Hajj and Umrah</i>.</p> <p><b>Reduced Rate of Tax:</b> Except the services falling under the categories of labour or manpower supplies including recruitments for overseas jobs or employment and such services of this entry, as are provided by corporate sector entities, all other services of this entry shall be charged at the rate of Eight Percent (8%), without any input tax adjustment; provided that business support services other than those provided by corporate entities shall be charged to tax at the rate Five Percent (5%).</p> <p><b>[Fixed Rate of Tax: The Customs Agent shall pay tax at the fixed rate of rupees 3,000/- per goods declaration.]<sup>32</sup></b></p>	9806.0000 9806.1000 9806.2000 9806.3000 9806.4000 9806.6000 9806.7000 9806.8000 9806.9000 9819.1000 9819.1500 9842.0000	Fifteen Percent (15%)
6.	<p>Advertisements on TV including cable TV networks, radio, CCTV, newspapers, periodicals, magazines and similar other publications, websites and internet, poles or similar structures, bill boards, electronic bill boards, hoarding boards, signboards and similar other medium of advertisement display, lease or renting of space whether on constructed or erected structure or otherwise for the purposes of displaying advertisements in any manner and other advertisement services including services provided or rendered by advertising agents.</p> <p><b>Explanation:</b></p> <p>(i) In case of renting or leasing of space for advertisements' purposes by Government or public sector or para-public sector development, housing or other authorities, departments or institutions, the whole amount of tax due shall be with held or deducted and paid directly to the Authority by such authorities, departments or institutions.</p>	9802.0000 9802.1000 9802.2000 9802.3000 9802.4000 9802.5000 9802.6000 9802.7000 9802.8000 9802.9000 9806.5000	Ten Percent (10%) without any input tax adjustment

<sup>32</sup> Added through Finance Act, 2024 (assented on: 06th June 2024).

	<p>(ii) In case of advertisements relayed, telecasted or print-media-circulated in more than one Provincial jurisdictions, tax shall be paid to the Authority on apportionment basis keeping in view the population ratio of the province of Khyber Pakhtunkhwa in the aggregate population of all such jurisdictions.</p> <p><b>Exemption:</b> Full exemption on such advertisements carrying or conveying public service messages as are funded by the Government or financed under foreign grants-in-aid agreements signed with the Government.</p> <p><b>Reduced Rate of Tax:</b> In case of advertisements on or through print media of all types and forms, tax shall be charged at the rate of [Two Percent (02%)]<sup>33</sup> without any input tax adjustment.</p>		
7.	<p>Courier services including speedy, fast, quick or urgent mail, parcel or cargo services provided either by courier companies or by other businesses, undertakings or entities whether as a sole activity or in conjunction or alongwith other business activity or activities including:</p> <p>a) Courier services (including parcels) by dedicated businesses;</p> <p>b) Urgent delivery cargo or parcel services as an exclusive business activity;</p> <p>c) Courier or urgent delivery cargo or parcel services performed by other businesses or entities like air lines, railways, postal service entities, road passenger transport companies or entities; and</p> <p>d) Other similar, allied or ancillary or ancillary services.</p>	<p>9809.0000 9809.1000 9809.2000 9809.3000 9809.9000</p>	<p>Fifteen Percent (15%)</p>
8.	<p>Services provided or rendered in matters of sale, purchase, rent or hire (other than rent-a-car) under any kind or type of arrangements with the client or the principal:</p> <p>(a) Property dealers, property agents and realtors.</p> <p>(b) Car and other automobile dealers (whether old or new).</p> <p>(c) Dealers of electrical or electronic equipments, appliances or other similar goods (whether old or new). Dealers of plant and machinery including construction machinery and similar capital goods.</p> <p>(d) Dealers of other second hand goods.</p> <p>(e) Renting services in respect of plant, machinery including construction machinery and other equipments etc.</p> <p><b>Reduced Rate of Tax:</b> All services covered in this entry except services (whole range) rendered or provided by corporate sector dealers and authorized automobile (all categories of automobiles) dealers shall be chargeable to tax at the rate of Two Percent (2%) without any input tax adjustment</p>	<p>9807.0000 9807.1000 9807.2000 9807.3000 9807.3000 9807.9000</p>	<p>Fifteen Percent (15%)</p>

<sup>33</sup> Substituted through Finance Act, 2024 (assented on: 06th June 2024) for the words, brackets, figure and expression “One Percent (01%)”.

