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Amendments in Provincial Tax Laws 2024

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Preamble

The Provincial Assemblies of Punjab, Sindh, KPK and Balochistan approved the respective Finance Bills 2024 with certain amendments proposed therein and after the assent of the Governor of respective Provinces, the Finance Acts, 2024 have been enacted.

This publication contains a review of changes made in various indirect taxation laws of Punjab, Sindh, KPK and Balochistan through respective Finance Acts, 2024.

This document contains comments, which represent our interpretation of the legislations. We recommend that while considering their application to any particular case reference be made to the specific wordings of the relevant statute.

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Punjab Finance Act, 2024

Highlights

The Punjab Finance Act, 2024 (Punjab Act) brings comprehensive changes across various sectors to update and streamline taxation processes. Key amendments include revisions to stamp duties, vehicle registration fees, and excise duties on minerals. The Punjab Act also outlines procedural requirements in the sales tax sector and introduces a more equitable property tax system with self-assessment and revised exemptions. Additionally, provisions for hardship exemptions and Government authority to amend tax schedules are introduced. These amendments are designed to increase Government revenue and support public services and infrastructure in Punjab.

Stamp Act, 1899

These amendments are part of the Punjab Act and modify the proper stamp-duty as specified in Schedule I of the Stamp Act, 1899 (Stamp Act).

The Stamp Duties under the Stamp Act have been revised and are provided as follows:

Brief about Articles:

Article	Clause / Sub-clause	Existing Text	Amended Text
Article 4	-	"One"	"Three"
Article 5	Clause (cc)	"Twelve hundred"	"Three thousand"
	Clause (d)	"One"	"Five"
Article 17	-	"One"	"Five"
Article 22-A	Sub-clause (i)	"Twelve hundred"	"Three thousand"
	Sub-clause (ii)	"Two"	"Five"
	Sub-clause (iii)	"Three"	"Eight"
	Sub-clause (iv)	"Five"	"Fifteen"
	Sub-clause (v)	"Ten"	"Thirty"
Article 29	-	"Hundred"	"Thousand"

Article	Clause / Sub-clause	Existing Text	Amended Text
Article 48	Clause (a)	"Five hundred"	"Two thousand"
	Clause (bb)	"Twelve hundred"	"Three thousand"
Article 54	-	"Hundred"	"Thousand"
Article 61	-	"Hundred"	"Thousand"

Punjab Urban Immovable Property Tax Act, 1958

High value property

In section 2, a new Clause (d-a) has been added which empowers the Government to specify or categorize a property as "High Value Property" through notification in the official gazette.

Amendments have been made in various clauses to replace and further clarify certain words.

Tax levied on taxable value of land and buildings

Tax shall be levied on the taxable value of buildings and land in a rating area as per the Schedule.

Residential buildings and land

Buildings and lands used exclusively as residential, with a taxable value not exceeding Rs. 5 million are exempted.

Determination of taxable value

A new section 5 has been added which pertains to ascertainment of taxable value. Taxable value shall be determined according to the valuation table. The Government may specify and categorize high-value property through notification in the official Gazette. Previously used section 5-A has been omitted.

Self-assessment of land and building

A new section 6-A has been added which pertains to self-assessment. Owners must assess their property and submit the assessment online with a declaration

of correctness. Random audits may be conducted, and discrepancies will result in corrected assessments and penalties.

Making valuation list

Valuation lists for rating areas shall be prepared as prescribed, with changes effective from the first day of the coming month.

Hardship cases

A new section 10-A has been added which pertains to "Hardship Cases". A Grievance Committee may exempt land and building from tax payment in hardship cases.

Power to amend schedule

A new section 23-A has been added which pertains to "Power to Amend Schedule". The Government may amend the Schedule by notification in the official Gazette.

Currently, property tax is levied at 5% of the 'annual value' of buildings and land, which is based on either the rental income or valuation tables set by the Government. Under the new proposal, property tax will be based on the 'taxable value' determined using valuation tables specified under the Stamp Act.

Additionally, the Government will have the authority to designate certain properties as high value and establish corresponding taxable values through official notification. These revisions introduce a standardized approach to property tax assessment and empower regulatory bodies to categorize and tax properties based on updated valuation criteria.

S. #	Taxable Value	Residential Properties	Commercial Properties
		Rate of tax	Rate of tax
1.	Up to Rs. 5 million	Exempted	0.07%
2.	Exceeding Rs. 5 million and up to Rs. 10 million	0.07%	0.07%
3.	Exceeding Rs. 10 million and up to Rs. 25 million	0.08%	0.08%
4.	Rs. 25 million and above	0.09%	0.09%

If in case the tax payable, under above table, is lower than the tax payable on and before 31.12.2024 then the tax will be given as provided in the table below

until the tax liability becomes equal or greater than the tax payable under above table.

S. #	Taxable Value	Residential Properties	Commercial Properties
		Rate of tax	Rate of tax
1.	Up to Rs. 5 million	Exempted	Tax on and before 31.12.2024
2.	Exceeding Rs. 5 million and up to Rs. 10 million	Tax on and before 31.12.2024 + 10%	Tax on and before 31.12.2024 + 10%
3.	Exceeding Rs. 10 million and up to Rs. 25 million	Tax on and before 31.12.2024 + 10%	Tax on and before 31.12.2024 + 10%
4.	Rs. 25 million and above	Tax on and before 31.12.2024 + 20%	Tax on and before 31.12.2024 + 20%

Punjab Motor Vehicles Taxation Act, 1958

Motorcycle and scooter registration

Rs. 1,500 shall be charged at the time of registration. If transferred within 10 years, Rs. 1,500 with a 10% rebate per financial year.

Rs. 1,500 shall be charged for a motorcycle with a side trailer or cabin at the time of registration. If transferred within 10 years, Rs. 1,500 with a 10% rebate per financial year.

Motor vehicles registration

Registration of vehicles up to 1,000 cc will be charged Rs. 20,000 at the time of registration. If transferred within 10 years, Rs. 20,000 with a 10% rebate per financial year.

Exceeding 1,000cc but not exceeding 2,000cc: 0.2% of invoice value.

Exceeding 2,000cc: 0.3% of invoice value.

If the annual rate of tax for clauses (b) and (c) is less than the previous rate, the tax shall be paid at the previous rate.

Punjab Sales Tax on Services Act, 2012

The powers to appoint authorities were subject to prescribed manner and a notification in the official gazette. The Punjab Act has amended section 39(1) of the Punjab Sales Tax on Services Act, 2012, to appoint the authorities by a notification, without publication in the official Gazette. Further, this amendment will be effective from 01 July 2012.

