

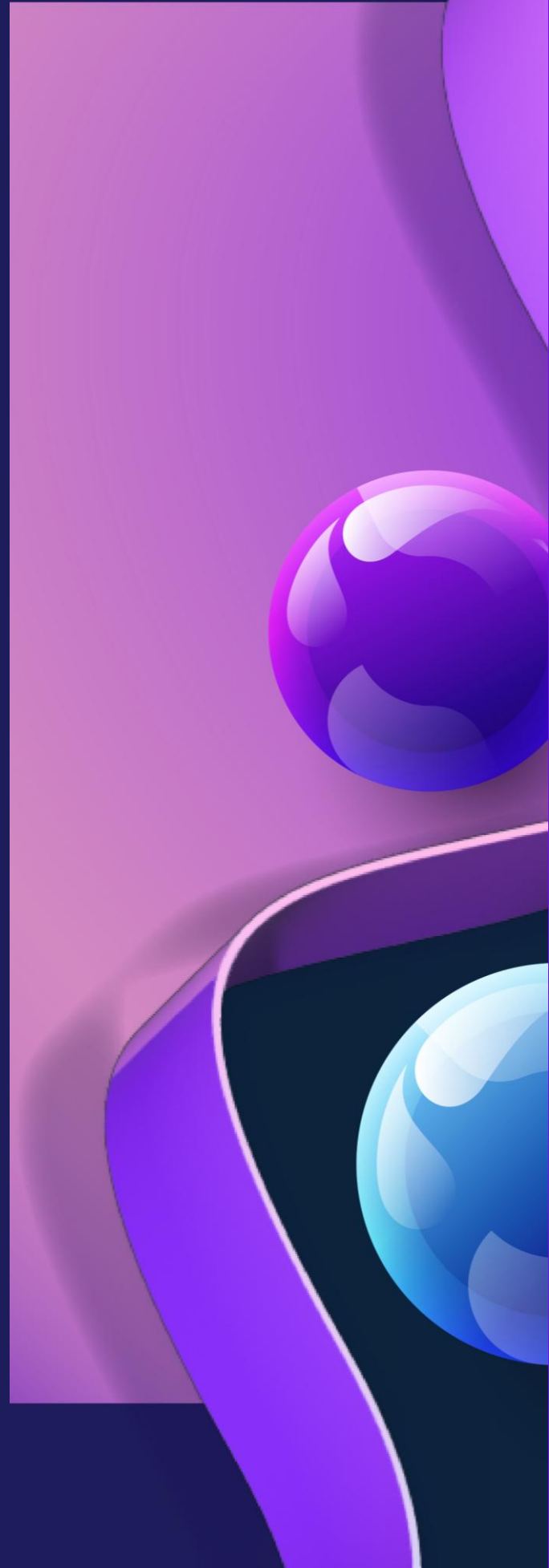


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A Brief of Provincial Tax Laws, 2025

July 2025

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Preamble


The Provincial Assemblies of Punjab, Sindh, KPK and Balochistan approved the respective Finance Bills 2025 with certain amendments proposed therein and after the assent of the Governors of respective Provinces, the Provincial Finance Acts, 2025 have been enacted.

This publication contains a review of changes made in various indirect taxation laws of Punjab, Sindh, KPK and Balochistan through respective Provincial Finance Acts, 2025.

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, 2025

Punjab Finance Act, 2025

Definition

The Punjab Finance Act amended Section 2(38) dealing with the definition of Service. In view of this amendment, the term service(s) would include service(s) covered in the revised First and Second Schedule.

Taxable service

The sales tax regime in Punjab was based on a positive list framework, where only those services that were covered under the Second Schedule were subject to sales tax.

The Punjab Finance Act enhanced the scope of taxable services by amending Section 3 to introduce a negative list framework.

Resultantly, all services including those covered in Second Schedule, provided in the province of Punjab will be treated as taxable services excluding tax-free services as specified in the First Schedule and exempt services.

Tax-free services

The Punjab Finance Act introduced the concept of tax-free services by inserting Section 3A. Accordingly, First Schedule has been substituted to list down all tax-free services.

These services will not be subject to sales tax in Punjab upon fulfilment of conditions stated in the First Schedule.

Power to amend schedule

The Punjab Finance Act amended Section 5 to grant the Punjab Government the authority to modify the First or Second Schedule.

Inadmissible Input Tax

Section 16B outlines circumstances under which a registered person is not entitled to claim input tax.

The Punjab Finance Act amended this section by inserting new clauses that provide for:

- Disallowance of input tax related to tax-free services, including the provision and consumption of goods or services; and
- Disallowance of input tax paid in excess of 19.5%, 15%, and 16% on telecommunication services, carriage of goods by rail or road, and other taxable services, respectively.

Records

Section 31 previously required registered persons to maintain records of taxable and exempt services received or rendered. The Punjab Finance Act amended this section to mandate record-keeping for tax-free services as well.

Penalties

The Punjab Finance Act amended Section 48 for enhancement and introduction of new penalties as follows:

Entry No.	Offence description	Existing Penalty	New / Revised Penalty
15.	Where any person: (a) avoids, denies or obstructs installation of electronic invoice monitoring system at a business premises; or (b) fails to comply with the electronic invoice monitoring system or issues invoices by passing the system.	Maximum Rs.100,000 and minimum Rs. 25,000.	Maximum Rs.1,000,000 and minimum Rs. 400,000.
25	Where any person refuses to accept payments through digital means i.e. (debit/credit cards, mobile wallets or QR scanning).	Not applicable (new entry)	Such person shall be liable to pay a penalty of up to one million rupees: Provided that the penalty shall not be less than four hundred thousand rupees on first and three hundred thousand rupees on each subsequent default: Provided further that in case of three acts of commission or omission, the business premises of such person may further be liable to be sealed for a period which may extend to one month.

First Schedule

The Punjab Finance Act has substituted the First Schedule to introduce a list of tax-free services in line with Section 3A.

The list of services is reproduced hereunder:

S. No.	Description	Conditions
1	Services related to healthcare provided by the Federal or Provincial Governments or local governments including consultation or visit fee of doctors, medical practitioners and medical specialists, bed or room charges, in public sector hospitals.	None

S. No.	Description	Conditions
2	Services provided by skin and laser clinics, cosmetic and plastic surgeons and hair transplant services including consultation services.	Only to the extent of services provided to acid or burn victims.
3	(i) General education services; and (ii) Education provided by the Federal, or Provincial Governments or local governments in public sector educational institutions.	None
4	Public transport service provided by the Federal or Provincial Governments or local Governments.	None
5	Postal and courier services provided by the Federal or Provincial Governments or local governments.	Only to the extent of services provided to the Federal, Provincial Government Departments or local governments.
6	Registration services provided by Federal or Provincial Governments or local governments including passport and identity cards services	None
7	Services relating to religion, art, culture and sports provided by the Federal or Provincial Governments or local governments	None
8	Services relating to physical fitness, entertainment, amusement and learning provided by the Federal or Provincial Governments or local governments, such as gymnasiums, sports clubs, playgrounds, zoological and botanical gardens, museums, libraries, parks, etc.	None
9	Services provided by property developers, builders and promoters, including their allied services.	Only to the extent of affordable housing services provided under Government sponsored housing programs or any area notified for an Affordable Private Housing Scheme by the Punjab Housing and Town-Planning Agency (PHATA) covered under Rule 2(1)(k), Rule 35 and Rule 36 of the Punjab Housing and Town-Planning Agency (Affordable Private Housing Schemes Rules), 2020.

S. No.	Description	Conditions
10	<p>Services provided by:</p> <p>(i) a religious or charitable institution for the benefit of public registered under any law for the time being in force;</p> <p>(ii) international non-governmental organizations (INGOs) approved by the Federal Government; and</p> <p>(iii) international agencies.</p>	Subject to exemption from federal taxes by the Federal Board of Revenue.
11	Services provided in respect of insurance.	<p>Only to the extent of:</p> <p>(a) marine insurance for export; and</p> <p>(b) crop insurance.</p>
12	Construction services and services provided by contractors of building (including water supply, gas supply and sanitary works), roads and bridges, electrical and mechanical works (including air conditioning), horticultural works, multi-discipline works (including turn-key projects) and similar other works.	<p>Only to the extent:</p> <p>(i) where the tax is otherwise paid by registered persons as property developers, builders or promoters for building construction; or</p> <p>(ii) where the construction work is funded under an agreement of foreign grant-in-aid or involves construction of consular buildings; or</p> <p>(iii) residential construction projects where the covered area does not exceed 10,000 square feet for a house and 20,000 square feet for an apartment except where construction services are provided to construct more than one house or more than one apartment building; or</p> <p>(iv) where the construction services are provided to any registered person who is otherwise liable to pay sales tax as a property developer, builder and promoter.</p>
13	Services provided for personal care by beauty parlors, salons, clinics, sliming clinics, spas (including saunas, Turkish baths and Jacuzzi) and similar other services.	Only to the extent of services provided in a parlour, salon or clinic where the facility of air-conditioning is not installed or is not available in the premises on any day of the financial year.
14	Services provided by tour operators and travel agents include all their allied services or facilities.	Only to the extent of Hajj and Umrah purposes including 'Ziyarat'.
15	Facilities for travel originate from Punjab by Air for domestic and international travel.	Only to the extent of Air travel services provided to Hajj or Umrah passengers, diplomats and supernumerary crew.

S. No.	Description	Conditions
16	Services provided by warehouses or depots for storage or cold storages including letting of space for storages.	Only to the extent of storage of agriculture produce for the person's own consumption.
17	Services provided by photography studios and event or occasion photographers or filmmakers.	Only to the extent of non-corporate (individual) photographers operating from small road-side shops declared as such by the Authority.
18	Services provided by diplomatic missions.	None
19	Renting of personal dwellings for residential use.	None
20	Services provided by persons engaged in contractual execution of works or furnishing supplies.	Only to the extent of services related to the contracts involving supplies or printing of books
21	Advertisement on television and radio or advertisement services showcasing of any product or service in video programmes, television programmes or motion pictures or music albums.	Only to the extent of: <ul style="list-style-type: none"> (a) sponsored by an agency of the Federal or Provincial Government for health education; or (b) financed out of funds provided by a government under an agreement of foreign grant-in-aid; or (c) conveying public service message, if telecast on television by the Worldwide Fund for Nature (WWF) or United Nations Children's Fund (UNICEF).
22	Services relating to pathological or diagnostic tests exclusively for medical treatment purposes.	None
23	Services provided in respect of manufacturing or processing on toll or job basis (against processing on conversion charges) [including industrial and commercial packaging services and similar outsourcing of industrial or commercial processes].	None
24	Advertisements include classified ads in newspapers, magazines, journals and periodicals.	None
25	Services provided by a foreign exchange dealer or exchange company or money changer or money exchanger.	None

S. No.	Description	Conditions
26	Services provided by port operators (including airports and dry-ports) and allied services provided at ports and services provided by terminal operators including services in respect of public bonded warehouses.	Only to the extent of the amounts received by way of fee under any law or bye-law.