9.	<p>Services provided by specialized workshops or undertakings:</p> <p>a) Auto-workshops whether or not providing other allied or extended services.</p> <p>b) Workshops for industrial, construction, earth-moving or other similar heavy duty or special purpose machinery.</p> <p>c) Workshops for heavy or light duty electric, electrical or electronic machinery (such as transformers, generators, turbines, motors, pumps, rotators, power accumulators, transmission networks or systems etc.) equipments or appliances etc., including computer hardware and allied equipments or appliances etc.</p> <p>d) Services provided in respect of their pair or maintenance of aircrafts, helicopters and other flying objects.</p> <p>e) Car washing (including compounding and polishing etc.) or similar service stations.</p> <p>f) Other workshops or workshop-type businesses.</p>	<p>9820.0000 9820.1000 9820.2000 9820.3000 9820.4000 9820.9000</p>	<p>(i) Five Percent (5%) without any input tax adjustment in case of industrial workshops;</p> <p>(ii) Two Percent (2%) without any Input tax adjustment in case of all other Categories or types of workshops;</p> <p>(iii) One Percent (1%) without any input tax adjustment in case of stand-alone car wash (car wash station) services; and</p> <p>(iv) Ten Percent (10%) without any Input tax adjustment in case of authorized automobile dealers' workshops (whole range of their workshop services including Car wash etc.)</p>
10.	<p>Franchise services either on giving or on receiving ends including royalties or similar financial benefits arising out of intellectual property rights or other factors of business good will, market standing, popularity, image or reputation etc.</p> <p><b>Exemption:</b> Full exemption on or in respect of franchises relating to the services in the fields of health and education.</p>	<p>9823.0000 9819.9500</p>	<p>Fifteen Percent (15%)</p>
11.	<p>Services provided or rendered by specialized agencies:</p> <p>a) Security agencies including their activities relating but not limited to providing cash or precious articles' transportation or movement security, tracking services and security alarm services.</p> <p>b) Credit rating or similar evaluation or revaluation agencies.</p> <p>c) Project including business project planning or preparation agencies.</p> <p>d) Market research or market survey agencies.</p> <p>e) Private detective or intelligence service providing agencies.</p> <p>f) Other similar agencies.</p>	<p>9818.0000 9818.1000 9818.2000 9818.3000 9818.4000 9818.5000 9818.9000</p>	<p>Ten Percent (10%) without any input tax adjustment</p>

12.	<p>Services provided or rendered in respect of manufacturing or processing on toll or charges basis (out of main or major inputs owned by others).</p> <p><b>Explanation:</b></p> <p>(i) The terms, expressions or concepts “<i>industrial vending, contractor third party manufacturing, contract production, contract processing, contract milling, contract machining, contract conversion, contract processing, contract printing</i>” for any industrial or allied purposes are covered in and liable to tax under this entry.</p> <p>(ii) The expression “<i>processing</i>” includes processes involving specialized working (whether initial, intermediary or finishing), washing, cleaning, coloring (dyeing), printing, packing or pack ageing etc., for industrial or allied purposes.</p> <p>(iii) The exclusive services of printing or publication of written materials or products performed on contract basis by businesses like printing presses or printing/publication houses shall also be covered in and taxed under this entry.</p> <p><b>Exemption:</b> Full exemption on text books printed on contract printing basis meant for free distribution to the students by or through the Government.</p>	9840.0000	Five Percent (5%) without any input tax adjustment
13.	<p>Services provided by persons engaged in contractual execution or performance of works (including but not limited to, repair, maintenance, and renovation, up-gradation, cleaning, fumigation and decontamination services or janitorial works) or furnishing supplies (excluding transactions involving contractual supply of goods only, without any component of service relating to such goods).</p>	9810.0000 9810.1000 9810.2000 9810.9000 9822.1000 9822.2000 9822.3000	<b>[Fifteen Percent (15%)]<sup>34</sup></b> without any input tax adjustment
14.	<p>Services provided by construction contractors, architects, civil engineers, land or property surveyors, construction consultants, designing and supervision consultants, town or real estate or property promoters, developers or planners including interior decorators or allied or ancillary professions:</p> <p>(f) Construction services rendered or provided in respect of the construction of structures, buildings, roads, bridges, under passes or flyovers (and other civil works), electro-mechanical works, turn-key and <b>Engineering, Procurement and Construction (EPC) projects</b> and similar other works involving construction activity.</p> <p>(g) Architects and civil engineers or town promoters, developers, planners.</p>	9815.0000 9815.1000 9815.2000 9815.3000 9815.4000 9815.9000 9819.5000	Five Percent (5%) except Government funded construction projects including ADP/PSDP funded projects and construction of hydropower projects on which the rate of tax shall be Two Percent (2%).