Sindh Finance Act, 2024

Highlights

- The Sindh Finance Act 2024 (Sind Act) has enhanced standard rate of Sindh sales tax from 13% to 15%. However, notifications have been issued for levy of tax at the reduced rates and in case of medical practitioners and consultants, Education Services and Hospital and Clinics exemption thresholds have been provided.
- The Sindh Act has enhanced / clarified the scope of various definitions.
- The Sindh Act has introduced new definitions for levy of Sindh sales tax i.e. education services, farmhouse, hospitals and clinics, medical practitioners and consultants and sports and games centers.
- The Sindh Act has provided that the value of taxable service shall be gross amount so charged by the service provider including reimbursable expenditure, except as may be prescribed.
- The Sindh Act has reduced time limitation for issuance of Show Cause Notice from 8 years to 5 years with effect from July 1, 2025.
- Records to be maintained by a registered person who is providing taxable services and exempt services in Sindh as well as in other provinces / areas of Pakistan for reconciliation or ascertainment of Sindh sales tax liability.
- The Sindh Act has reduced time limitation for retention of records from 10 years to 6 years with effect from July 1, 2025.
- The Sindh Act has reduced time limitation for service of notice for recovery of tax not levied from 8 years to 5 years with effect from July 1, 2025.
- The Sindh Act has enhanced the power of Commissioner (Appeals) to allow stay of demand up to 180 days instead of up to 120 days.
- The Sindh Act has reduced the amount of required payment for automatic stay from 25% to 10% where the appeal is pending before Commissioner (Appeals).
- Sind Revenue Board (SRB) has been empowered to make agreement on reciprocal or multilateral basis with the FBR and other provincial sales tax authorities for sharing electronic data of tax returns.
- The Sindh Act has enhanced rates of Professional Tax, Infrastructure Cess and Motor Vehicle Tax.
- The Sindh Act has also enhanced / introduced / revised Stamp Duty.

Definitions

The Sindh Act has made amendments in section 2 of the Sindh Sales Tax on Services Act, 2011 [the SSTS Act] to enhance / clarify the scope of following definitions:

- “business support service” to include services of marketing.
- “car or automobile dealer” to incorporate dealers of other motor vehicles thereby including dealers of all types of motor vehicles.
- “cosmetic and plastic surgery” under which an explanation is provided clarifying that the term “surgery” includes procedure.
- “hotel” to include huts, resorts and lodges where rooms or suites or facilities are let out on rent, whether or not it has any arrangement for catering or for events as a part of the hotel or provides any other services, facilities or utilities.
- “indoor sports and games center” - this definition in sub-section (51B) has been omitted and definition of “sports and games center” introduced under sub-section (87A) to enhance the scope to both indoor and outdoor games and sports etc.
- “place of business in Sindh” - the phrase “in relation to a person” has been added in this definition to bring more clarity.

- “programme” to mean any audio or visual or audio-visual matter, presented or transmitted live or recorded or re-recorded or subjected to any post-production processes like editing, dubbing, colouring, sub-titling or captioning, for dissemination through cables, space, internet, radio, television, cinema, theatre or any other means.
- “rent-a-car and automobile rental service” to include renting services of any other type of motor vehicle instead of only passenger motor vehicles.
- “renting of immovable property” to include renting of land or premises used or to be used for such games and sports which are liable to tax under tariff heading 9821.2000.
- “surveyor” to include any kind of specialized or special purpose survey, geological or geophysical survey, surface or sub-surface survey, survey of exploration of minerals.
- “tax fraud” – this definition includes non-filing the prescribed tax return or the prescribed statement for four consecutive months or more; the term “four consecutive months” has been replaced by “four consecutive tax periods”.
- “truck aggregator” who provides services to connect driver of trucks, etc. with the specified business enterprises only. Now, the definition includes services to connect driver of trucks, etc. with any other person together with specified business enterprises.

The Sindh Act has introduced following new definitions for the purpose of levy of Sindh Sales Tax under the SSTS Act.

Sub-section	Description
(37A)	“education services” includes pre-primary, primary, elementary, secondary, higher secondary, General Certificate of Education, General Certificate of Secondary Education, International General Certificate of Secondary Education, college or university education and also includes vocational, professional, instructional, technical, and continuing education services and trainings rendered or provided by institutions like schools, colleges, universities, academia, institutes, teaching hospitals, or such other degree, diploma, or certificate awarding institutions but does not include special education for the children with special needs and education under adult literacy programme.

Sub-section	Description
(41A)	“farmhouse” includes a facility or a resort located on a farm which or a part of which is used for providing or rendering accommodation or entertainment or swimming or games or recreation or camping opportunities.
(50A)	“hospitals and clinics” includes the hospitals or institutions as defined in clause (a) of section 2 of the Pakistan Medical and Dental Council Act 2022 (Act No. IV of 2023), and also includes a person or an establishment or an institution or an organization or a facility engaged in providing or rendering the services like medical, surgical, psychiatric, obstetric, dental or ophthalmological and similar treatment and care, whether preventive, prophylactic or curative, of persons including patients or sick or injured persons.
(59A)	“medical practitioners and consultants” means the registered medical practitioners and the registered dental practitioners, as defined in clauses (w) and (x), respectively, of section 2 of the Pakistan Medical and Dental Council Act, 2022 (Act No. IV of 2023).
(87A)	“sports and games center”, by whatever name called, includes a person who provides or renders facility of games and sports, whether indoor or outdoor, for amusement, recreation or otherwise, in its premises.

Economic activity

The Sindh Act has clarified that the activities of an employee providing services in that capacity to an employer “with whom he is in direct relationship under a contract of employment” shall not be treated as economic activity.

The Sindh Act has also clarified through insertion of second proviso under sub section (3)(a) of section 4 that the activities of an employee detailed or engaged by the employer to perform certain activities for a person other than the employer in connection with or in the course or furtherance of business of the employer shall be treated as economic activity of such employer.

Value of a taxable service

The Sindh Act has provided that for the purpose of determining value of taxable service under section 5, the terms “consideration” and “consideration in money” shall mean the gross amount charged by the service provider for the taxable services provided by him and shall include:

- (i) Any amount that is payable for the services provided; and
- (ii) Any amount of reimbursable expenditure or cost incurred by the service provider and charged, in the course of provision of a service, except in such circumstances and subject to such conditions as may be prescribed.

Input tax credit not allowed

Consequent to the enhancement in the rate of Sindh sales tax from 13% to 15%, change of rate has been made from 13% to 15% in clause (g), (j) and (jj) except clause (k) of section 15A which appears to be an editorial error.

The Sindh Act has also inserted a proviso in clause (k) allowing 18% input tax paid on goods and services against the services of telecommunication which are chargeable to Sindh Sales Tax at the rate of 19.5%. Presently, such proviso exists in clause (jj) of section 15A, allowing 17% input tax which has now been omitted.

Assessment of tax

The Sindh Act has reduced time limitation for issuance of Show Cause Notice from 8 years to 5 years from the end of the financial year to which the assessment period relates. This change will take effect from July 1, 2025 for the tax years commencing on or after July 1, 2025.

Suspension of registration

Presently, the SRB or any of office of the SRB may suspend the registration of a person if it believes that the person:

1. Is not entitled to be registered; or
2. Has failed to comply with its obligation under the Act; and
3. The suspension of registration shall be effected by removing the name of the person from the list of registered persons published on the Board's website.