Second Schedule

The Punjab Finance Act has substituted the Second Schedule by restructuring it into three distinct parts:

- Part I: Services subject to tax at standard and specified rates
- Part II: Services subject to tax at fixed rates
- Part III: Services subject to tax at reduced rates

Part I

This Part of the Second Schedule sets out services that are subject to the standard rate of tax, along with certain services that are taxed at specified rates.

S. No.	Description	Classification Code	Rate
1	All services, except those specified in serial numbers 2 and 3 of this Part, Part-II and Part-III	Respective headings	16%
2	Services provided by persons for carriage of goods by rail or road	98.04 9804.2000 9804.9000 and respective headings	15% With input tax adjustment for service provider and service recipient

S. No.	Description	Classification Code	Rate
3	Telecommunication services:		19.5%
	(a) telephone services;		
	(b) fixed line voice telephone service;		
	(c) wireless telephone;		
	(d) cellular telephone;		
	(e) wireless local loop telephone;		
	(f) video telephone;		
	(g) payphone cards;		
	(h) pre-paid calling cards;		
	(i) voice mail service;		
	(j) messaging service;		
	(k) short message service (SMS);		
	(l) multimedia message service (MMS);		
	(m) bandwidth services used for voice and video telecommunication services:		
	(i) copper line based;		
	(ii) fiber-optic based;		
	(iii) co-axial cable based;		
	(iv) microwave based;		
	(v) satellite based;		

S. No.	Description	Classification Code	Rate
	(n) telegraph; (o) telex; (p) telefax; (q) store and forward fax services; (r) audio-text services; (s) tele-text services; (t) trunk radio services; (u) paging services; (v) voice paging services; (w) radio paging services; (x) vehicle and other tracking services; and (y) burglar and security alarm services;		
	(z) (i) internet services, whether dialup or broadband, including email services, data communication network services (DCNS) and value-added data services; (ii) such charges payable on the international leased lines or bandwidth services used by:" (a) software exporting firms registered with Pakistan Software Export Board; and (b) data and internet service providers licensed by the Pakistan Telecommunication Authority; and (iii) such charges payable on the international leased lines used by the software exporting firms registered with Pakistan Software Export Board for software exports.		

Part II Fixed-taxed services

This part includes the following services that will be taxed on a fixed basis, subject to specified conditions, if any. These services were previously taxed at fixed rates under the Second Schedule.

S. No.	Description	Classification Code	Rate
1	Services provided by property developers, builders and promoters (including their allied services);	9807.0000 and respective sub-headings of heading 98.14	Rs.100 per square yard for land development and Rs.50 per square feet for building construction.
2	Freight forwarding agents.	9805.3000	Rs.1,000 per bill of lading

Part III Reduced rate services

This Part of the Second Schedule provides reduced rate of tax on the following services, subject to specified conditions, if any.

All services listed in this part were previously taxed at reduced rates under the Second Schedule.

S. No.	Description	Classification Code	Rate
1	Hotels, motels and guest houses	9801.1000	(i) Five percent without input tax adjustment for non-corporate, non-franchise, non-chain businesses with less than 20 rooms; and (ii) Sixteen percent for others
2	Marriage halls and lawns (by whatever name called) including pandal and shamiana services. Catering services (including all ancillary/allied services such as floral or other decoration, furnishing of space whether or not involving rental of equipment and accessories).	9801.3000 9801.5000	Five percent without input tax adjustment.

S. No.	Description	Classification Code	Rate
3	Services provided in respect of insurance to a policy holder by an insurer, including a re-insurer for: (a) fire insurance; (b) goods insurance; (c) health insurance; (d) life insurance; (e) marine insurance; (f) theft insurance; and (g) any other insurance	98.13	(a) Zero percent without input tax adjustment for health insurance for individuals; and (b) Five percent for insurance agents and insurance brokers; (c) Sixteen percent of gross premium paid, for others.
4	Services provided by restaurants including cafes, food (including ice-cream) parlors, coffee houses, coffee shops, deras, food huts, eateries, resorts and similar cooked, prepared or ready-to-eat food service outlets etc.	9801.2000 [9801.9000]	(a) Five percent without input tax adjustment where payment against services is received through debit or credit cards, mobile wallets or QR scanning; and (b) Sixteen percent for others.
5	Franchise services including intellectual property rights and licensing	9823.0000 9839.0000 and respective headings	(a) Zero percent without input tax adjustment for services relating to educational institutions for information technology; and (b) Five percent without input tax adjustment for services relating to educational institutions other than educational institutions for information technology; and (c) Sixteen percent for others.

S. No.	Description	Classification Code	Rate
6	<p>Construction services and services provided by contractors of building (including water supply, gas supply and sanitary works), roads and bridges, electrical and mechanical works (including air conditioning), horticultural works, multi-discipline works (including turn-key projects) and similar other works)</p> <p>Explanation: Notwithstanding the rate of 5% fixed in column 4, the following further reduced rates shall be applicable:</p> <p>(a) one per cent for all services specified at S.No.14 without input tax credit or adjustment to the extent of Government civil works including those of cantonment boards involved in the ongoing development schemes and projects launched during Financial Year 2016-17 and funded under the Annual Development Plan of the Punjab Government or funded through foreign loans where the negotiations were finalized after 1st of July 2016 or funded under Public Sector Development Program of the Federal Government or funded by the Cantonment Boards; and</p>	9824.0000 and 9814.2000	five percent without input tax credit or adjustment in respect of Government civil works and sixteen percent with input tax credit or adjustment for others.
	<p>(b) zero per cent for all services specified at S.No.14 without input tax credit/adjustment to the extent of Government civil works including those of cantonment boards involved in the ongoing development schemes and projects launched prior to Financial Year 2016-17 and funded under the Annual Development Plan of the Punjab Government or funded through foreign loans where the negotiations were finalized as on 1st of July 2016 or funded under Public Sector Development Program of the Federal Government or funded by Cantonment Boards.</p>		
7	Services provided for personal care by beauty parlors, salons, clinics, sliming clinics, spas (including saunas, Turkish baths and Jacuzzi) and similar other establishments.	9810.0000 9848.0000 9847.0000 9821.4000 9821.5000 9815.7000 and respective headings	Five percent without input tax adjustment.

S. No.	Description	Classification Code	Rate
8	Information technology-enabled or information technology based services including software development, software customization, software maintenance, system support, system assembly, system integration, system designing and architecture, system analysis, system development, system operation, system maintenance, system up-gradation and modification, data warehousing or management, data entry operations, data migration or transfer, system security or protection, web designing, web development, web hosting, network designing, services relating to enterprise resource or management planning (including marketing of products), development and sale of smart phone applications or games, graphics designing, medical transcription, remote monitoring, telemedicine, insurance claim processing, online retrieval and database access or retrieval service. [Explanation: This entry includes and shall be deemed to have always included real estate aggregators and streaming/over-the-top (OTT) services.]	9815.6000 and respective heading	(a) Zero percent without input tax adjustment for services provided by software or IT-based system development persons; and (b) Five percent without input tax adjustment for others.
9	Services provided by other consultants (by whatever name called or treated, whether as consultant or otherwise) including human resource and personnel development services, exhibition or convention services including provision of space, equipment, accessories and other allied services, event management services (whole range and variety of their services regardless of separate or individual classification thereof), valuation services, evaluation services (including competency and eligibility testing services), certification, verification and equivalence services, market research services, marketing or sales services (including marketing agencies and on line marketing or sales services), surveyors services, training or coaching services (other than general education services) and credit rating services.	9815.9000 9832.0000, 9827.0000, 9818.3000, 9818.2000, 9819.9300, 9852.0000, 9859.0000, 9825.0000, 9819.5000, 9849.0000, 9818.9000, 9853.0000, 9856.0000 and respective headings.	(a) Zero percent without input tax adjustment for training services related to Information Technology; and (b) Sixteen percent for others.
10	Services provided by tour operators and travel agents including all their allied services or facilities.	9805.5100, 9805.5000, 9803.9000.	Five percent without input tax adjustment.

S. No.	Description	Classification Code	Rate
11	Manpower recruitment agents, including labour and manpower supplies.	9805.6000	(a) Five percent without input tax adjustment for services where the value of service is fixed by the Bureau of Emigration and Overseas Employment; and (b) Sixteen percent for others.
12	Services provided by property dealers and realtors.	9806.2000, 9844.0000.	Five percent without input tax adjustment.
13	Services provided by fashion designers, including use of brand name, logo or house mark (whether or not registered) in the manufacturing or trading of products whether relating to textile, leather, jewellery or other product regimes including allied services such as cutting, stitching, printing, manufacturing, fabrication, assembly, embellishment, adornments, display (including marketing, packing and delivery etc.)	9834.0000, 9819.6000, 9839.0000 and respective headings	Five percent without input tax adjustment.
14	Services provided by architects, town planners, landscapers, landscape designers, interior decorators and interior designers.	9814.1000, 9814.9000, 9814.4000 and respective headings.	Five percent without input tax adjustment.
15	Rent-a-car (including renting of all categories of vehicles meant for transportation of persons)	9819.3000 and respective headings	(a) Five percent without input tax adjustment for services provided to end consumers; and (b) Sixteen percent for others.
16	Car/automobile dealers	9806.3000 9845.0000	(a) Sixteen percent for services provided by companies or authorized dealers; and (b) Five percent without input tax adjustment, for others.