<sup>34</sup> Substituted through Finance Act, 2024 (assented on: 06th June 2024) for the words, brackets, figure and expression “Five Percent (05%)”.

- (h) Town, real estate or property promoters, developers or planners.
- (i) Services of contractors of allied works such as electrical, mechanical, gas fittings, plumbing, water boring, wood work, plastering, flooring, steel work, paint and other finishing work or works.
- (j) Interior decorators.
- (k) Landscaping or land development designers including land surveyors.
- (l) Other similar, allied or ancillary services.

**Exemption:** Full exemption on:

- (i) The construction work in respect of development of industrial estates/zones, consular buildings and construction works under international tenders based on and funded from foreign grants-in-aid agreements or arrangements.
- (ii) Residential construction and allied works in respect of the Prime Minister's Naya Pakistan Housing Scheme.
- (iii) The projects initiated or under taken under Government's Annual Development Programme (ADP) provided either such projects have been initiated or complete donor before 30<sup>th</sup> June, 2021 or payments, whether full or in part, in respect thereof have been made on or before the said date (the ongoing projects in respect of which agreements or contracts were signed before the said date, shall be titled to this exemption regardless of the schedule of payments relating thereto).
- (iv) To the extent of such portion or portions of the construction work of the projects of Public Sector Development Programme (PSDP), as were undertaken and completed before 30<sup>th</sup> June, 2021, regardless of the dates of their approval or initiation; provided that no such exemption shall be claimed or available on such portion or portions of the work of such project or projects as has/have not been completed before 30<sup>th</sup> June, 2021.
- (v) Construction services, including allied works, provided or rendered in respect of low-cost housing projects and schemes of the Provincial Housing Authority of Khyber Pakhtunkhwa.

**Condition:** The exemption allowed under this part shall not be construed or interpreted in any manner to claim or take any refund, waiver, dispensation or relief of tax already deposited, paid or recovered (including already withheld or deducted but not deposited or paid) on or before 30<sup>th</sup> June, 2021 on any ground whatsoever.

**Explanation:** For the purpose of this item, the expression "initiated" shall, under no circumstances, be construed to commence prior to the date of actual signing of the agreements for Government sector construction projects.



**Specific Rate of Tax:**

- (i) In case of land development, tax shall be charge at the rate of one hundred rupees (Rs.100only) per square yard of the total (aggregate or gross) developed land without any segregation, fragmentation, segmentation, splitting or slicing with reference to the factual or intended use whether immediate or subsequent and no input tax adjustment shall be admissible in this regard.
- (ii) In case of commercial construction of residential buildings, flats or apartments, commercial plazas, malls, towers or complexes etc., the rate of tax shall be fifty rupees (Rs.50 only) per square foot of the covered area without any input tax adjustment.

**Clarification:** For the purpose of removal of any doubt, it is clarified that for the purpose of this serial number:

- (iii) construction services shall also cover all such construction and allied services as are financed and funded either under Annual Development Program (ADP) or under Public Sector Development Program (PSDP); and
- (iv) self-construction of residential houses for personal use shall not be liable to tax.
- (v) Construction services shall include construction works of power (including hydropower) generation projects.
- (vi) Where fixed rates of rupee one hundred per square yard, or as the case may be, rupees fifty per square foot are applicable in case of land development and commercial construction as per description specified above, tax shall not be charged in respect of the areas allocated, fixed or used exclusively for schools, medical dispensaries, mosques, graveyards, parks, public toilets, corridors (inside passages of buildings) and stairs provided that these facilities are meant for common use of the public at large without the involvement of any commercial aspect including
- (vii) intention or purpose for sale, leasing or renting.