Now, the Sindh Act has omitted para 3 above as it cannot be considered as one of the reasons for suspension rather it is the mode of suspension.

De-registration

Under section 25A, where any registered person believes that he does not satisfy the requirements for registration in section 24, he may in the manner and mode provided in the rules, make an application to the Board or any authorized officer of SRB, to be de-registered. The Sindh Act has replaced the requirement of making an application with the

requirement of e-filing the application on the SRB portal.

Records

The Sindh Act has provided that records to be maintained by a registered person who is providing taxable services and exempt services in Sindh as well as in other provinces / areas of Pakistan, shall inter alia include, the record in such form and manner as would permit reconciliation or ascertainment of Sindh Sales Tax liability.

Retention and production of records and documents

The Sindh Act has reduced time limitation for retention of records or documents from 10 years to 6 years with effect from July 1, 2025.

Offences and penalties

Following penalties have been enhanced / introduced / rationalized:

Description	Existing	Proposed
Where a person fails to comply with e-invoicing system or obstructs the enforcement of provisions of section 54A	Upto Rs. 100,000 but not less than Rs. 25,000 with sealing of business for three consecutive defaults	Upto Rs. 1,000,000 but not less than Rs. 100,000 with sealing of business if default persists. Such person shall further be liable to imprisonment up to one year or fine up to Rs. 100,000 or both upon conviction
Where a person fails to deposit the amount of service fee under Online Integration of Business Rules or fails to report the service fee in the sales tax return	-	Rs. 100,000 or twice the amount of fee involved, whichever is higher. Such person shall further be liable to imprisonment up to one year or fine up to Rs. 100,000 or both upon conviction.
Where a person commits any violation in respect of computerized system prescribed by	Rs. 25,000 or 100% of the amount of loss to sales tax revenue. Such person	Rs. 25,000 or 100% of the amount of loss to sales tax revenue whichever is

Description	Existing	Proposed
the Board under section 73	shall further be liable to imprisonment up to one year or fine up to the amount of loss or both upon conviction.	higher. Such person shall further be liable to imprisonment up to one year or fine up to the amount of loss or both upon conviction.

Recovery of tax not levied or short levied

The Sindh Act has reduced time limitation for service of notice for the purpose of recovery of tax not levied or short levied from 8 years to 5 years with effect from July 1, 2025.

Procedure in appeal

The Sindh Act has enhanced the power of Commissioner (Appeals) to allow stay of demand up to 180 days instead of up to 120 days.

Appointment of the Appellate Tribunal

The Sindh Act has reduced the power of single member bench of SRB Tribunal to dispose of any case of tax or penalty involving amount of up to Rs. 1 million instead of amount of up to Rs. 5 million.

Recovery of arrears of tax

Currently, automatic stay is allowed on payment of 25% of the tax due where the appeal before Commissioner (Appeals) is pending. The Sindh Act has reduced the amount of required payment for automatic stay from 25% to 10% of the due tax amount.

Computerized system

The Sindh Finance Act has empowered SRB to make arrangement or agreement on reciprocal or multilateral basis with the FBR and other provincial sales tax authorities for sharing electronic data of tax returns filed in the computerized system.

Second Schedule (taxable schedule)

Part B

The Sindh Finance Act has enhanced standard rate of Sindh sales tax from 13% to 15%. However, notifications have been issued for levy of tax at reduced rate of 3%, inter alia, in the case of education services, hospitals and clinics, medical practitioners and consultants and foreign exchange dealers.

The following description of services have been inserted / amended in the Second Schedule to make these services liable to Sindh Sales tax or to broaden their scope:

Tariff headings	Description
98.01,9801.1000 and 9801.6000	Farmhouses
9815.1000	Medical practitioners and consultants
9821.2000	Sports and games center
9836.0000	Transportation or carriage of goods by road or through pipeline or conduit
9853.0000	Vehicle towing
9857.0000	Education Services
9858.0000	Services provided or rendered by hospitals and clinics

Significant Amendments through various Notifications and Rules, effective 1 July 2024

Services provided by restaurants including the restaurants located in hotels, motels, guest houses and farmhouses

A reduced rate of 8% has been provided without input tax adjustment under the reduced rates notification for restaurants, where payment for the services provided or rendered, by restaurants including the restaurants located in hotels, motels, guest houses and farmhouses, is made through debit or credit cards, mobile wallets or QR scanning.

Foreign exchange dealer or exchange company or money changer or money exchanger

Exemption provided in Notification No. SRB-3-4/7/2013 dated 18.06.2013 to foreign exchange dealer or exchange company or money changer or money exchanger on "spread" charges as permitted by the State Bank of Pakistan in relation to the buying and selling of foreign currencies under Tariff heading 9813.9000 and 9819.2000 has been omitted.

As a consequence of this omission the "spread" has become taxable. However, sales tax at reduced rate of 3% without input tax adjustment under the reduced rates notification has been imposed on the services of foreign exchange dealers or exchange company or money changer or money exchanger including "spread".

Further, through amendment in Rule 40D of SST Rules, the formula for computing sales tax at reduced

rate of 3% on the value of services has been substituted and explained by way of an illustration as follows:

Illustration

Exchange company buys US\$ 50 for Rs. 5,000 (say, at Rs. 100 per Dollar unit) from a customer. In such case, the value of service shall be:

$$25 \text{ paisa} \times 5,000 \div 100 = \text{Rs. } 12.5$$

Sales tax at the rate of 3% shall be Rs. 12.5 x 3% = Re. 0.375.

The same formula shall also apply in the case of sale of the foreign currency.

Medical practitioners and consultants

As a consequence of services of medical practitioners and consultants now becoming taxable, exemption has been provided up to Rs. 3,000 per consultation/visit to medical practitioners and consultants except the consultant dealing in cosmetic and plastic surgery. Apart from this exemption, sales tax at reduced rate of 3% shall be paid without input tax adjustment under the reduced rates notification. Further, Rule 42FF has been introduced in Sindh Sales Tax on Services Rules, 2011 (SST Rules) whereby procedure for collection / payment of sales tax has been laid down which inter alia provides that sales tax shall be paid by the medical practitioner and consultant or the hospital or the clinic from where the medical practitioner and consultant is providing services.

Distribution services

A reduced rate of 5% has been provided without input tax adjustment under the reduced rates notification for distribution services where the distribution services are provided or rendered by a registered person in relation to the drugs registered under the Drugs Act, 1976 (Act No. XXXI of 1976).

Education services

As a consequence of education services now becoming taxable, exemption has been provided where the amount of fee / charges does not exceed Rs. 500,000 per annum per student. Apart from this exemption, sales tax at reduced rate of 3% shall be paid without input tax adjustment under the reduced rates notification. Further, Rule 42L has been introduced in SST Rules whereby procedure for collection / payment of sales tax has been laid down.