S. No.	Description	Classification Code	Rate
17	Brokerage (other than stock) and indenting services including agents, brokers, underwriters and auctioneers	9829.0000 9819.1200 9819.1100 9819.1300 9819.9100	(a) Five percent without input tax adjustment for services provided in respect of agricultural produce and home chefs; and (b) Sixteen percent for others.
18	Services provided in specified fields such as health care, gym, physical fitness, indoor sports, games, amusement parks, arcades and other recreation facilities, and body or sauna massage etc.	9821.1000 9821.2000 9821.4000	Five percent without input tax adjustment.
19	Services provided by Laundries and dry cleaners	9811.0000	Five percent without input tax adjustment.
20	Services provided by Cable TV operators	9819.9000	Five percent without input tax adjustment.
21	Services in relation to supply of tangible goods including machinery, equipment and appliances for use, without transferring right of possession and effective control of such machinery, equipment and appliances.	Respective headings	Five percent without input tax adjustment.
22	Services provided by accountants (including practicing chartered or cost accountants), auditors, actuaries, tax consultants (by whatever name called), practicing company secretaries, receivers, liquidators, auctioneers and corporate law consultants, whether individual or otherwise.	9815.2000 9815.3000 9850.0000 9851.0000 9855.0000 and respective headings	(a) Five percent without input tax adjustment for services relating to accountancy, audit, tax or corporate law consultancy; and (b) Sixteen percent for others.
23	Facilities for travel originating from Punjab by Air for domestic and international travel.	9803.1000 9803.1100	Five percent without input tax adjustment.
24	Services provided by skin and laser clinics, cosmetic and plastic surgeons and hair transplant services including consultation services.	9847.0000 and respective headings	Five percent without input tax adjustment.
25	Services provided by warehouses or depots for storage or cold storages including letting of space for storages.	9833.0000 and respective headings	Five percent without input tax adjustment.

S. No.	Description	Classification Code	Rate
26	(i) Medical consultation/visit fee exceeding Rs.1500 per consultation/visit of doctors, medical practitioners and medical specialists (ii) Bed/Room charges of hospitals exceeding Rs.6,000/- per day per bed/room.	9815.1000 and other Respective headings	Zero percent without input tax adjustment.
27	Services provided by photography studios and event or occasion photographers/filmmakers.	9819.7000 and respective headings	Five percent without input tax adjustment.
28	Parking services	Respective headings	Five percent without input tax adjustment.
29	Dress designing and stitching services.	Respective headings	Five percent without input tax adjustment.
30	Rental of bulldozers, excavators, cranes, construction equipment, Scaffolding, framework and shuttering, generators, storage containers, Refrigerator, shelf or rack renting, etc.	Respective heading	Five percent without input tax adjustment.
31	Services in respect of treatment of textile, leather but not limited to Dyeing services, Edging and cutting, cloth treating, water proofing, Embroidery, Engraving, Fabric bleaching, Knitting, Leather staining, Leather working, Preshrinking, Colour separation services, pattern printing and shoe making services.	Respective heading	Five percent without input tax adjustment.
32	Apartment house management, real estate management and services of rent collection.	Respective heading	Five percent without input tax adjustment.
33	Ride-Hailing Services Explanation: This entry includes and shall be deemed to have always included cab aggregators.	Respective heading	Five percent without input tax adjustment.
34	Entertainment services (including cinemas, theatres, concerts, circus, sports events, races, film, fashion shows and mobile stage shows)		Zero percent without input tax adjustment.



Sindh Finance Act, 2025

Sindh Finance Act, 2025

Change of regime

In order to give effect to the change of regime of sales tax that all services shall be taxable except specifically exempted, the Sindh Finance Act has omitted the Second Schedule meant for taxable services. Consequently, the amendments in the sections of Scope of Tax, Exemption and Definition of Services have been enacted as under:

Scope of tax

The Sindh Finance Act has substituted sub-section (1) to section 8 whereby sales tax shall be charged, levied and collected on the provision of a taxable services at the rate of 15% of the value of taxable services which shall be standard rate of tax.

The Sindh Finance Act has also inserted a proviso in the sub-section (1) whereby rate(s) of higher and reduced sales tax on taxable services are specified in the Second Schedule subject to the conditions and restrictions, if any, mentioned therein.

Exemption

The Sindh Finance Act has substituted section 10 to introduce the First Schedule which exempts certain services specified therein subject to the conditions and restrictions, if any, mentioned therein.

Definition of service

The Sindh Finance Act has enhanced the definition of “**Service**” which means any activity, facility, utility or advantage, including the granting, assignment, cession or surrender of any right.

Exclusion from taxable service

The Sindh Finance Act has excluded through Explanation-II the taxable services on which any tax can be imposed through Entry 53 of Part I of the Federal Legislative List in the Fourth Schedule to the Constitution of Islamic Republic of Pakistan. Thus, **Terminal taxes on goods or passengers carried by railway, sea or air; taxes on their fares and freights under Entry No. 53** shall be out of the scope of taxable services.

CPC code defined

The Sindh Finance Act has defined CPC code which means classification code based on Central Product Classification (CPC) Version 2.1, published by the United Nations and as adopted by the Board.

Definitions omitted

The Sindh Finance Act has deleted the following definitions related to specific services:

- Accountant
- Advertisement
- Advertising agent
- Airport ground service provider and airport service provider

- Aircraft operator
- Airport operator
- Architect
- Automated teller machine
- Automated teller machine operations, maintenance, and management
- Business support services
- Commission agent
- Commodity broker
- Courier services
- Credit rating agency
- Customs agent
- Debt collection services and other debt recovery services
- Dredging or desilting services
- Education services
- Erection, commissioning and installation services
- Event management services
- Exchange
- Exhibition service
- Foreign exchange dealer
- Franchise
- Freight forwarding agent
- Fund and asset management services
- Futures broker
- Healthcare center, gyms or physical fitness center, etc.
- Insurance
- Insurance agent
- Insurer
- Intellectual property right
- Intellectual property service

- Interior decorator
- Labour and manpower supply services
- Laundries and dry cleaners
- Legal practitioners and consultants
- Maintenance or cleaning services
- Management consultant
- Market research agency
- Port operator
- Production house
- Programme
- Programme producer
- Property dealer
- Public bonded warehouse
- Public relation services
- Ready mix concrete
- Ready mix concrete service
- Real estate
- Registrar to an issue
- Reinsurance
- Rent a car and automobile rental service
- Renting of immovable property
- Renting of immovable property services
- Renting of machinery, equipment, appliances and other tangible goods
- Securities
- Security agency
- Share transfer agent
- Shipping agent
- Ship management services
- Site preparation and clearance, excavation and earth moving and demolition services

- Software or IT based system development consultant
- Sponsorship
- Sports and games center
- Stevedore
- Stockbroker
- Surveyor
- Tax consultant
- Technical, scientific and engineering consultants
- Technical inspection and certification services, including quality control certification services and ISO certification
- Technical testing and analysis
- Telecommunication service
- Terminal operator
- Tour operator
- Training services
- Transportation or carriage of goods
- Travel agent
- Truck aggregator
- Underwriter
- Warehouses or depots for storage or cold storages
- Waste collection, transportation, processing and management services

Economic activity

The Sindh Finance Act has excluded following additional activities from “Economic Activity”:

- services by any court, Tribunal or similar institution established under any law for the time being in force in the performance of judicial or quasi-judicial functions; or
- services performed by the Members of the Majlis-e-Shoora (Parliament), Members of Provincial Assemblies and Members of Local Government bodies in the course of their official duties; and
- the services performed in the course of duties by an individual who holds any post in pursuance of the provisions of the Constitution of the Islamic Republic of Pakistan in that capacity.

Input tax credit not allowed

In the Sindh Finance Act, 2024, the rate of Sindh Sales Tax was enhanced from 13% to 15% and amendments were accordingly made in the respective provisions. However, erroneously, amendment could

not be made in clause (k) of sub-section (1) to section 15A. The Sindh Finance Act has now made such amendment replacing 13% with 15%.

Appointment of technical member of Appellate Tribunal Sindh Revenue Board

Currently, the Commissioner-SRB or Commissioner (Appeals) who has performed respective functions for five years, would be eligible to be appointed as Technical Member of Appellate Tribunal, SRB. The Sindh Finance Act has now restricted this appointment to the Commissioner, SRB who has been the Commissioner for eight years as well as has performed the function of Commissioner (Appeals) for not less than three years.

Classification of services

The Sindh Finance Act has empowered SRB to prescribe codes for classification of services by notification in the official Gazette. However, such classification shall not determine the taxability of services and in case of dispute arises in relation to such classification, the decision of the SRB shall be final.

Taxability of services at the end of the financial year

The Sindh Finance Act has introduced section 72C clarifying that notwithstanding the amendments made through the Sindh Finance Act, the services on which sales tax was charged, levied and collected as at 30 June 2025 shall continue to be levied, charged and collected at the same rate unless specifically exempted or subjected to reduced rate.

Removal of difficulties

The Sindh Finance Act has empowered SRB with the approval of Government of Sindh to issue order directing that the provisions of Sindh Sales Tax on Services Act, 2011 shall have effect subject to modification or addition or omission. However, the order shall not be issued after expiry three years from the commencement of Sindh Finance Act..