15.	<p>Digital or IT-based services in whatever form or manner or under whatever arrangement, including but not limited to:</p> <ul style="list-style-type: none"> <li>a) Web design and development;</li> <li>b) Mobile app development;</li> <li>c) Server management;</li> <li>d) page-speed optimization, UX/UI optimization;</li> <li>e) PPC marketing, blogging;</li> <li>f) Google Ad Words, Face book advertising, Instagram advertising;</li> <li>g) Custom software development, assessment and road map development, software maintenance and support services, supply or sale of any other software or software product or products through any medium;</li> <li>h) Online digital marketing services such as search engine optimization (SEO);</li> <li>i) social media marketing, content marketing, affiliate marketing, influencer marketing, email marketing, viral marketing services, etc.</li> </ul> <p><b>Explanation:</b> This entry does not cover such persons who are engaged in providing or rendering services relating to software or IT-based system development or management or similar other such fields in the individual capacity and are eligible to pay tax at reduced rate under item (g) of entry No. 19.</p>	9850.0000	Two Percent (2%) without any input tax adjustment
16.	<p>Services relating to works or projects in respect of exploration and production (E&amp;P) or mining of minerals, oil and gas including licensing, renting or re-renting, leasing or re-leasing, surveys, geo-map development, equipment mobility, product evaluation, product marketing and other services or activities related or allied thereto.</p> <p><b>Explanation:</b> In case of oil, gas and mining sector or industry, tax shall be charged on both the fee (by whatever name called) paid for the purposes of lease or license including renewal thereof and on the royalty:</p> <p><b>Provided</b> that where such fee or royalty is received by a government department or authority, the tax shall be paid on receipt basis directly by such department or authority.</p> <p><b>Reduced Rate of Tax:</b> The rate of tax on the leases (including re-leasing by the lessees) and licenses (including sub-contracting or license usage permissions by license holder) granted or fees and royalties, received by Government Departments, or as the case may be, by the lessees or licensees, shall be Two Percent (2%) without any input tax adjustment; provided that no tax shall be demanded in case of the charges for such leases, licenses, fees or royalties etc, received up to 30<sup>th</sup> June, 2021, if tax thereon has not been already withheld, paid</p>	9845.0000	Fifteen Percent (15%)

	or recovered (no refund or waiver of any such tax amount shall be admissible under any circumstances).		
17.	<p>Airport services (including passenger facilitation, car parking, cargo handling, cargo warehousing or storage, aviation support services, flight kitchen supplies, renting of special purpose machinery, equipment, vehicles, porter age, quarantine and other fumigation or vaccination, janitorial services, aircraft cleansing services, aircraft maintenance services, jet or other fuel supply services etc.)</p> <p><b>Explanation:</b> The fee, taxes or similar other charges received by Civil Aviation Authority as a regulatory body for or in respect of its official functions shall not be charged to tax even though such functions appear to be of the nature or character of services.</p>	9830.0000	Ten Percent (10%) without any input tax adjustment
18.	<p>Dry port services including operation of a dry port and other services provided at or in respect of dry port such as inward/out ward transportation/movement of goods, cargo handling, cargo storage or ware housing, loading/unloading of cargo, booking or discharge of cargo, services relating to inspections, certification or similar or other type of services-related activities in respect of cargo etc.</p>	9843.0000	Ten Percent (10%) without any input tax adjustment

19.	<p>Services provided or rendered by practitioners, professionals, consultants and advisers (by whatever name called) in the irrespective fields or disciplines:</p> <p>a) Medical, dental or allied health fields or disciplines including para-medics and specialized technicians of medical fields.</p> <p>b) Human resource management or development (including training services)</p> <p>c) Veterinary and allied sciences including pet care.</p> <p>d) Law and allied fields or disciplines.</p> <p>e) Financial, accountancy, cost accountancy, audit, tax management or tax affairs and similar other fields or disciplines.</p> <p>f) Business planning, business management, business reforms, business communication including hospitality administration and similar other fields or disciplines.</p> <p>g) Software or IT-based system development or management or similar other such fields.</p> <p>h) Similar services in other fields, disciplines or regimes.</p> <p><b>Reduced Rate of Tax:</b> In case of practitioners, professionals, consultants or advisers of medical (including dental) and legal professions or fields, the rate of tax shall be Two Percent (2%) without any input tax adjustment and in cases where regular compliance is made and continued to be so made, not ax demand for the period prior to the affectivity date of this entry, shall be raised or enforced.</p> <p><b>[Fixed Rate of Tax:</b> In case of practitioners, professionals, consultants or advisers of legal profession or field, rupees five hundred (500) shall be deposited as fixed sales tax at the time of filing of each case, appeal or petition and proof of which shall be attached with the Power of Attorney] which shall be attached with the Power of Attorney.]<sup>35</sup></p>	<p>9816.0000 9816.1000 9816.2000 9816.3000 9816.4000 9816.5000 9816.6000 9816.9000 9826.0000</p>	<p>Five Percent (5%) without any input tax adjustment:</p> <p>Provided that the above reduced rate shall not be applicable to corporate entities and to such other entities as are operating in collaboration or as subsidiary or branch of foreign service providing entities and all such entities shall pay tax at the rate of Fifteen Percent (15%) and avail admissible input tax adjustment.</p>
20.	<p>Cinematographic production, photographic services, recording services and telecasting or broadcasting services including:</p> <p>a) Film making or film production including drama production whether in serials or otherwise.</p> <p>b) Tele casting or broad casting services (other than TV cable operators).</p> <p>c) Videotape and recording services, sound recording services. TV/Radio production house services.</p> <p>d) Photographic services (services of photography or photographers).</p> <p>e) Other similar, allied, ancillary or auxiliary services.</p> <p><b>Exemption:</b> Full exemption on telecasting or broad casting services of and by government-owned TV or Radio stations or channels (this exemption shall not be construed to cover any other service or services</p>	<p>9803.0000 9803.1000 9803.2000 9803.3000 9803.4000 9803.5000 9803.9000</p>	<p><b>[Two Percent (02%)]<sup>36</sup></b> Without any input tax adjustment</p>

<sup>35</sup> Added through Finance Act, 2024 (assented on: 06th June 2024).