Hospital and Clinics

As a consequence of services provided by hospitals and clinics now becoming taxable, exemption has been provided where services of rooms/beds for their

indoor patients and day-care patients (including allied fixed charges) does not exceed Rs. 25,000 per room / per bed. Apart from this exemption, sales tax at reduced rate of 3% shall be paid without input tax adjustment under the reduced rates notification.

Further Rule 42 K has been introduced in SST Rules whereby procedure for collection / payment of sales tax has been laid down.

Professional Tax under Sindh Finance Act, 1964

The rates of professional tax under Seventh Schedule of Sindh Finance Act, 1964 have been revised by Sindh Finance Act 2024 as follows:

S. #	Categories	Existing rate of tax per annum (Rs.)	Enacted rate of tax per annum (Rs.)
1.	All Persons assessed to Income Tax. All persons engaged in any profession, trade calling or employment, other than those mentioned hereinafter and assessed to in the preceding financial year	500	2,000
4.	All factories, shops, or establishments, including video shops, real estate, shops / agencies, and car dealer not assessed to income tax in the preceding financial year	1,000	2,000
5.	All Petrol Pumps & CNG Stations.	5,000	20,000

Sindh Development and Maintenance of Infrastructure Cess Act, 2017

The Sindh Act has revised the rates of Cess to be applied as follows:

Net weight of goods	Existing rate of Cess	Enacted rate of Cess
Up to 1,250 Kilograms	1.20% of total value of goods as assessed by the Customs Authorities plus one paisa per kilometer.	1.80% of total value of goods as assessed by the Customs Authorities plus one paisa per kilometer.

Net weight of goods	Existing rate of Cess	Enacted rate of Cess
Exceeding 1,250 Kilograms but not exceeding 2,030 Kilograms	1.21% of total value of goods as assessed by the Customs Authorities plus one paisa per kilometer	1.81% of total value of goods as assessed by the Customs Authorities plus one paisa per kilometer
Exceeding 2,030 Kilograms but not exceeding 4,060 Kilograms	1.22% of total value of goods as assessed by the Customs Authorities plus one paisa per kilometer	1.82% of total value of goods as assessed by the Customs Authorities plus one paisa per kilometer
Exceeding 4,060 Kilograms but not exceeding 8,120 Kilograms	1.23% of total value of goods as assessed by the Customs Authorities plus one paisa per kilometer	1.83% of total value of goods as assessed by the Customs Authorities plus one paisa per kilometer
Exceeding 8,120 Kilograms but not exceeding 16,000 Kilograms	1.24% of total value of goods as assessed by the Customs Authorities plus one paisa per kilometer	1.84% of total value of goods as assessed by the Customs Authorities plus one paisa per kilometer
Exceeding 16,000 Kilograms	1.25% of total value of goods as assessed by the Customs Authorities plus one paisa per kilometer	1.85% of total value of goods as assessed by the Customs Authorities plus one paisa per kilometer

The Sindh Act has inserted an explanation under the above Schedule whereby the term "value" means the total value of goods as assessed by the Customs Authorities upon entering in and using the Infrastructure of the Province and the term "distance" means the distance covered within the Province".

Sindh Motor Vehicles Taxation Act, 1958

The Sindh Act has revised rates of tax to be paid at the time of registration of imported / locally manufactured / assembled cars as under:

S. #	Category of cars	Existing rate (Rs.)	Revised rate (Rs.)
1	Imported Motor cars/Jeeps etc., with engine capacity 3,000 cc and above	150,000	450,000
2	Imported Motor cars/Jeeps etc., with engine capacity from 2,000 cc to 2,999cc	75,000	275,000
3	Imported Motor Car/Jeeps etc. with engine capacity 1,500cc to 1,999cc	5,000	100,000
4	Locally manufactured or assembled Motor Car/Jeeps etc. with engine capacity 2,000cc and above	5,000	50,000
5	Locally manufactured or assembled Motor Car/Jeeps etc. with engine capacity 1,500cc to 1,999cc	5,000	25,000

Stamp Act, 1899

Insertion of new Articles in Schedule I

The Sindh Act has inserted following new Articles in Schedule I:

Article	Description of Instrument	Proper stamp-duty
3-A	AIR TICKETS issued by any Airline – For Domestic Flights	Rs. 50 per ticket
	For International Flights	Rs. 400 per ticket
4-A	Allotment orders or issuance or renewal of sanads by the Government, except sanad or allotment issued under the Sindh Gothabad Act, 1987, the Sindh Katchi Abadis Act, 1987, Harap grants, Sindh People's Housing for Flood Affectees and free of cost grants	Rs. 5,000
24-A	Partnership or Dissolution of Partnership	Rs. 5,000

Substitution of stamp duty rates

The Sindh Finance Act has revamped the existing stamp duty rates on some items prescribed under Schedule I as follows:

Article	Description of Instrument	Previous Proper Stamp Duty	Enacted Proper Stamp Duty
2	Affidavit including an affirmation or declaration in the case of persons by law allowed to affirm or declare instead of swearing	Rs. 50	Rs. 200
7	Bill of entry including goods declaration	Rs. 1,000	Rs. 2,000
9	Bill of lading	Rs. 300	Rs. 1,000
10(C)	Debentures including Participation Term Certificate, Term Finance Certificate and Commercial Papers (whether a mortgage debenture or not), being a marketable security transferable	0.05% of the amount per annum on first issue and 0.02% per annum of the amount of the commercial paper on subsequent transfer.	0.05% of the amount per annum or part thereof on first issue and 0.02% per annum or part thereof of the amount of the commercial paper on subsequent transfer subject to a minimum of five hundred rupees
11	Certificate of Sale (in respect of each property put up as separate lot and sold) granted to the purchaser of any property sold by public auction by a Civil or Revenue Court, or Collector or other Revenue Officer	3% of the amount of purchase money only	Same duty as leviable on the Conveyance under Article No. 16(A)(i)
16(A)	Conveyance as defined by section 2(2) not being a Transfer charged or exempted under Article No. 31.		
	(i) In favour of Real Estate Investment Trusts	1% of value in the valuation table or at the floating rate charged on the actual value	1% of value in the valuation table or at the floating rate charged on the actual value

Article	Description of Instrument	Previous Proper Stamp Duty	Enacted Proper Stamp Duty
	(ii) To and From Real Estate Investment Trusts (REITs) *	1% of value in the valuation table or at the floating rate charged on the actual value	2% of value in the valuation table or declared value recorded in the instrument whichever is higher
	(iii) In any other case *	2% of the value in accordance with the valuation table	Same duty as leviable on the Conveyance under Article No. 16(A)(i)
	*It appears that change in the rates is intended to be made in relation to Article 16A(ii) and (iii) above, however, the Sindh Finance Act, perhaps inadvertently, refers to Article 16(A)(i) and (ii) instead		
16(B)	Transfer of lease by way of assignment	1% of value in the valuation table or at floating rate charged on actual value	Same duty as leviable on the conveyance under Article No. 16(A)(i)
17	Counterpart or Duplicate of any instrument chargeable with duty and in respect of which the proper duty has been paid	Rs. 500	Rs. 1,000
21	Lease, including an under-lease or sublease, an agreement to let or sub-let and the surrender of a lease.		
	(i) Where the lease relates to open plots, flats, shops, offices, town houses and bungalows, together with the right in the divided shares or otherwise of the plot where the value thereof is determined in accordance with the valuation table.	1% of value in the valuation table or at the floating rate charged on the actual value	Same duty as leviable on the conveyance under Article No. 16(A)(i)