FIRST SCHEDULE

List of exempt services

S. No.	CPC Code	Description	Conditions and Restrictions
(1)	(2)	(3)	(4)
1	54	Construction services except those falling under CPC code 546	<p>The exemption shall be applicable to services provided or rendered in relation to:-</p> <ol style="list-style-type: none"> (1) Construction and development of Export Processing Zone (EPZ), Special Economic Zone (SEZ) and diplomatic and consular buildings; (2) Construction of an independent private residential house, having total covered area not exceeding 10,000 square feet meant for own use by the recipient of the services; (3) Construction relating to such of the low-cost affordable public housing projects as are sponsored and funded by the Federal Government or by the Government of Sindh, subject to the condition that the houses are built or constructed on plot of

S. No.	CPC Code	Description	Conditions and Restrictions
			<p>upto 125 square yards or covered area of the apartment and flats so built or constructed under the project, does not exceed 900 square feet;</p> <p>(4) Maintenance and repair in relation to agriculture, horticulture, animal husbandry and dairy farming; and</p> <p>(5) Construction services related to construction work are undertaken by a person whose annual turnover does not exceed four million rupees in a financial year.</p>
2	611	Wholesale trade services, except on a fee or contract basis	The exemption shall not be applicable to services provided or rendered by ship chandlers.
3	62	Retail trade services except those falling under CPC code 625	The exemption shall not be applicable to services provided or rendered on fee or contract basis.
4	63	Accommodation, food and beverage services	<p>The exemption shall be applicable to services provided or rendered in relation to -</p> <p>(1) Clubs, whose initiation fee for members does not exceed thirty thousand rupees and whose monthly fee/subscription for the members also does not exceed five hundred rupees;</p> <p>(2) Room or unit accommodation services for students in student residences attached to educational institutions;</p> <p>(3) Food served by flight-kitchen on- board the conveyance leaving for a destination outside Pakistan; and</p> <p>(4) Restaurants and caterers whose annual turnover does not exceed five million rupees in a financial year except those which are –</p> <p>(i) air-conditioned on any day in a financial year or located within the building or premises of air-conditioned shopping malls or shopping plazas; or</p> <p>(ii) located within the building, premises or precincts of any hotel, motel, guest</p>

S. No.	CPC Code	Description	Conditions and Restrictions
			<p>house, farmhouse or club whose services are liable to sales tax; or</p> <p>(iii) providing or rendering services in the building, premises or precincts, hall or lawn of any hotel, motel, guest house, farmhouse, marriage hall and lawn or club whose services are liable to sales tax; or</p> <p>(iv) franchisers or franchisees; or</p> <p>(v) having more than one branch or outlet in Sindh; or</p> <p>(vi) having total utility bills (gas, electricity and telephone) exceeding rupees forty thousand (Rs.40,000/-) in any month during a financial year.</p>
5	64	Passenger transport services	<p>The exemption shall not be applicable to services provided or rendered in relation to -</p> <p>(1) Rent a car and vehicle rental services;</p> <p>(2) Services provided or rendered by the owners or drivers of the vehicles using the cab aggregator services; and</p> <p>(3) Chartered flight services within Sindh or originating from any airfield in Sindh.</p>
6	672	Storage and warehousing services	The exemption shall be applicable to services provided or rendered in relation to food and agricultural commodities.
7	673	Supporting services for railway transport	Nil
8	69	Electricity, gas and water distribution (on own account) except those falling in CPC Code 69111	Nil
9	71110	Central banking services	Nil
10	713	Insurance and pension services (excluding reinsurance services), except compulsory social security services	<p>The exemption shall be applicable to services provided or rendered in relation to -</p> <p>(1) Life insurance, other than group life insurance, of individuals for insurance policy coverage of upto five hundred thousand rupees;</p>

S. No.	CPC Code	Description	Conditions and Restrictions
			<p>(2) Crop Insurance;</p> <p>(3) Health insurance services, other than group health insurance services, provided or rendered to individuals covered within the meaning of sub- clause (a) of clause (63) of section 2; and</p> <p>(4) Marine insurance for exports.</p>
11	71552	Financial market regulatory services	The exemption shall be applicable to services provided or rendered by the State Bank of Pakistan, Competition Commission of Pakistan and Securities and Exchange Commission of Pakistan.
12	7211	Rental or leasing services involving own or leased property	<p>The exemption shall be applicable to services provided or rendered in relation to –</p> <p>(1) Renting immovable property by a religious body to another religious body;</p> <p>(2) Renting vacant land or premises solely used for agriculture, aquaculture, farming, forestry or animal husbandry purposes; and</p> <p>(3) Renting of buildings solely used for residential purposes or solely used as hostels and boarding homes of a recognized educational institution.</p>
13	7212	Trade services of building	Nil
	7213	Trade services of vacant and subdivided land	
14	7331	Licensing services for the right to use computer software and databases	The exemption shall be applicable to services exported and delivered outside Pakistan, subject to the condition that the value of export of the services is received in foreign exchange through banking channels in the business bank accounts of the registered person exporting the services and is also reported to the State Bank of Pakistan in the manner prescribed by the State Bank of Pakistan.
	8313	Information technology (IT) consulting and support services	
	8314	Information technology (IT) design and development services	
	8315	Hosting and information technology (IT) infrastructure provisioning services	

S. No.	CPC Code	Description	Conditions and Restrictions
	8316	IT infrastructure and network management services	
15	81	Research and development services	The exemption shall be applicable to the services provided or rendered educational institutions recognized by the Higher Education Commission of Pakistan (HEC) and/or Sindh Higher Education Commission.
16	822	Accounting, auditing and bookkeeping services	The exemption shall be applicable to services exported and delivered outside Pakistan, subject to the condition that the value of export of the services is received in foreign exchange through banking channels in the business bank accounts of the registered person exporting the services and is also reported to the State Bank of Pakistan in the manner prescribed by the State Bank of Pakistan.
17	835	Veterinary services	Nil
18	8363	Sales of advertising space or time (except on commission)	<p>The exemption shall be applicable to services provided or rendered in relation to -</p> <ul style="list-style-type: none"> (i) Advertisements financed out of the funds provided by a government under grant in aid agreements; (ii) Advertisements conveying public service message in relation to polio eradication programme by UNICEF; (iii) Sale of advertising space in print media (except on commission) falling under CPC Code 83631; and (iv) Sale of internet advertising space (except on commission) on the website of such of the newspapers and periodicals as are published in Sindhi.
19	844	News agency services	Nil
20	845	Library and archive services	Nil
21	853	Cleaning services	The exemption shall be applicable to the services provided or rendered in relation to fumigation and cleaning services for the purpose of agriculture, horticulture, animal husbandry or dairy farming.

S. No.	CPC Code	Description	Conditions and Restrictions
22	855	Travel arrangement, tour operator and related services	<p>The exemption shall be applicable to tour operators' services provided or rendered in relation to -</p> <p>(1) to Hajj and Umrah; and</p> <p>(2) a journey organized or arranged for use by an educational institution other than a commercial, training or coaching centre, for imparting skill or knowledge or lesson on any subject or field.</p>
23	85931	Telephone call centre services	<p>The exemption shall be applicable to call centre services exported and delivered outside Pakistan, subject to the condition that the value of export of the services is received in foreign exchange through banking channels in the business bank accounts of the registered person exporting the services and is also reported to the State Bank of Pakistan in the manner prescribed by the State Bank of Pakistan.</p>
	85999	Other support services n.e.c.	
24	85961	Convention assistance and organization services	<p>The exemption shall be applicable to such convention assistance and organizing services as are provided or rendered by such marriage halls and lawns which are located on plots measuring 800 square yards or less; provided that they are not -</p> <p>(1) located in air-conditioned premises; or</p> <p>(2) located within the building, premises or precincts of a hotel, motel, guest house, farmhouse, restaurant or club whose services are liable to tax; or</p> <p>(3) owned, managed or operated by caterers whose services are liable to tax; or</p> <p>(4) franchisers or franchisees; or</p> <p>(5) having branches or more than one hall or lawn in Sindh.</p>
25	861	Support and operation services to agriculture, hunting, forestry and fishing	<p>The exemption shall not be applicable to the services provided or rendered in relation to "Support and operation services to hunting" falling under CPC Code 8613.</p>
26	871	Maintenance and repair services of fabricated metal products, machinery and equipment	<p>The exemption shall be applicable to services provided or rendered –</p> <p>(1) in relation to machinery and equipment used for the purpose of agriculture,</p>

S. No.	CPC Code	Description	Conditions and Restrictions
			<p>horticulture, animal husbandry and dairy farming;</p> <p>(2) by auto workshop including authorized service station, whose annual turnover does not exceed rupees four million in a financial year;</p> <p>(3) by workshops for electric or electronic equipment or appliances, including computer hardware, whose annual turnover does not exceed rupees four million in a financial year; and</p> <p>(4) by car or automobile washing or similar stations, whose annual turnover does not exceed rupees four million in a financial year.</p>
27	88	Manufacturing services on physical inputs owned by Others	The exemption shall be applicable to services provided or rendered in relation to such manufacturing or processing for others on toll basis (as are levied to Federal sales tax under the Sales Tax Act, 1990) except the services provided to non-industrial consumer.
	892	Moulding, pressing, stamping, extruding and similar plastic manufacturing services	
	893	Casting, forging, stamping and similar metal manufacturing services	
28	8912	Printing and reproduction services of recorded media, on a fee or contract basis	The exemption shall be applicable to the services provided in respect of newspapers, periodicals, journals and textbooks.
29	91	Public administration and other services provided to the community as a whole; compulsory social security Services	The exemption shall be applicable to services provided or rendered by the Federal Government, Government and the Local Governments.
30	92	Education services	<p>The exemption shall not be applicable to -</p> <p>(1) the services where the amount of fee/charges for such services exceed rupees five hundred thousand per annum per student; and</p> <p>(2) sports education services falling in CPC Code 92912 provided by a person other than an individual.</p>
31	931	Human health services	The exemption shall not be applicable to -

S. No.	CPC Code	Description	Conditions and Restrictions
			<p>(1) the services of cosmetic and plastic surgery for aesthetic purposes;</p> <p>(2) the services provided by medical practitioners and consultants where consultation fee or charges exceed rupees three thousand per session or visit; and</p> <p>(3) bed/room services of hospitals where per day charges for such rooms/beds, including all fixed charges, exceed rupees twenty-five thousand per room/bed.</p>
32	931	Human health services	<p>The exemption shall be applicable to services provided or rendered by beauty parlours, beauty clinics and slimming clinics whose annual turnover does not exceed rupees two and a half million in a financial year, except those which are -</p> <p>(1) located within the building, premises and precincts of a hotel, motel, guest house or club whose services are liable to tax; or</p> <p>(2) franchisers or franchisees; or</p> <p>(3) having more than one branch or outlet in Sindh; or</p> <p>(4) having total utility (electric, gas and telephone) bill exceeding rupees twenty-five thousand in any month during a financial year.</p>
	972	Beauty and physical well-being services	
33	932	Residential care services for the elderly and disabled	Nil
	933	Other social services with accommodation	
	934	Social services without accommodation for the elderly and disabled	
	935	Other social services without accommodation	
34	944	Remediation services	The exemption shall be applicable to services provided or rendered by Government.
	949	Other environmental protection services n.e.c.	
35	95	Services of membership organizations	The exemption shall not be applicable to the services provided against charges and fees