<sup>36</sup> Substituted through Finance Act, 2024 (assented on: 06th June 2024) for the words, brackets, figure and expression “One Percent (01%)”.

	including advertisements taxable under this Schedule).		
21.	Event management services whether cover in gall or any of the processes like planning, budgeting, scheduling, site selection, acquiring necessary permits, coordinating transportation and parking, arranging for speakers or entertainers, arranging decor, event security, catering, picturing, video filming, musical enjoyment so or any other allied or connected task.	9846.0000	[Ten Percent (10%)] <sup>37</sup> without any input tax adjustment
22.	Exhibition, convention or carnival services and allied services including renting of purpose-specific property or space for such events.	9825.0000	[Five Percent (05%)] <sup>38</sup> without any input tax adjustment
23.	Cable TV operators other than those providing internet-based TV services whether composite, multiple, bundled or otherwise which are chargeable to tax under telecommunication services.	9819.9000	Two Percent (2%) without any input tax adjustment
24.	Services of fashion designers not engaged in designing, manufacturing and selling their own products or goods through the irregular paid employees.	9828.0000	Five Percent (5%)
25.	Services provided or rendered by call centers (by whatever name called) engaged in mediating business, trade or sale/purchase transactions between the sellers and buyers whether located inside or outside the country.	9837.0000	Two Percent (2%) without any input tax adjustment.
26.	Services provided or rendered by banks or banking companies, insurance companies, cooperatives and foreign exchange companies or dealers (including similar institutions or entities besides microfinance institutions):  a) Banks or banking companies, cooperatives or similar institutions or entities (their all services including bank guarantee, brokerage, letter of credit, pay order or demand draft, bill of exchange, transfer of money in any manner, bill discounting, lockers and safe vaults, credit/debit cards, foreign exchange dealings, ATMs, issue-banking, bank assurance, provision of loans, business or investment financing or advances, leasing or re-leasing whether financial, equipment/commodity-related, <i>musharakah</i> financing etc.).  b) Insurance companies (their all services including goods, fire, theft, marine, travel, life, health,	9814.0000 9814.1000 9814.2000 9814.3000 9814.4000 9814.9000	Fifteen Percent (15%)

<sup>37</sup> Substituted through Finance Act, 2024 (assented on: 06th June 2024) for the words, brackets, figure and expression “Eight Percent (08%)”.

<sup>38</sup> Substituted through Finance Act, 2024 (assented on: 06th June 2024) for the words, brackets, figure and expression “Eight Percent (08%)”.

	<p>industrial, business-related, moveable or immoveable property insurance and other insurance and reinsurance services).</p> <p>c) Services of cooperatives and cooperative societies (including producer cooperatives, worker cooperatives, consumer cooperatives, credit unions, retail or purchasing cooperatives, social cooperatives, industrial service cooperatives, manufacturing cooperatives, marketing cooperatives, cooperative farming societies, housing cooperatives and credit cooperatives etc.).</p> <p>d) Services of foreign exchange companies, dealers and money changers or similar businesses.</p> <p>e) Other similar banking, insurance, cooperative or money exchange services.</p> <p>f) Services of payment system operator or of payment system provider as have always been or are rendered or provided in any manner or mode.</p> <p><b>[Reduced Rate of Tax: In case of health insurance services and services in respect of Government sponsored Sehat Card Plus Programme, the tax shall be charged at the rate of Ten Percent (10%) without any input tax adjustment.]<sup>39</sup></b></p>		
27.	<p>Storage and warehousing services including public bounded warehouses, cold storages and yard surplices used for storage of empty or loaded container son rental or charges basis.</p> <p><b>Reduced Rate of Tax:</b> The tax on cold storage services (including other forms of warehousing of agriculture produce) regardless of their corporate or non-corporate status shall be charged at the rate of <b>[Two Percent (02%)]<sup>40</sup></b> without any input tax adjustment.</p>	9844.0000	Ten Percent (10%)without any input tax adjustment
28.	<p>Container terminal services including services of storage or warehousing of containers either imported or meant for export including transshipment or transit.</p>	9841.0000	Ten Percent (10%) without any input tax adjustment
29.	<p>Service provided or rendered by persons exclusively, solely or principally engaged in (inland) inter-city transportation or carriage of goods (whether dry or liquid, packed, packaged or otherwise) by road or through pipeline or conduit or through any other modern or advance technology-based conveyance system.</p> <p><b>Explanation:</b> The services provided or rendered by packers and movers engaged in the transportation of goods (whether intra-city or inter-city) with or without prior packing shall be covered in and taxed under this entry.</p>	9805.0000 9805.4000 9805.5000 9805.6000 9805.9000 9812.0000 9812.1000 9812.2000 9812.9000	Fifteen Percent (15%)