Article	Description of Instrument	Previous Proper Stamp Duty	Enacted Proper Stamp Duty
	(ii) Surrender including lease or sub-lease and pre-lease in respect of open or built-up property in urban areas under section 27-A (except in case when surrender to KDA, DHA or any other government agency)	1% of value in the valuation table or at the floating rate charged on the actual value	Same duty as leviable on the conveyance under Article No. 16(A)(i)
	(vi) Lease or Sub-lease to and from Real Estate Investment Trusts (REITs)	1% of value in the valuation table or at the floating rate charged on the actual value	Same duty as leviable on the conveyance under Article No. 16(A)(i)
24	Notarial Act, that is to say, any instrument, endorsement, note, attestation, certificate or entry signed by Notary Public	Rs. 5	Rs. 500
28	Promissory Note		
	(a) When payable on demand		
	(i) When the amount or value does not exceed two hundred fifty thousand rupees	Rs. 500	Rs. 1,000
	(ii) When the amount exceeds two hundred fifty thousand rupees	Rs. 1,000	Rs. 2,000
	(b) When payable otherwise than on demand	0.2% of the amount payable otherwise than on demand	0.2% of the amount payable otherwise than on demand subject to a minimum of five hundred rupees
29	Release that is to say, instrument (not being such a release as is provided for by section (23-A) whereby a person renounces a claim upon another person or against any specified property	1% of value in the valuation table or at the floating rate charged on the actual value	Same duty as leviable on the Conveyance under Article No. 16(A)(i)
30	Settlement		

Article	Description of Instrument	Previous Proper Stamp Duty	Enacted Proper Stamp Duty
	A-Instrument of (including a deed of dower)		
	(ii) In any other case	1% of value in the valuation table or at the floating rate charged on the actual value or five percent of the value of moveable property settled	Same duty as leviable on the conveyance under Article No. 16(A)(i) or five percent of the value of moveable property settled
32	Trust (i) Where Trust is made in respect of immovable property	1% of value in the valuation table or at the floating rate charged on the actual value	Same duty as leviable on the conveyance under Article No. 16(A)(i)

The Sindh Finance Act has omitted the Explanation and the proviso regarding “actual value” and “floating rate”, which was appearing at the end of Schedule 1, as it had become redundant.

Substitution of Articles in Schedule I

The Sindh Finance Act has substituted some of the existing Articles. The revised description of instrument and proper stamp-duty are now enacted as follows:

Article	Description of Instrument	Proper stamp-duty
1	ACKNOWLEDGMENT OR RECEIPT of money or any other consideration relating to immovable property	
	(i) Where such amount does not exceed Fifty Thousand rupees	Rs. 10
	(ii) Where such amount exceeds Fifty Thousand rupees but does not exceed Two Lac rupees	Rs. 20
	(iii) Where such amount exceeds exceed Two Lac rupees but does not exceed Five Lac rupees	Rs. 50
	(iv) Where such amount exceeds	Rs. 100

Article	Description of Instrument	Proper stamp-duty
	Five Lac rupees but does not exceed Ten Lac rupees	
	(v) Where such amount exceeds Ten Lac rupees but does not exceed Twenty-Five Lac rupees	Rs. 500
	(vi) Where such amount exceeds Twenty-Five Lac rupees but does not exceed Fifty Lac rupees	Rs. 1,000
	(vii) Where such amount exceeds Fifty Lac rupees	Rs. 2,000
3	Agreement or Memorandum of an Agreement-	
	(a) If relating to the: (ii) Sale or transfer of a registered motor vehicle; (iii) Sale or transfer of immovable property; or (iv) Re-conveyance of mortgage property	Rs. 1,000
	(b) If relating to the execution of an agreement between builder, developer and/or allottee for booking of apartment, shop, house, office or plot for the sale of general public in a project approved by Sindh Building Control Authority	Rs. 5,000
	(c) If not otherwise provided for	Rs. 1,000
22	Letter of Credit, that is to say, the instrument including applications and agreements for opening letter of credit by which one person authorizes another to give credit to the persons in whose favour it is drawn	
	(a) Where the amount of Letter of Credit does not exceed Two million rupees	Rs. 1,000
	(b) Where the amount of Letter of Credit exceeds Two million rupees but does not exceed Five million rupees	Rs. 1,500
	(c) Where the amount of Letter of Credit exceeds Five million rupees but does not exceed Ten million rupees	Rs. 2,000
	(d) Where the amount of Letter of Credit exceeds Ten million rupees	Rs. 3,000
26	Policy of insurance or Renewal of insurance	

Article	Description of Instrument	Proper stamp-duty
	A. Sea Insurance (See Section 7), and Policy by Air	
	(1) For each voyage-	0.02% on the sum insured subject to a minimum of five hundred rupees
	(2) For time Where the insurance shall be made for such period not exceeding twelve months	0.09% on the sum insured subject to a minimum of five hundred rupees
	B. Fire-Insurance and other classes of insurance, not otherwise included in this Article, covering goods, merchandise, personal effects, crops, and other property against Loss or damage	Rs. 500
	C. Life Insurance Health Insurance or other Insurance not specifically provided for in this Article, except such re-Insurance as is described in the Division of this Article	0.15% on the sum insured subject to a minimum of five hundred rupees
	D. If not otherwise provided for	Rs. 500
27	Power of attorney as defined by section 2(21)-	
	(a) when given not for consideration and authorizing the attorney to sell any immovable properties	Rs. 7,000
	(b) when given for consideration and authorizing the attorney to sell any immovable property	Same duty as leviable on the Conveyance under Article 16 (A)(i)
	(c) in any other case	Rs. 1,000

Khyber Pakhtunkhwa Finance Act, 2024

Highlights

- Special procedure introduced for collection of tax by a collecting agent with Policy Board having the power to declare any other person or class of persons as a collection agent.
- State Bank of Pakistan (SBP) and any other schedule bank or entity licensed or authorized by the SBP to transfer money abroad for specified services declared as collection agents.
- New conditions added under which input tax is barred from adjustment against output tax on taxable services.
- Scope of assessment enhanced against the taxpayers through issuance of orders for imposition of penalty and default surcharge.
- New penal provisions added in relation to violation of provisions of the KPK Services Act.
- Rate of levy of default surcharge enhanced to 24% for non-fraud and 36% for fraud related cases.
- Approval of Collector or Management Committee will be required in case of attachment of bank accounts of registered persons for recovery of tax.
- New section inserted for rewarding whistleblowers who report tax evasion, fraud, or misconduct, subject to approval of the Finance Department.
- Education, training and management services added in the list of services in the First Schedule to the KPK Services Act.
- Wedding / marriage / shadi halls have been given a choice to choose (one time) between the rate of 8% or a fixed rate based on their capacity.
- Services provided by health care centers, travel or transportation services and management services including fund and asset management services have been added in the list of taxable services in the Second Schedule to the KPK Services Act.
- Stamp rates enhanced pursuant to Stamp Act, 1899.
- New Act introduced namely "Khyber Pakhtunkhwa Provincial Excise Duty (Un-manufactured Tobacco) Act, 2024" for implementation of excise duty of unmanufactured tobacco.