S. No.	CPC Code	Description	Conditions and Restrictions
			except against fixed membership fee.
36	96150	Motion picture projection services	Nil
37	963	Services of performing and other artists	The exemption shall not be applicable to services provided or rendered by stage designers, set designers, lighting designers and costume designers.
38	964	Museum and preservation services	Nil
39	966	Services of athletes and related support services	Nil
40	971	Washing, cleaning and dyeing services	<p>The exemption shall be applicable to services provided or rendered by laundries and dry cleaners whose annual turnover does not exceed rupees two and a half million in a financial year except those which are –</p> <ul style="list-style-type: none"> (1) located within the building, premises and precincts of a hotel, motel, guest house or club whose services are liable to tax; or (2) franchisers or franchisees; or (3) having more than one branch or outlet in Sindh; or (4) having total utility (electric, gas and telephone) bill exceeding rupees twenty-five thousand in any month during a financial year.
41	973	Funeral, cremation and undertaking services	Nil
42	98	Domestic services	Nil
43	99	Services provided by extraterritorial organizations and bodies	Nil
44	Respective CPC Codes	All services	<p>The exemption shall be available to the services provided by a person whose total annual turnover does not exceed rupees four million in a financial year, excluding the following:-</p> <ul style="list-style-type: none"> (1) Services provided to withholding agents as notified under section 13;

S. No.	CPC Code	Description	Conditions and Restrictions
			<p>(2) Services provided to persons registered with SRB and businesses registered with FBR under the Sales Tax Act, 1990 or the Income Tax Ordinance, 2001;</p> <p>(3) Services under the service categories where different exemption threshold based on annual turnover is provided under this Act; and</p> <p>(4) Services which were not exempt on account of annual turnover threshold basis as on 30th June, 2025.</p>

SECOND SCHEDULE

Part - I

List of taxable services subject to higher rate

S.No.	CPC code	Description	Rate
(1)	(2)	(3)	(4)
1	83159	Other hosting and IT infrastructure provisioning services provided in respect of collocation services	19.50%
2	841	Telephony and other telecommunications services	19.50%
3	842	Internet telecommunications services	19.50%
4	85230	Security systems services including vehicle tracking services and other tracking	19.50%
5	87340	Installation services of radio, television and communications equipment and apparatus provided by telephony, internet and security system service providers	19.50%

Part - II

List of taxable services subject to reduced rate

General Conditions

All taxable services specified in Part-II are liable to sales tax at the reduced rate on which input tax deduction is not admissible. However, services specified in Serial No. 1,7,9,19,20 and 32 are chargeable to standard rate of 15% unless the service provider elects to e-file an option to charge, collect and pay sales tax at the reduced rate.

S. No	CPC Code	Description	Proposed Reduced Rate	Conditions and Restrictions
(1)	(2)	(3)	(4)	(5)
1	54	Construction services	8%	Nil
	54	Construction services	5%	The rate shall apply to construction services in relation to Government Civil Works for which the expenditure is paid out of the expenditure budget of the Federal Government, Government or the Local Government or the Cantonment Board
3	612	Wholesale trade services on a fee or contract basis	(a) 8%	(a) The rate shall apply to the services provided or rendered by – (1) Auctioneer; or (2) Car or automobile dealer (b) The rate shall apply to the services provided or rendered by an Indenter from a place of business in Sindh for which the registered person receives the value of the services from a place outside Pakistan in foreign exchange through banking channels in the business bank account of the registered person in the manner prescribed by the State Bank of Pakistan.
	62	Retail trade service	(b) 3%	
4	633	Food serving services	8%	The rate shall apply to the services provided or rendered by restaurants including the restaurants located in hotels, motels, guest houses or farmhouses, where payment against tax invoices for restaurant services is received through debit or credit cards, mobile wallets or QR scanning.
	634	Beverage serving services		
5	64115	Taxi services	5%	The rate shall apply to the services provided or rendered by the owners or drivers of the vehicles using the cab aggregator services.
6	64116	Rental services of passenger cars with Operator	8%	The rate shall apply to the services provided or rendered by rent-a-car and vehicle rental service.
	64118	Local bus and coach charter services		

S. No	CPC Code	Description	Proposed Reduced Rate	Conditions and Restrictions
	660	Rental services of transport vehicles with operators		
7	6511	Road transport services of freight	8%	Nil
8	6511	Road transport services of freight	3%	The rate shall apply to the services provided or rendered by truck <i>addas</i> or through bus or wagon stands excluding transportation or carriage of – (a) petroleum oils through oil tankers; (b) automotive vehicles, classified under tariff headings of Chapter 87 of the First Schedule to the Customs Act, 1969 as are transported or carried through specialized vehicle carriers; and (c) goods and cargo through vehicles operated by Fleet Logistic Companies having not less than 25 vehicles in its fleet.
9	6513	Transport services via Pipeline	8%	Nil
10	67410	Bus station services	5%	Nil
11	6742	Highway, bridge and tunnel operation Services	5%	Nil
12	67430	Parking lot services	5%	Nil
	67440	Towing services for commercial and private vehicles		
13	67910	Freight transport agency services and other freight transport services	Rs.1,000 (Rupees one thousand) per bill	The rate shall apply to the services provided or rendered by freight forwarding agents in respect of issuance of bill of lading, house bill of lading, airway bill and house airway bill.
14	71331	Motor vehicle insurance services	5%	This rate shall apply to motor vehicle third-party insurance as required under the Provincial Motor Vehicle Ordinance, 1965 (West Pakistan Ordinance No. XIX of 1965).

S. No	CPC Code	Description	Proposed Reduced Rate	Conditions and Restrictions
15	71592	Foreign exchange services	3%	The rate shall apply to the services involving consideration of "spread" charges as permitted by the State Bank of Pakistan in relation to the buying and selling of foreign currencies.
16	71610	Insurance brokerage and agency services	5%	Nil
17	7211	Real estate services involving own or leased property including rental or leasing services involving own or leased property	3%	The rate shall apply to the rental or leasing services including renting, letting, sub-letting, leasing, sub-leasing, licensing or similar other arrangements of immovable property for use in the course or furtherance of business or commerce.
18	722	Real estate services on a fee or contract basis	8%	The rate shall not apply to services falling under CPC code 7224.
19	733	Licensing services for the right to use intellectual property and similar products	8%	The rate shall not apply to services falling under CPC code 7331 and 7335.
	83960	Trademarks and Franchises		
20	7331	Licensing services for the right to use computer software and databases	3%	The rate shall not apply to the services falling under CPC Code 83159
	83131	IT consulting services		
	83132	IT support services		
	8314	Information technology (IT) design and development services		
	8315	Hosting and information technology (IT) infrastructure provisioning services		
	8316	IT infrastructure and network management Services		
	843	On-line content		

S. No	CPC Code	Description	Proposed Reduced Rate	Conditions and Restrictions
21	81	Research and development services	8%	Nil
22	82	Legal and accounting Services	8%	Nil
23	83117	Business process management services including distribution services	5%	The rate shall apply to the supply chain management and distribution services provided or rendered by a registered person in relation to the drugs registered under the Drugs Act, 1976 (Act No. XXXI of 1976).
24	83214	Historical restoration architectural services	8%	Nil
25	838	Photography services and photographic processing services	8%	Nil
26	83919	Other specialty design Services	5%	The rate shall apply to the services provided or rendered by Fashion Designers.
	83920	Design originals		
27	8461	Radio and television broadcast originals	8%	Nil
	8462	Radio and television channel programmes		
	9612	Motion picture, videotape, television and radio programme production services		
	96139	Other post- production Services		
28	8463	Broadcasting services and multi-channel programme distribution services except PCP code 84631.	8%	Nil
			2%	The rate shall apply to the services provided or rendered by "Stand-alone Cable TV Operators", for this purpose "Stand-alone Cable TV Operator" means a person whose principal activity is the provision of services of "Cable TV Operators" and whose other service related business activity, if any, is restricted to the provision of the taxable services of "advertisement on cable TV network".

S. No	CPC Code	Description	Proposed Reduced Rate	Conditions and Restrictions
29	85240	Armoured car Services	8%	Nil
	85250	Guard services		
	85290	Other security Services		
30	853	Cleaning services	8%	Nil
31	855	Travel arrangement, tour operator and related services	5%	Nil
32	85931	Telephone call centre Services	3%	The rate shall apply to the services provided or rendered by call centres.
	85991	Other information Services		
33	85999	Other support services n.e.c.	8%	The rate shall apply to the services provided or rendered by an auctioneer.
34	871	Maintenance and repair services of fabricated metal products, machiner and equipment	8%	Nil
	872	Repair services of other goods		
35	88	Manufacturing services on physical inputs owned by Others	8%	The rate shall apply to the services provided or rendered to non-industrial consumers.
36	891	Publishing, printing and reproduction services	5%	Nil
37	892	Moulding, pressing, stamping, extruding and similar plastic manufacturing Services	8%	The rate shall apply to the services provided or rendered to non-industrial consumers.
	893	Casting, forging, stamping and similar metal manufacturing Services		
38	92	Education services	3%	The rate shall apply to - (1) the services where the amount of fee/charges for such services exceeds rupees five hundred

S. No	CPC Code	Description	Proposed Reduced Rate	Conditions and Restrictions
				thousand per annum per student; and (2) the training services.
39	931	Human health services	3%	The rate shall apply to:- (1) the services provided or rendered by medical practitioners and consultants, other than the services in relation to cosmetic and plastic surgery, where consultation fee or charges exceed rupees three thousand per session or visit; and (2) bed/room services of hospitals where per day charges for such rooms/beds, including all fixed charges, exceed rupees twenty five thousand per bed/room.
40	961	Audio-visual and related services	8%	Nil
41	965	Sports and recreational sports services	Rs. 200 per person	The rate shall apply to the services of entry in race club for witnessing race event.
42	965	Sports and recreational sports services	8%	Nil
43	969	Other amusement and recreational services	8%	Nil
44	971	Washing, cleaning and dyeing services	5%	Nil
45	972	Beauty and physical well-being services	8%	Nil
			5%	The rate shall apply to the services provided or rendered subject to the condition that - (1) the registered person integrates his POS with SRB's Computerized System for real-time reporting of each sale; and (2) no such service is provided without getting SRB's invoice number and printing the same along with SRB QR code.
46	97990	Other miscellaneous services n.e.c.	5%	Nil

The Central Product Classification (CPC)

The CPC code is comprised of the following:

Section	One Digit
Division	Two Digits
Group	Three Digits
Class	Four Digits
Subclass	Five Digits

The document covers Section, Division and Group of CPC code as under:

CPC code	Description of services
Section 5	Constructions and construction services
Division 53	Constructions
531	Buildings
532	Civil engineering works
Division 54	Construction services
541	General construction services of buildings
542	General construction services of civil engineering works
543	Site preparation services
544	Assembly and erection of prefabricated constructions
545	Special trade construction services
546	Installation services
547	Building completion and finishing services
Section 6	Distributive trade services; accommodation, food and beverage serving services; transport services; and electricity, gas and water distribution services
Division 61	Wholesale trade services
611	Wholesale trade services, except on a fee or contract basis
612	Wholesale trade services on a fee or contract basis
62	Retail trade services
621	Non-specialized store retail trade services
622	Specialized store retail trade services
623	Mail order or Internet retail trade services

CPC code	Description of services
624	Other non-store retail trade services
625	Retail trade services on a fee or contract basis
Division 63	Accommodation, food and beverage services
631	Accommodation services for visitors
632	Other accommodation services for visitors and others
633	Food serving services
634	Beverage serving services
Division 64	Passenger transport services
641	Local transport and sightseeing transportation services of passengers
642	Long-distance transport services of passengers
Division 65	Freight transport services
651	Land transport services of freight
652	Water transport services of freight
653	Air and space transport services of freight
Division 66	Rental services of transport vehicles with operators
660	Rental services of transport vehicles with operators
Division 67	Supporting transport services
671	Cargo handling services
672	Storage and warehousing services
673	Supporting services for railway transport
674	Supporting services for road transport
675	Supporting services for water transport
676	Supporting services for air or space transport
679	Other supporting transport services
Division 68	Postal and courier services
680	Postal and courier services
Division 69	Electricity, gas and water distribution (on own account)


CPC code	Description of services
691	Electricity and gas distribution (on own account)
692	Water distribution (on own account)
Division 71	Financial and related services
711	Financial services, except investment banking, insurance services and pension services
712	Investment banking services
713	Insurance and pension services (excluding reinsurance services), except compulsory social security services
714	Reinsurance services
715	Services auxiliary to financial services other than to insurance and pensions
716	Services auxiliary to insurance and pensions
717	Services of holding financial assets
Division 72	Real estate services
721	Real estate services involving own or leased property
722	Real estate services on a fee or contract basis
Division 73	Leasing or rental services without operator
731	Leasing or rental services concerning machinery and equipment without operator
732	Leasing or rental services concerning other goods
733	Licensing services for the right to use intellectual property and similar products
Section 8	Business and production services
Division 81	Research and development services
811	Research and experimental development services in natural sciences and engineering
812	Research and experimental development services in social sciences and humanities
813	Interdisciplinary research and experimental development services
814	Research and development originals
Division 82	Legal and accounting services

CPC code	Description of services
821	Legal services
822	Accounting, auditing and bookkeeping services
823	Tax consultancy and preparation services
824	Insolvency and receivership services
Division 83	Professional, technical and business services (except research, development, legal and accounting services)
831	Management consulting and management services; information technology services
832	Architectural services, urban and land planning and landscape architectural services
833	Engineering services
834	Scientific and other technical services
835	Veterinary services
836	Advertising services and provision of advertising space or time
837	Market research and public opinion polling services
838	Photography services and photographic processing services
839	Other professional, technical and business services
Division 84	Telecommunications, broadcasting and information supply services
841	Telephony and other telecommunications services
842	Internet telecommunications services
843	On-line content
844	News agency services
845	Library and archive services
846	Broadcasting, programming and programme distribution services
Division 85	Support services
851	Employment services
852	Investigation and security services
853	Cleaning services
854	Packaging services

CPC code	Description of services
855	Travel arrangement, tour operator and related services
859	Other support services
Division 86	Support and operation services to agriculture, hunting, forestry, fishing, mining and utilities
861	Support and operation services to agriculture, hunting, forestry and fishing
862	Support and operation services to mining
863	Support and operation services to electricity, gas and water distribution
Division 87	Maintenance, repair and installation (except construction) services
871	Maintenance and repair services of fabricated metal products, machinery and equipment
872	Repair services of other goods
873	Installation services (other than construction)
Division 88	Manufacturing services on physical inputs owned by others
881	Food, beverage and tobacco manufacturing services
882	Textile, wearing apparel and leather manufacturing services
883	Wood and paper manufacturing services
884	Petroleum, chemical and pharmaceutical product manufacturing services
885	Rubber, plastic and other non-metallic mineral product manufacturing services
886	Basic metal manufacturing services
887	Fabricated metal product, machinery and equipment manufacturing services
888	Transport equipment manufacturing services
889	Other manufacturing services
Division 89	Other manufacturing services; publishing, printing and reproduction services; materials recovery services
891	Publishing, printing and reproduction services
892	Moulding, pressing, stamping, extruding and similar plastic manufacturing services
893	Casting, forging, stamping and similar metal manufacturing services

CPC code	Description of services
894	Materials recovery (recycling) services, on a fee or contract basis
Section 9	Community, social and personal services
Division 91	Public administration and other services provided to the community as a whole; compulsory social security services
911	Administrative services of the government
912	Public administrative services provided to the community as a whole
913	Administrative services related to compulsory social security schemes
Division 92	Education services
921	Pre-primary education services
922	Primary education services
923	Secondary education services
924	Post-secondary non-tertiary education services
925	Tertiary education services
929	Other education and training services and educational support services
Division 93	Human health and social care services
931	Human health services
932	Residential care services for the elderly and disabled
933	Other social services with accommodation
934	Social services without accommodation for the elderly and disabled
935	Other social services without accommodation
Division 94	Sewage and waste collection, treatment and disposal and other environmental protection services
941	Sewerage, sewage treatment and septic tank cleaning services
942	Waste collection services
943	Waste treatment and disposal services
944	Remediation services
945	Sanitation and similar services
949	Other environmental protection services n.e.c.

CPC code	Description of services
Division 95	Services of membership organizations
951	Services furnished by business, employers and professional organizations
952	Services furnished by trade unions
959	Services furnished by other membership organizations
Division 96	Recreational, cultural and sporting services
961	Audiovisual and related services
962	Performing arts and other live entertainment event presentation and promotion services
963	Services of performing and other artists
964	Museum and preservation services
965	Sports and recreational sports services
966	Services of athletes and related support services
969	Other amusement and recreational services
Division 97	Other services
971	Washing, cleaning and dyeing services
972	Beauty and physical well-being services
973	Funeral, cremation and undertaking services
979	Other miscellaneous services
Division 98	Domestic services
980	Domestic services
Division 99	Services provided by extraterritorial organizations and bodies
990	Services provided by extraterritorial organizations and bodies

The background of the image is a solid blue color. Overlaid on this background are several financial-related elements: a close-up of a calculator's keypad with buttons for '0', '2', a decimal point, and a percentage sign; a line graph with multiple fluctuating lines on a grid; and a pen lying diagonally in the bottom left corner.

Khyber Pakhtunkhwa Finance Act, 2025

Khyber Pakhtunkhwa Finance Act, 2025

Collection agent

The definition of the term 'Collection Agent' has been revised, which now means the State Bank of Pakistan (SBP) or any other scheduled bank or entity licensed or authorized by SBP to transfer money abroad for the specified services and shall include any other person, specified as Collection Agent by the Policy Board through notification in the official Gazette, to collect and pay tax other than the person providing or receiving the taxable service under the KPK Sales Tax on Services Act, 2022 (the Act).

Definition of service

The definition of 'Service' under Section 2(aaa) of the KPK Finance Act has been revised and in essence, is substantially enhanced. This expansion aims to provide clearer guidance and greater flexibility in the taxation of services, ensuring a wider range of service activities are covered and reducing ambiguity in the application of tax laws. The revised definition of 'Service' is as follows:

"Service means anything, which is not goods, and includes any act, performance, provision or facilitation of a facility, amenity, utility or advantage, carried out in the course of an economic activity, whether contractual, professional or otherwise, provided by any means, including but not limited to digital, electronic or online platforms and which results in the execution of an assignment, development of a project, provision of a benefit, grant of a right, facilitation in currency exchange and financial transactions or performance of function, by whatever name called;

Explanation-I: A service shall remain and continue to be treated as service regardless of whether or not the providing thereof involves any use, supply, disposition and consumption of any goods either as an essential or as an incidental aspect of such providing of service.

Explanation-II: Unless otherwise specified by the Policy Board, the service or services involved in the supply of goods shall remain and continue to be treated as service or services."

Scope of taxable services and their taxability

The scope of taxable services has been expanded. Prior to amendment, only services listed in the Second Schedule to the KPK Finance Act were taxable. Under the revised scheme, all services that fall within the revised definition of "services" are now taxable except for those that are specifically exempted in the First Schedule, subject to the conditions outlined therein.

Further, the standard rate of tax of 15% shall be levied on the value of taxable services, except for the services or class of services listed in the Second Schedule, for which rates mentioned in said Schedule will be applied subject to conditions mentioned therein.

Hence, the prior 'positive list' system is now replaced by a 'negative list' system. This change aims to bring significant structural and procedural reforms in the KPK sales tax on services framework.

Further, now the Management Committee may, for the purposes of administration, analysis and facilitation, by a notification in the official Gazette, specify or amend CPC Codes, HS Code or any other code for classification of services.

However, inclusion or exclusion of any service from the CPC, HS or any other codes shall not determine the taxability or otherwise of such service.

Further, all such services as were taxable under the Second Schedule prior to July 1, 2025, shall remain taxable, unless explicitly included in the First Schedule to the KPK Finance Act.

Explanation: CPC Code and HS Code mean the Central Product Classification Code and Harmonized System Code, as published by the United Nations and World Customs Organizations respectively.

Expansion of “Economic Activity” definition to include services provided by employees beyond their employment contract

Previously, an economic activity did not include the activities of an employee providing any services to an employer for a fee or commission. This rule has now been amended as follows:

“An economic activity does not include the activities of an employee providing services in that capacity to an employer with whom he is in direct relationship under employment contract.

Provided that the activities of the employee for which he earns any fee or commission, in addition to his salary agreed under employment contract, from the employer shall be treated as an economic activity.

Provided further that the activities of an employee hired or engaged by the employer to perform certain activities for a person other than the employer in connection with or in the course of furtherance of employer's business shall be treated as economic activity of employer.”

Input tax credit not allowed

The scope of provisions relating to input tax credit not allowed has been revised. Prior to amendment, input tax credit was disallowed where payment of a transaction exceeding Rs. 50,000 was not made via the banking channel as explained in section 17(1)(c) to the KPK Finance Act.