<sup>39</sup> Substituted through Finance Act, 2024 (assented on: 06th June 2024) for the heading exemption, along with its content.

<sup>40</sup> Substituted through Finance Act, 2024 (assented on: 06th June 2024) for the words, brackets, figure and expression “One Percent (01%)”.

[29A]	<p>Services provided as facilities for intra-provincial and inter-provincial travel or transportation (including carriage) of persons by road through buses, coaches, coasters, wagons, jeeps, cars, taxis and other motor vehicles primarily meant for passengers' transport or other traveling or transportation services.</p> <p><b>Clarification:</b> In case of inter-provincial transportation of persons by road through above means, the value for the purposes of sales tax shall be reduced by 50% where such services originate or terminate in the Province.</p>	9804.4000 9805.9000	Five Percent (05%) without input tax adjustment] <sup>41</sup>
30.	<p>Services provided by laboratories, scientific laboratories, mechanical laboratories, chemical laboratories, electrical or electronics laboratories, pathological laboratories, Forensic laboratories medical diagnostic laboratories including technical services relating to X-rays, CT Scan, MR Imaging (MRI), ultrasound, echo etc. or other such laboratories.</p> <p><b>Exemption:</b> Full exemption to:</p> <p>(i) The laboratories sponsored, controlled and managed either by the Government or its autonomous bodies.</p> <p>(ii) The labor other medical tests carried out against a valid medical prescription issued by a competent medical practitioner aimed at medical diagnosis or medical examination of a disease in any patient for medical treatment purposes.</p>	9817.0000 9817.1000 9817.2000 9817.3000 9817.4000 9817.5000 9817.6000 9817.9000	Ten Percent (10%) without any input tax adjustment
31.	<p>Visa processing or visa acquisition services including advisory or consultancy services for foreign education or migration provided by persons in their private business or professional capacity.</p> <p><b>Explanation:</b> Where any person providing services under this entry is also helping or serving his client for the issuance or renewal of the client's passport, the actual amount of fee charged by the Government for the issuance or renewal of the passport shall not be included in the value of services for the purposes of assessment of tax.</p>	9855.0000	Fifteen Percent (15%)
32.	<p>Valuation or assessment services including competency and eligibility testing services and services involving written tests with or without interviews for job or work recruitment or selection for any other purposes.</p> <p><b>Explanation:</b> For the purpose of this entry, valuation or assessment includes revaluation, reassessment or repetition thereof.</p>	9848.0000	Five Percent (5%) without any input tax adjustment

<sup>41</sup> Inserted through Finance Act, 2024 (assented on: 06th June 2024).