Collection of tax through 'collection agent'

A new section 14A has been inserted in the KPK Services Act that provides for manner and collection of tax, as prescribed by the Policy Board, from another person or class of persons on provision of any taxable service or class of taxable services and to deposit the tax so collected to the Government. The detailed guidelines in terms of registration, bookkeeping, invoicing, returns or other related matters are yet to be published.

The KPK Act also introduced the definition of a "Collection Agent" through the newly inserted clause (m-i) of section 2 of the KPK Services Act which defines SBP or any other scheduled bank or entity licensed or authorized by the SBP to transfer money abroad for the specified services as a Collection Agent.

We understand that the foregoing changes are *pari materia* to those introduced in other provincial authorities and intend to curb any tax avoidance that could have been made while export of taxable services to outside Pakistan.

Scope of 'tax fraud' enhanced

Currently, the instances of doing of any act in contravention of provisions of the KPK Services Act, omission to do any act, falsification of tax invoices, issuance of invoices without provision of taxable services, failure in deposit of tax collected amount or sales tax withheld amount, understating the tax liability or overstating the input tax claim and consecutive failure in e-filing of returns for four (4) months or more, in knowingly, dishonestly, fraudulently or without lawful excuse is termed as 'tax fraud'.

The KPK Act has now added an instance of failure to declare and pay tax so charged and collected under the KPK Services Act within the scope of tax fraud.

The said amendment proposes to curb any instances of malafide attempt on account of non-declaration of taxable services or non-payment of tax so charged and collected in sales tax returns.

Input tax inadmissibility

Section 17 of the KPK Services Act lists down the conditions in terms whereof the input tax is treated as inadmissible for adjustment against output tax on taxable services.

The KPK Act has added the below mentioned conditions to restrict adjustment of input tax paid in respect thereof:

- Such goods or services, as are liable to sales tax, at specific rate or at fixed rate or such other rates, not based on value;
- Services that are liable to sales tax a rate lesser than the standard rate of 15%.;
- Goods used or consumed as inputs, which are subject to tax at a rate less than 18%;
- Goods in respect of which input tax adjustment is barred under the Sales Tax Act, 1990; and
- Tax paid on services under the Islamabad Capital Territory (Tax on Services) Ordinance, 2001.

Order for imposition of penalty and default surcharge

Section 27 of the KPK Services Act governs assessment and recovery of tax not levied or short levied on taxable services or short payments arising from inadmissible adjustment of input tax.

The KPK Act has enhanced the scope of this section by adding the penalizing of taxpayer through the issuance of an order in instances of non-compliance with certain provisions of the KPK Services Act including non-filing of return, non-payment of tax within due date or failure to submit records required during the proceedings.

New penalties imposed

The KPK Act has added new penalties in section 53 in case of the following instances:

S. #	Offence	Punishment or Penalty	Competent Jurisdiction
4A	Where any registered person, who after integration of its computerized system with Computer system of the Authority i.e. through Restaurants Invoice Management System (RIMS) or Invoice management and Reporting System (IRMS) or any other prescribed system, fails to comply with E-Invoicing system or issue 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 Rs. 100,000 or 5% of the tax involved, whichever is higher, for each instance of non-compliance.	Officer of the Authority competent under this Act.
7A	Where a registered person, including 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 issued by officer of the Authority, not below the rank of Assistant Collector	Such person shall be liable to pay a penalty of Rs. 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 Rs. 500,000 – In case of non-compliance for the third time, such person shall be liable to pay a penalty of Rs. 1,000,000.	

Default surcharge

The rate of default surcharge in case of non-payment of tax or erroneous refund and tax fraud under section 54 of the KPK Services Act has been enhanced from 12% and 24% in non-fraud related cases and from 24% to 36% in fraud related cases.

Requirement of prior approval for accessing to premises / records

Section 60 of the KPK Services Act governs the access of officers to premises, stocks, accounts and records in the relevant jurisdiction.

The KPK Act has made such access subject to prior approval from the Collector or Management Committee.

Prior approval for attachment of bank accounts

Section 75 of the KPK Services Act prescribes for recovery of short paid or unpaid amount of tax along with default surcharge through attachment of bank accounts without issuance of any show cause notice.

The KPK Act has restricted the attachment of bank accounts of taxpayers unless prior approval of the Collector or the Management Committee is obtained.

Introduction of reward to a whistleblower

A new section 92 has been inserted in the KPK Services Act for reward to a whistleblower, who reports any concealment, evasion of tax, tax fraud, corruption or misconduct by official of tax authority, by the Management Committee subject to approval by the Finance Department.

Classification of new services in the First Schedule

The KPK Act has added new services in the First Schedule to the KPK Services Act as listed below:

Classification	Description
9856.0000	Educational services including technical and vocational education services provided by private sector
9856.1000	Pre-primary education services
9856.2000	Primary education services
9856.3000	Lower secondary education

Classification	Description
	services
9856.4000	Secondary education services
9856.5000	Upper secondary education services
9856.6000	Post secondary non-tertiary education services
9856.7000	First stage tertiary education services
9856.8000	Second stage tertiary education services
9856.9000	Other education and training services and educational support services
9857.0000	Management services, including fund and asset management services

Amendments in the Second Schedule

Reduction in rate of sales tax

The KPK Act has reduced the general rate of sales tax applicable to certain services as tabulated below:

S. #	Type of Service	Existing rate	Proposed rate
1	Hotels, motels, guest houses, accommodations etc.	15%	13% with the facility of input tax adjustment as allowed under this Act, rules and regulations
22	Exhibition, convention or carnival services and allied services including renting of purpose-specific property or space for such events	8% without any input tax adjustment	5% without any input tax adjustment

Increase in reduced rate of sales tax

The KPK Act has increased the reduced rate of sales tax against taxable services tabulated below:

S. #	Type of Services	Existing Rate	Proposed Rate
1 (iii)	Services provided or rendered by local non-corporate	5% without any input tax adjustment	6% without any input tax adjustment