Now, after the amendment, the said limit of Rs. 50,000 is not for a ‘transaction’ but ‘for the aggregate of all transactions’, including the amount of sales tax, made to the same person in one tax period. Hence, cash payments allowability and acceptability for input tax has been drastically reduced.

Records

An amendment has been made in section 35 so that now where a registered person is engaged in providing services in KPK and also in other provinces or areas outside KPK, then the record required as mentioned in section 35 of the Act shall also be kept for those other provinces or areas outside KPK. These records should be kept in a way that may permit reconciliation or ascertainment of the taxpayer's tax liability in KPK.

Return

After the amendment, every registered person can only submit his return under sub-section 1 of section 39 to the KPK Finance Act through an e-file.

Further, the time limit for a registered person to submit a revised return under sub-section 6 of section 39 to the KPK Finance Act has also been reduced from 6 months to 120 days.

Offences and penalties

Under the revised KPK Finance Act, where any person is required to integrate or install the Restaurant Invoice Management System (RIMS), Invoice Management or any other prescribed e-invoicing system or computerized system, and that person fails to integrate or install such system, he shall be liable to a penalty of Rs. 200,000 or 5% of the tax involved, whichever is higher, for each instance of non-compliance.

Pecuniary jurisdiction in appeals

A new section is inserted to introduce pecuniary jurisdiction in appeals, whereby right to appeal of the taxpayers is effectively reduced from two to one forum.

An appeal to the Collector (Appeals) can now only be made if the value of tax assessment is up to Rs. 5 million, otherwise for cases above Rs. 5 million, first appeal will be directly lodged with the Appellate Tribunal and forum of Collector (Appeals) is not available. The cases exceeding Rs. 5 million that are pending before the Collector (Appeals) shall stand transferred to the Appellate Tribunal from July 10, 2025 and all such cases shall be decided by the Appellate Tribunal within 6 months from the date of transfer of such cases.

This is a very surprising development as FBR has rolled back similar changes made via KPK Finance Act 2024 in the Income Tax Ordinance, 2001 and Sales Tax Act, 1990, through KPK Finance Act 2025 but KPK is introducing the same changes that have been rolled back at the Federal level.

Recovery of arrears of tax

Previously, an officer not below the rank of Assistant Collector could perform recovery procedures as mentioned in section 74 of the KPK Finance Act. It has been amended and now, he will act with the prior approval of the Collector or any officer duly authorized by the Collector to grant approvals in such matters.

Sharing of electronic data of tax returns

KPK Revenue Authority is now empowered to make arrangement or agreement, on reciprocal or multilateral basis, with the Federal Board of Revenue and sales tax authorities of other provinces, for sharing of electronic data of tax returns filed in the computerized system, subject to such limitations and conditions as specified by the KPK Revenue Authority and agreed to in such agreements.

First & Second Schedule

Prior to amendment, the First Schedule of the KPK Finance Act dealt with the classification and description of services. It has now been substituted with a list of services that are exempt from sales tax along with the conditions for exemption. However, exemptions granted through notifications, whether conditional or unconditional, and whether issued in favor of a specific project, individual or class of persons, shall remain in effect unless expressly rescinded by the Government of KPK.

Further, previously, Second Schedule of the KPK Finance Act provided list of taxable services that were subject to sales tax at varying rates along with certain conditions and explanations prescribed therein. It has now been substituted with a revised list of taxable services in two tables: **Part-I** for tax rates above standard rate and **Part-II** for tax rates below standard rate along with certain conditions and explanations mentioned therein.

The Revised First and Second Schedules are as follows:

First Schedule

[see section 3(1), 12 & 17(1)(i)]

S. No.	Description	Conditions for Exemption
1	Room or Unit Accommodation Services for Students in Student Residences.	Hostels exclusively meant for student accommodation and allied facilities.
2	Other Human Health Services	Services to the extent of cosmetic treatment of burns or burned body parts provided by health care centers, hospitals or similar institutions.
3.	Hairdressing and Barbers' Services	Services as are provided by traditional barber shops operating in premises not exceeding 150 square feet in total floor area and without air-

S. No.	Description	Conditions for Exemption
		conditioning facilities or installations at business premises.
4.	Dry-Cleaning Services, including Product Cleaning Services	Such Services as are provided by small-sized, traditional, stand-alone launderers and dry cleaners that operate independently and are not part of any broader retail, commercial, or multiservice establishments and utilizing vintage or non-computerized machinery to maintain their conventional mode of service.
5.	Tour Operator Services	Such Services as are provided by Federal or Provincial Government departments exclusively related to Hajj.
6.	Toll Manufacturing including Moulding, Pressing, Stamping, Extruding, and Similar Plastic Manufacturing Services, Iron and Steel Casting Services, Non-Ferrous Metal Casting Services, Metal Forging, Pressing, Stamping, Roll Forming, and Powder Metallurgy Services including Dyeing and Coloring Services.	Such Services as are provided on a toll manufacturing basis which are part of commercial or industrial operations.
7.	Airport Operation Services	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.

S. No.	Description	Conditions for Exemption
8.	Wholesale trade services in relation to agricultural products like grains, oil seeds, live animals, hides, and unmanufactured tobacco; food items such as fruits, vegetables, dairy, meat, seafood, beverages, and bakery products; textiles and clothing, including yarn, fabrics, household linens, apparel, footwear, and accessories; household goods like furniture, appliances, lighting, cutlery, and glassware; consumer products such as books, stationery, toys, jewelry, and sports goods; construction materials, including flat glass, ceramic fixtures, wallpaper, paints, and tools; industrial and chemical products like fertilizers, pharmaceuticals, cosmetics, and cleaning materials; plant and machinery including motor vehicles, motorcycles, computers, telecommunications equipment, and industry specific machinery.	For the purpose of clarity, "wholesale trade services" shall refer to the sale or resale of goods in bulk or large quantities to business, industrial, commercial, institutional, or professional buyers, or to other wholesalers or retailers, wherein the goods are purchased in the wholesaler's own name and intended for onward sale at a profit; provided that any activity involving the trade, distribution, or redistribution of goods carried out on behalf of others in exchange for a commission, fee, or any other form of consideration shall be treated as a taxable services.
9.	Retail trade services in relation to agricultural products like grains, oil seeds, live animals, hides, and unmanufactured tobacco; food items such as fruits, vegetables, dairy, meat, seafood, beverages, and bakery products; textiles and clothing, including yarn, fabrics, household linens, apparel, footwear, and accessories; household goods like furniture, appliances, lighting, cutlery, and glassware; consumer products such as books, stationery, toys, jewelry, and sports goods; construction materials, including flat glass, ceramic fixtures, wallpaper, paints, and tools; industrial and chemical products like fertilizers, pharmaceuticals, cosmetics, and cleaning materials; plant and machinery including motor vehicles, motorcycles, computers, telecommunications equipment, and industry specific machinery.	Retail trade services shall refer to the sale of goods in small quantities or individual units to final consumers or household; provided that any activity involving the trade, distribution, or sale of goods conducted on behalf of another party in exchange for a commission, fee, or other consideration, including but not limited to agency, consignment, or brokerage services, or any service provided to a customer beyond the sale of goods, such as delivery services, whether conducted through online platforms or otherwise, shall be deemed a taxable services.

S. No.	Description	Conditions for Exemption
10.	Urban, suburban and interurban railway passenger transport services; intra-provincial, intra-city and intercity travel or transportation of persons by road through non air-conditioned buses, coaches, wagons, jeeps, cars, taxis and other motor vehicles primarily meant for passengers' transport, passenger transport by man or animal-drawn vehicles including passenger transport vehicles through roads, inland water passenger transport by ferries, cruises, or other means: sightseeing services conducted by rail, water, or air including coastal and transoceanic water transport services of passengers by ships, domestic and international scheduled air passenger transport services and space passenger transport services.	Where such vehicles have an engine capacity below 660cc and the services are not provided or facilitated through any online or digital platform or the services are not classified as ride-hailing or app-based transportation services.
11.	Coastal and Transoceanic water transport services of freight by refrigerator vessels, tankers, or container ships and space transport services of freight.	
12.	Water distribution through mains on own account including distribution of steam, hot water, and air-conditioning supply through mains on own account.	Only such services shall be deemed exempted which are not provided through subsidiaries or third-party infrastructural arrangements. All such services as are provided by businesses for installation, management and maintenance of water distribution system, steam and air conditioning systems shall remain taxable at applicable rate of tax.
13.	Central banking services including financial market regulatory services.	Such services which are construed as core regulatory functions performed by the State Bank of Pakistan.
14.	Basic research services in physical sciences, chemistry, biology, and biotechnology.	The exemption shall apply to services which are performed for academic research purposes and not on commercial basis.
15.	Veterinary services for pet animals, livestock, and other veterinary services.	The exemption shall apply to services as are provided by Government-owned or regulated bodies.
16.	Library services.	

S. No.	Description	Conditions for Exemption
17.	Government public services including executive and legislative services, financial and fiscal services, economic and social planning, statistical services, Government services to research and development. Public administrative services related to education, health care, housing, community amenities, recreation, culture, religion, agriculture, forestry, fishing, fuel, energy, distributive trades, general economic, commercial, and labor affairs. Services related to external affairs. Services related to external affairs, diplomatic and consular services, foreign economic and military aid, military and civil defense, police, fire protection, law courts, detention, rehabilitation of criminals, public order, and safety. Administrative services for sickness, maternity, temporary disablement, Government employee pensions, old-age, disability or survivors' benefits, unemployment compensation, and family or child allowance programs.	Services as are provided by Federal, Provincial Governments or local governments in the public interest.
18.	Services furnished by trade unions.	Such services as are provided without any charges or fees.
19.	Religious services, services by political organizations, human rights organizations, environmental advocacy groups, other special group advocacy, and community facility support, youth associations, cultural and recreational associations.	Such services as are provided without profit motives and in public interest.
20.	Services of performing artists including original works of authors, composers and other artists.	Such services which are provided to reflect cultural and societal values and benefit the public at large; provided that services which are provided in live concerts, stage shows, dramas or similar commercial entertainment events shall remain taxable.
21.	Services as are provided by museums including botanical and zoological garden services and nature reserve services including wildlife preservation.	Only such services which are intended for preservation of national heritage and natural resources.