33.	<p>Services provided for inland carriage of goods by air, railways or otherwise against freight or carriage charges:</p> <p><b>Reduced Rate of Tax:</b></p> <p>The following services of Pakistan Railways whether falling under this serial No. or elsewhere in this Schedule, shall be liable to tax at the rate of Two Percent (2%) without any input tax adjustment:</p> <p>(i) courier services in relation to the speedy, fast, quick or urgent mail, parcel or cargo services provided; and</p> <p>(ii) services provided for inland carriage of goods against freight or carriage charges.</p>	9805.2000 9805.3000	Fifteen Percent (15%)
34.	Services provided or rendered by under writers including sponsorship services.	9819.1100	[Two Percent (02%)] <sup>42</sup> without any input tax adjustment
35.	Services provided or rendered by indenters and similar intermediaries.	9819.1200	Two Percent (2%) without any input tax adjustment
36.	Services provided or rendered by auctioneers.	9819.9100	[Two Percent (02%)] <sup>43</sup> without any input tax adjustment
37.	Dredging or desilting services including cleaning of canals, water channels/tunnels/ lines or reservoirs, pools, fish ponds, lakes or dams in any manner.	9822.4000	Fifteen Percent (15%)
38.	Services relating to or involving collection, provision, organization, digitization, processing, analysis, safety, preservation, sharing, verification, validation, decontamination or any other treatment of data including granting access to data for the purposes of information-gathering, information-verification, information-authentication or similar other purposes.	9854.0000	Fifteen Percent (15%)
39.	Services provided or rendered in respect of quality assurance, quality control, quality inspection (including pre-inspection), quality verification or certification including verification or certification of quality or standards under ISO regime.	9834.0000	[Two Percent (02%)] <sup>44</sup> without any input tax adjustment
40.	<p>Rent-a-car or rent-a-cab services.</p> <p><b>Explanation:</b> The persons engaged in providing or rendering service so frent-a-car or cab shall pay tax regardless of the category of the vehicle or logistics used in respect of such services.</p>	9819.3000	Five Percent (5%)
41.	<p>Ride-hailing or ride-hail services like Uber, Cream, Biker and Lyft etc. regardless of the mode, manner or dynamics of the business system involved in such services.</p> <p><b>Saving:</b> In cases where regular tax compliance from the effectivity date of this entry is made and continued to be so made,</p>	9851.0000	[Five Percent (05%)] <sup>45</sup> without Input tax adjustment

<sup>42</sup> Substituted through Finance Act, 2024 (assented on: 06th June 2024) for the words, brackets, figure and expression “One Percent (01%)”.

<sup>43</sup> Substituted through Finance Act, 2024 (assented on: 06th June 2024) for the words, brackets, figure and expression “One Percent (01%)”.

<sup>44</sup> Substituted through Finance Act, 2024 (assented on: 06th June 2024) for the words, brackets, figure and expression “One Percent (01%)”.

<sup>45</sup> Substituted through Finance Act, 2024 (assented on: 06th June 2024) for the words, brackets, figure and expression “Two Percent (02%)”.



	no tax demand shall be raised or enforced for the period prior to such date.		
42.	Online Market Place (OMP) including online platform or portal services by whatever name called (other than ride-hailing or ride-hail services).	9852.0000	Two Percent (2%) without any input tax adjustment
43.	Services relating to or in respect of (continuous, inter connected, networked or otherwise) infrastructural system based transmission (wheeling) or distribution of electric power (electricity) or gas by companies including subsidiary companies of power generating companies (or persons) other than companies (persons) who directly transmit or distribute their own generated/ produced electricity or their own recovered/ produced gas.  <b>Explanation:</b> The companies (persons) required to pay tax only on the gross component/ amount of their transmission or distribution charges (by whatever name called).	9847.0000	Fifteen Percent (15%)
44.	Services relating to or in respect of the installation, erection, commissioning or other permanent structure-affixed/ linked/ tied placement (whether full or in part) of any industrial, mechanical or electrical plant, machinery or equipment (excluding installation of domestic equipments etc. for residential use).  <b>Explanation:</b> The factors like new, reconditioned, repaired, over hauled or old status of the equipments or carrying out any work/ process or works/processes related thereto, shall not affect the levy of tax under this heading.  <b>Saving:</b> Separate /new insertion of this entry shall under no circumstances effect the tax liabilities already discharged or yet to be discharged under the category or class of services of contractual execution of works under the substituted Schedule.	9853.0000	[Two Percent (02%)] <sup>46</sup> without any input tax adjustment
45.	Amusement and entertainment services including cinema(all categories), amusement parks, modeling shows, music concerts etc.	9836.0000 9839.0000	Five Percent (5%)without input tax adjustment
46.	Inspection and survey (including re-inspection and re-survey) services not specifically covered in any other entry of this Schedule.	9819.4000	Fifteen Percent (15%)
[46A]	Management services, including fund and asset management services.	9857.0000	Fifteen Percent (15%)] <sup>47</sup>

<sup>46</sup> Substituted through Finance Act, 2024 (assented on: 06th June 2024) for the words, brackets, figure and expression “One Percent (01%)”.

<sup>47</sup> Inserted through Finance Act, 2024 (assented on: 06th June 2024).