S. #	Type of Services	Existing Rate	Proposed Rate
	stand-alone hotels or chains of such hotels (including guest houses, clubs and lodges etc.) and restaurants; 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		
1(iii)	Services provided by traditional type of 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 province)	1% without any input tax adjustment	2% without any input tax adjustment
1(iv)	Traditional accommodation facilities like sarrayae or inns or open-air overnight bed provisioning services generally located or available around or in vicinity of railway stations, bus, or wagon, if charges for overnight stay does not exceed Rs. 300 per bed	1% without any input tax adjustment	2% without any input tax adjustment
1(v)	Marriage or Wedding Halls where the invoice management and reporting system is not duly installed and fully functional	8% without any input tax adjustment	11% without any input tax adjustment
6	Advertisement services on and through print media of all types and forms	1% without any input tax adjustment	2% without any input tax adjustment

S. #	Type of Services	Existing Rate	Proposed Rate
20	Cinematographic production, photographic services, recording services and telecasting or broadcasting services including: a) Film making or film production b) Telecasting or broadcasting services c) Video tape and recording services d) Photographic services e) Other similar, allied, ancillary or auxiliary services. Exemption: Full exemption on telecasting or broadcasting 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 including advertisements taxable under this Schedule)	1% without any input tax adjustment	2% without any input tax adjustment
21	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, picturing, video filming, musical enjoyments or any other allied or connected task	8% without any input tax adjustment	10% without any input tax adjustment
27	The tax on cold storage services (including other forms of warehousing of agriculture produce) regardless of their	1% without any input tax adjustment	2% without any input tax adjustment

S. #	Type of Services	Existing Rate	Proposed Rate
	corporate or non-corporate status		
34	Services provided or rendered by under writers including sponsorship services	1% without any input tax adjustment	2% without any input tax adjustment
36	Services provided or rendered by auctioneers	1% without any input tax adjustment	2% without any input tax adjustment
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	1% without any input tax adjustment	2% without any input tax adjustment
41	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. Saving: In cases where regular tax compliance from the effectivity date of this entry is made and continued to be so made, no tax demand shall be raised or enforced for the period prior to such date.	2% without any input tax adjustment	5% without any input tax adjustment
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	1% without any input tax adjustment	2% without any input tax adjustment

S. #	Type of Services	Existing Rate	Proposed Rate
	domestic equipment's etc. for residential use)		

Introduction of fixed tax regime

The KPK Act proposes to tax certain taxable services in terms of fixed rates of tax as tabulated below:

S. #	Type of Services	Existing rate	Proposed rate
v-a*	Tax will be charged on fixed rate basis in respect of wedding / marriage / shaadi halls as per following categories: CATEGORY - A Where the wedding hall is having a capacity of 500 or above persons and located in posh area of a major city.	N/A	Rs. 25,000 per function
	CATEGORY - B Where the wedding hall is having capacity of more than 300 but less than 500 persons and located in a municipality. CATEGORY - C Where the wedding hall is having capacity of less than 300 persons and located in suburb or roadside outside main city		Rs. 15,000 per function Rs. 10,000 per function.
5	Custom agents	-	Rs.3,000 per Goods Declaration
19	In case of Practitioners, Professionals, Consultants or Advisers of Legal Profession field at	-	Rs. 500 shall be deposited as fixed sales tax at time of filing of each case, appeal

S. #	Type of Services	Existing rate	Proposed rate
	the time of filing of each case, appeal or petition.		or petition and the proof of which shall be attached with Power of Attorney

* As per the note under clause v-a, the registered person may opt one of the tax regimes as specified at under clauses (v) and (v-a). However, the existing registered person has been made bound to give his option till 25th June 2024, provided the person liable to registered in future shall give that option at the time of registration with the Authority.

It seems that the deadline of 25th June 2024 for existing registered persons is an anomaly and may be extended by the Authority later on.

Enhancement in certain sales tax rates

The KPK Act has increased sales tax rates of certain services subject to reduced rates as tabulated below:

S. #	Type of services	Existing rate	Proposed rate
1(iii)	Services provided or rendered by local non corporate standalone hotels and restaurants, where the Restaurant Invoice Management System (RIMS) is not integrated with the Authority	8% without any input tax adjustment	13% with the facility of input tax adjustment as allowed under the Act, 2022.
13	Services provided by persons engaged in contractual execution or performance of works (including but not limited to repair, maintenance, 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)	5% without any input tax adjustment	15%

New taxable services introduced

The KPK Act has added new taxable services in the Second Schedule to the KPK Services Act as tabulated below:

S. #	Type of services	Proposed rate
1A	Services provided by Health Care Centers etc. in private sector	5% (without input tax adjustment) of the charges (including fixed charges, if any) of such centers or hospital beds / rooms. Provided that the said charge exceeds Rs.10,000/- per day per bed/room.
26	Health insurance services and services in respect of Government sponsored Sehat Card Plus Programme	10% without any input tax adjustment.
29A	Facilities for intra-provincial and inter-provincial travel or transportation (including carriage) of persons by road through buses, coaches, coasters, cars, wagon taxis and other motor vehicles primarily meant for passengers' transport or other traveling or transportation services	5% without any input tax adjustment. 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
46A	Management services, including fund and asset management services	15%

Stamp Act, 1899 (Act No. II of 1899)

The KPK Act has substituted Article 6(A) in Schedule II of the Stamp Act, 1899 to the extent of allotment order, transfer of allotment orders issued by a developer, builder, co-operative society, housing

society or housing authority or any other body or organization providing open plots, dwellings houses or built up commercial premises, in respect of residential or commercial plots.

These will be subject to rate of 2% of value of plot as notified by the Federal Board of Revenue or the Deputy Commissioner, whichever is higher. Previously, the rate of stamp duty was fixed at Rs. 1,200 per marla for residential and Rs. 2,000 per marla for Commercial open plots.

Further, the KPK Act has reduced the rate of Stamps from “two rupees” to “one rupee” for everyone hundred rupees in case of “Conveyance of agriculture or urban immoveable property”.

Khyber Pakhtunkhwa Provincial Excise Duty (Un-manufactured Tobacco) Act, 2024

The KPK Act has enacted a new law through which provincial excise duty is to be levied on the unmanufactured tobacco at the rate of Rs. 50 per kg to be collected by the Green Leaf Threshing Units (GLTU) at time of removal of un-manufactured tobacco from the GLTU. A penalty shall be imposed in case of failure to pay the duty by GLTUs within prescribed time.

Balochistan Finance Act, 2024

Highlights

- New definitions have been introduced i.e. Active taxpayer, E-filing, Fund and Asset Management Services, Indoor Sports and Games Center, Ready Mix Concrete Service, Renting of Machinery, Equipment, Appliances and other Tangible Goods, Truck Aggregator and Withholding.
- Input tax credit disallowed where services received from a person who is not registered with Balochistan Revenue Authority (BRA) with retrospective effect i.e. from 1 July 2015. Moreover, input shall not be allowed on goods or services received from a person who is not an active taxpayer under Balochistan Sales Tax on Services Act, 2015 (BST Act) or under the Sales Tax Act, 1990 or under any provincial law relating to sales tax.
- Option to pay standard rate of sales tax has been allowed. However, registered person shall not again avail the option of reduced rate of sales tax without permission and necessary inquiry / audit.
- Refund has been allowed which was paid by mistake within one year of the date of excess payment subject to certain condition.
- Determination of minimum tax liability shall be the final tax liability as a result of audit or special audit or forensic audit.
- BRA has been empowered to automatically register taxpayers who are already registered with FBR for sales / FED and providing taxable services in Balochistan by intimating through email or SMS, courier, etc.
- BRA has been empowered to maintain active taxpayer list and to make rules for providing restrictions including on any person who receives any taxable services from a person who has ceased to be an active taxpayer.
- The Balochistan Finance Act, 2024 (Balochistan Act) has reduced rate of sales tax on certain services under Second Schedule.
- The Balochistan Act has revamped the scope of section 3 of the Balochistan Development and Maintenance of Infrastructure Cess Act, 2021 by categorization.
- BRA has been empowered to specify the rate to levy Cess for transportation of goods manufactured or produced in Balochistan.
- The Balochistan Act has provided mode and manner of payment of Cess including seizure and confiscation of goods and their subsequent release.
- New sections have been introduced for real time connectivity with the computerized systems of FBR and PSW for efficient monitoring of the collection of Cess.

Definitions

The Balochistan Act has introduced following new definitions under BST Act.

- Active taxpayer
- E-filing
- Fund and Asset Management Services
- Indoor Sports and Games Center
- Ready Mix Concrete Service
- Renting of Machinery, Equipment, Appliances, and other Tangible Goods
- Software or IT Based System Development Consultant
- Truck Aggregator
- Withholding Agent

Input tax credit not allowed

Following new clauses have been added in section 16B where input tax shall not be allowed:

- The services received from a person who is not registered with BRA. The amendment has been given effect from 1 July 2015 through insertion in the second proviso of Section 92.
- The goods or services received from a person who is not an active taxpayer under BST Act or under the Sales Tax Act, 1990 or under any provincial law relating to sales tax.

Standard or general tax rate application choice

The Balochistan Act has inserted a new section where any registered person providing services at the reduced rate of sales tax may after taking permission from BRA opt to pay sales tax at the standard rate of sales tax and may make adjustment of input tax subject to such conditions and limitations as may be specified by BRA. However, registered person shall not on his own again opt to avail the reduced rate of sales tax unless he takes prior permission from BRA which shall be allowed after conducting necessary enquiry / audit.

BRA may withdraw the permission in respect of any case after issuing show cause notice.

Refund

The Balochistan Act has empowered BRA to allow a registered person to give refund of the sales tax which was paid inadvertence, error or misconstruction within one year of the date of excess payment. However, no refund shall be allowed where incidence of sales tax is passed directly or indirectly to the consumer.

Assessment of tax

The Balochistan Act has incorporated an explanation after sub-section (1A) of Section 24 where determination of minimum tax liability shall not be the final tax liability and the registered person shall be liable to discharge his actual sales tax liability as may be determined as a result of audit or special audit or forensic audit under BST Act.

Automatic registration

The Balochistan Act has empowered BRA to automatically register taxpayers in BRA who are already registered with FBR for the purpose of sales tax/FED and providing taxable services in Balochistan by intimating through email or SMS, courier, etc.

Active taxpayers list

The Balochistan Act has empowered BRA to maintain active taxpayer list and to make rules for providing restrictions and limitations on persons cease to be active taxpayer including any person who receives any taxable service from a person who has ceased to be an active taxpayer.

Power to call for information

The Balochistan Act has empowered the Commissioner to require any person including a banking company by notice in writing to furnish such information or such statement in connection with any investigation or inquiry in cases of tax fraud, as may be specified in the notice.

Appeals

The Balochistan Act has enhanced fee for filing of appeal before Commissioner (Appeals) as under:

Category of appellant	Existing fee	Enhanced fee
Where the appellant is a company	Rs. 2,000	Rs. 10,000
Where the appellant is not a company	Rs. 1,000	Rs. 3,000

Service of order and decisions

The Balochistan Act has re-phrased the contents mentioned in sub-section (7), (8) and (9) of section 80 explaining that services of notice, order etc. shall be treated as properly served if sent electronically through e-mail or to the e- folder maintained for the purposes of e-filing of returns by the registered person which shall be deemed to have been received by the registered person electronically at the expiry of 72 hours.

Issuance of duplicate of sales tax documents

Presently, the fee for issuance of attested copy of any document filed by a registered person is Rs. 100. Now, the Balochistan Act has enhanced the fee for issuance of attested duplicate copy of any document filed by the registered person as well as any notice or order issued against such person to Rs. 1,000 per document or Rs. 250 per page of such document, whichever is higher.

Delegation of functions and powers by the authority

The Balochistan Act has empowered BRA to delegate any of its functions and powers to its chairman, member or an officer of BRA subject to such conditions and limitations.

Validation

The Balochistan Act has validated notices or orders issued for disallowing the claim, reclaim, adjustment or deduction of input tax on the services received from a person who is not registered with BRA.

Second Schedule

The Balochistan Act has changed rate of sales tax on following services:

Tariff Heading	Description	Existing Rate	Changed Rate
9801.5000	Services provided or rendered by marriage halls, lawns, mandap, pandal and shamiana including floral and decoration, etc.	15%	Rs.25,000 per month or 4% of the gross amount of services provided, whichever is higher, without input tax credit or adjustment.
9805.5200	Hajj Operators	6% without input tax credit or adjustment	0%
9815.6000	Software or IT based system developers and consultants	15%	4%
9854.0000	Tuition and coaching centers	Rs. 3000 per month without input tax credit or adjustment	0%

Balochistan Development and Maintenance of Infrastructure Cess Act, 2021

- The Balochistan Act has re-stated / defined 'Infrastructure' in section 2. Previously, it was provided in explanation of section 3.
- The Balochistan Act has revamped the scope of section 3 by categorizing the transportation, carriage or movement of manufactured, traded, imported or goods transported through pipeline including slurry pipeline subject to Cess.
- The Balochistan Act has empowered the BRA to specify the rate through notification for the purpose of levy of Cess in relation to transportation of goods manufactured or produced in Balochistan.
- The Balochistan Act has substituted section 5 to provide mode and manner of payment of Cess in relation to transportation of goods manufactured, produced or traded for consumption in the Province.
- The Balochistan Act has inserted new section 13A to prescribe manner and procedure for seizure and confiscation of goods and vehicles under the BST Act and their subsequent release.
- New sections 15A and 15B have been introduced for arrangement and real time connectivity with the computerized systems of FBR and PSW for the purpose of regular and efficient monitoring of the collection of Cess.
- The Balochistan Act has inserted new section 16A to give powers to make regulations for procedural matters of enforcement and audit, facilities, detention, seizure, auction, release of confiscated goods.

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