47.	Allallied, ancillary, auxiliary, related, substitutive, comparable or matchable services not specifically, directly or indirectly mentioned any wherein this Schedule but fall in or are linked in any manner to the category or categories of services covered in any of the class or classes of services mentioned or included in the Schedule provided that no argument as to variation in description shall be relevant or permissible for the application of this entry regardless whether such allied and other services are provided by the same person (service provider) whose services are falling under other serial number or numbers or by any other person (service provider) to such same person or to any other person.		Rate of Tax as per the closest respective entry or entries
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*Interpretation.*

For the purposes of usage and application of the **Second Schedule** and for understanding the matters related thereto, the following principles shall be binding and followed as an integral part thereof:

1. Each serialized entry in the **Second Schedule** primarily reflects and covers distinct class of services, which means the scope or coverage of tax runs through or alongside the lines of the classes of services. Thus, the specific service descriptions in any class of services does not mean that description of the service is exhaustive. The service shall remain taxable even if it is not cited as such under the class of services covered in the **Second Schedule**; such service shall be taxable as one of the services of the relevant class of services.
2. Where by virtue of interpretation or otherwise, any service can be considered to be classified or is otherwise found to be classifiable with matching or equal accuracy under two or more entries of the **Second Schedule**, such service shall be classified and taxed under or with reference to the entry appearing later in number regardless whether the rate of tax under such later entry is lower or higher.
3. Due to changes in science and technology, the jargon or nomenclature of market economics and business world is changing faster than changes or adjustments which may be made in the legal instruments. But for the purposes of taxability under the **Second Schedule**, if any service is liable to tax with reference to a particular description mentioned in the **Second Schedule**, the service shall continue to be taxable regardless of any sudden, unexpected or unanticipated change in its commercial or business description, market name or appellation for any reason, whatsoever.
4. Where a person is providing or rendering under the same business name two or more services and all such services are liable to tax at the same rate, he may, if he so desires or needs, use only one entry of the **Second Schedule** covering the major portion of his business turnover, for the purposes of tax assessments and tax declarations.
5. Where a character, nature, dynamic or purpose of any service exactly or substantially resembles or matches with service taxable under the **Second Schedule** and such service can be used as a perfect or close substitute of the scheduled service, such service shall be considered and liable to tax under the **Second Schedule**.
6. Classifications of services given either in the **First Schedule** or in the **Second Schedule** are just for reference and accounting purposes. They have no bearing on the taxability of any service. The taxability of a service shall be determined with reference to its description either mentioned separately or included in the class of services under the **Second Schedule** read with these principles of interpretation.
7. Non-mentioning of a classification heading of any service in the **Second Schedule** shall not in any manner effect the taxability of such service in the said Schedule, nor such non-mentioning shall be taken as plea for non-charging, immunity or exemption of tax.
8. Where in the **Second Schedule**, a description of the main or principal service or services has been mentioned, it shall include all allied, ancillary, auxiliary, related or connected services whether provided or rendered in the form of facility or utility as a part of the main contract or transaction or otherwise and shall be considered as a part and parcel of the main or principal service or services and its value shall invariably be included in the valuation and assessment of tax of such main or principal service or services.
9. Where under any entry, any service or services have been specifically excluded, such service or services shall not be classified or claimed to be classifiable such entry for the purpose of tax assessment or otherwise.

10. Nowhere in any entry "*inclusion*" of any service or services shall, unless the context otherwise specifically requires, be construed as exclusion of other service or services otherwise falling in or under such entry either by virtue of class of services or otherwise.
11. Where any service is provided or rendered solely against commission or commission charges, tax assessment shall be made on the basis of the gross amount received or to be received on account of such commission or commission charges.
12. Where during providing of any services by a person who is providing his services by virtue of his professional credentials, procures any durable and repeat-use goods (not the consumable materials procured by the service provider with his own funds as his own business inputs) purely on behalf of and for his client out of the funds provided or to be provided by the client and title of such goods is on acquisition and thereafter continues to be in the name of the client, value of such goods shall not be included in the value of services despite their being meant for use or having been used in the providing of services by such person provided that no input tax adjustment in respect thereof shall be available or admissible under any circumstances and as far the input tax adjustment in respect of the consumable materials purchased as business inputs as aforesaid, it will be available or admissible only if allowed under this Act or the rules made thereunder.
13. Unless otherwise specified elsewhere in the **Second Schedule** or under any notification issued under this Act, the corporate sector entities providing or rendering services liable to reduced rates of tax against serial numbers 9, 10, 11, 13, 17, 18, 21, 22, 27, 28 (other than public sector entities providing services covered therein), 39 and 44 of the said Schedule shall not pay tax at any such reduced rate. Such entities shall mandatorily pay tax at standard rate of 15% and all benefits of the admissible input tax adjustment shall be available to them.
14. Subject to para 13, the services provided by or relating to dealers of agriculture machinery and equipments, commission agents of agriculture produce, agriculture-specific market research, human resource development or management in agricultural fields, and exhibitions of agricultural products or products usable exclusively in agriculture sector shall be charged to tax only at the rate of two percent (2%) without any input tax adjustment.