S. No.	Description	Conditions for Exemption
22.	Funeral, burial, crematorium, or mortuary services directly related to the preparation, handling, and final disposition of a deceased person, including embalming, storage, transportation of the deceased to a funeral site, cemetery, or crematorium, and the performance of burial, cremation, or interment ceremonies, provided by funeral homes, crematoria, cemeteries, or similar entities.	
23.	Domestic services as are provided by individuals which are aimed at household help.	Only such services are exempted as are provided by individuals in their personal capacity, without the involvement of agents, manpower supply agencies, or any other intermediary entities engaged in arranging or providing individuals for the delivery of such domestic services.
24.	Services provided by extraterritorial organizations and bodies including services provided by foreign diplomatic missions.	Only such services which are aimed at non-market, non-commercial functions aimed at fostering global cooperation and addressing transnational challenges.
25.	Access to a road or bridge on payment of toll charges.	
26.	Education services.	Education services as are provided by schools, colleges and universities and includes tuition fee charged from their students.
27.	Members of Parliament (Majlis-e-Shoora) and Provincial Assemblies.	Only such services as are provided on non-commercial basis and without intention to furtherance of the personal businesses.
28.	Professional work of cutting, sewing, fitting, altering, or repairing clothes to meet individual specifications (excluding fashion designing).	
29.	Repair, maintenance, and restoration of footwear and related leather goods, including services such as resoling, reheeling, stitching, polishing, replacing zippers or buckles, and minor modifications to improve fit or extend the life of shoes, boots, sandals, and other leather accessories.	

S. No.	Description	Conditions for Exemption
30.	Services rendered by individuals such as laborers, electricians, carpenters, plumbers, painters, or similar service providers, directly to households or religious centers including mosques, on a daily wage or labor charge basis, without involvement of any contractor or manpower supply agencies.	Only such services as are provided by such individuals in their personal capacity and are rendered solely for domestic or non-commercial use and which are not utilize for furtherance of the business or to serve commercial interests of the service recipient.

Note: All exemptions granted through notifications, whether conditional or unconditional, and whether issued in favor of a specific project, individual or class of persons, shall remain in effect unless expressly rescinded by Government

SECOND SCHEDULE

Part-I

Tax Rates above Standard Rate

S. No.	Description of Services	Headings	Rate of Tax
1.	Telecommunication and similar allied or ancillary services including:	9813.0000	Nineteen and a half Percent
		9813.1000	
	(a) Telephone services (including fixed line, wireless, cellular, wireless local loop, video, pre-paid, post-paid, pay phone cards and voicemail etc.);	9813.1010	
		9813.1020	
	(b) Messaging services (including short message service (SMS), multimedia message service (MMS) and messaging through other digital applications etc.);	9813.2000	
		9813.3000	
	(c) Installation, provision, shifting, changing, conversion and restoration of telephone connections (including conversion of NWD connection to non NWD or vice versa) and similar other services;	9813.4000	
		9813.4010	
		9813.4020	
	(d) Bandwidth services (including copperline/fiber-optic/co-axial cable/microwave/satellite-based, IP services, teleconferencing, 3G/4G/5G/LTE or similar other services;	9813.4030	
		9813.5000	
	(e) Telegraph and other services relating thereto;	9813.6000	
	(f) Tele fax including store and forward fax and similar other services; Internet services including e-mail, dial-up and other allied services;	9813.7000	
		9813.8000	
	(g) Broadband 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;	9813.9000	

S. No.	Description of Services	Headings	Rate of Tax
	<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>(m) Internet-based cable TV services whether as a single service or otherwise; and such services as are provided by Internet Service Providers (ISPs) providing Television Services, including Cable TV, [PTV. Internet-Based TV or Services delivered through Digital Boxes or Android Based Devices, with or without internet connectivity i.e. Vehicle Tracking, tracking and alarm services, burglar and security alarm services etc; and</p> <p>(n) All other similar allied, ancillary or auxiliary services.</p> <p>Explanation: In case of incoming international calls, charges received by telecom service providers abroad shall be taxed on tax fraction formula basis only to the 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>		

Part-II

Tax rates below standard rate

S. No.	Description of Services	Headings	Rate of Tax
2.	The following services provided or rendered by entities, enterprises or undertakings including all such services, facilities, utilities, entertainments, comforts, enjoyments or amusements etc.	9801.0000	
		9801.1000	
		9801.2000	
	i. whole range of services including accommodation, food supplies and laundry etc. provided or rendered	9801.3000	(i) Five percent

S. No.	Description of Services	Headings	Rate of Tax
	by all categories of non-corporate hostels and messes.	9801.4000	without any input tax adjustment.
		9801.5000	
ii.	Services provided or rendered by local non- corporate stand-alone restaurants, hotels or chains of such hotels (including guest houses and lodges, hotels, motels, guest houses, resorts, accommodation, food service providing farmhouses, motorway-or-highway-side accommodation, restaurants (including food service supply chains), ice cream parlors.	9801.6000	(ii) Ten percent without input tax adjustment.
		9801.7000	
		9801.8000	
		9801.9000	
iii.	Clubs including such clubs as, though run on mutuality basis, are operated in commercial mode, manner or style.		(iii) Ten percent without input tax adjustment.
			Provided that for clause (ii) & (iii) Six Percent rate shall be applicable where payment against restaurant and hotel services is received through debit, credit or prepaid cards, mobile wallets or QR scanning subject to the condition that no input tax adjustment or refund shall be admissible.
iv.	In case of traditional type non-corporate 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) including traditional accommodation facilities like sarrayae or inns or open air overnight bed provisioning services generally located or available around or in the vicinity of railway stations, bus or wagon stands (stations) provided by non-corporate entities and the charges for overnight stay do not exceed rupees three hundred per bed.		(iv) Two percent without input tax adjustment
v.	Tax shall be charged on fixed rate basis in respect of wedding/ marriage shadi halls as per the following categories:		

S. No.	Description of Services	Headings	Rate of Tax
	<p>CATEGORY-A: Where the wedding hall is having a capacity of 500 or above persons and located in posh area of a major city,</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, and</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.</p> <p>vi. In case of caterers whether stand-alone or otherwise, food provisioning/food servicing or food supply facilities, suppliers of prepared eatables and drinkables, pandals and shamianas.</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, subject to the compliance to all such conditions and procedures, as may be prescribed by the Authority, in this behalf</p> <p><u>Mandatory Condition of Installation of RIMS/IMRS:</u></p> <p>Every service provider, providing services of restaurants, hotels, food business or any other similar business shall integrate or install the Restaurant Invoice Management System (RIMS), Invoice Management or any other prescribed e-invoicing system or computerized system, for the purpose of issuing sales tax invoices.</p> <p><u>General Clarifications:</u></p> <p>Clarification I: Six percent (06%) rate shall also be applicable for all corporate sector entities, providing services throughout the provinces, where payment against restaurant and hotel services is received</p>		<p>Category A: Rs. 50,000 per Function</p> <p>Category B: Rs. 20,000 per Function, and</p> <p>Category C: Rs. 10,000 per Function.</p> <p>(vi) Five percent without input tax adjustment.</p> <p>(vii) Ten percent without input tax adjustment, however Six Percent rate shall be applicable where payment against restaurant and hotel services is received through debit, credit or prepaid cards, mobile wallets or QR scanning subject to the condition that no input tax adjustment or refund shall be admissible.</p>

S. No.	Description of Services	Headings	Rate of Tax
	<p>through debit, credit or any other prepaid cards, mobile wallets or QR scanning subject to the condition that no input tax adjustment or refund shall be admissible. In case payment is received in cash, the applicable tax rate shall be the standard rate of tax.</p> <p>Clarification II: It is clarified for the removal of any doubt that the services of this entry include "takeaway" or "home or doorstep 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> <p>Clarification 111: Wedding halls/ Marriage/ Shadi Halls/Marques/Law4ns not availing fixed tax option shall charge standard rate of tax on the total value of services. However, all the wedding halls opting to charge fixed tax on per function basis shall mandatorily intimate the respective tax jurisdiction before charging fixed tax. The wedding halls or other similar business entities shall in no case revert back to standard rate of tax without approval of the Management Committee.</p> <p><u>General Tax Relief:</u></p> <p>Any person or class of persons who, during the tax periods from July 2022 to June 2025, provided services taxable under Serial No. I of the Second Schedule to the Act, have inadvertently omitted to charge sales tax and consequently failed to deposit sales tax during the respective tax periods may deposit the outstanding tax amount as arrears through self-assessment or detection, without payment of any additional penalty for nonpayment or default surcharge:</p> <p>Provided that in cases where proceedings under section 27 and 60 of the Act have been initiated, pending or completed before 01st July 2025, the said person or class of persons may settle their tax liabilities by making payment of the principal amount of tax and without payment of any additional penalty for non-payment or default surcharge:</p> <p>Provided further that this concession is conditional upon full payment of all tax arrears by 30th September 2025 and shall be applicable only in cases where the sales tax on services has not been charged.</p>		

S. No.	Description of Services	Headings	Rate of Tax
3.	Services provided by health care centers etc. in private sector.	9821.1000	Five percent (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.
4.	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 including hair dressing, hair colouring/dying and barber services.	9811.0000 9811.1000 9811.2000 9811.3000 9811.4000 9811.9000 9821.1000 9821.4000 9821.5000	Five percent without any input tax adjustment.
5.	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 charged at reduced rate: Provided that 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 standard rate of tax.	9808.0000 9808.1000 9808.2000 9808.3000 9808.4000 9808.9000	Two percent without any input tax adjustment.
6.	(a) Services provided or rendered by non-corporate entities, not registered with SECP, 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, labor or man power supply services, insurance agents, commission agents, distribution agents including whole sale trade services on commission basis and similar other persons engaged in business transaction	9806.0000 9806.1000 9806.2000 9806.3000 9806.4000 9806.6000 9806.7000	Eight percent without any input tax adjustment.

S. No.	Description of Services	Headings	Rate of Tax
	<p>work or activity against commission or similar charges, other than those provided by corporate entities;</p> <p>(b) Business support services shall be charged tax;</p> <p>(c) The Customs Agent shall pay tax at the fixed rate.</p> <p>(d) In case of travel agents providing services for arrangement of performance of Hajj and Umrah, a fixed rate of tax shall be charged as follows:</p> <p>(i) for Umrah services; and</p> <p>(ii) for Hajj services</p> <p>Explanation-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>Explanation-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 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>Explanation-III: All corporate entities, providing services under this entry shall charge tax at standard rate.</p>	<p>9806.8000</p> <p>9806.9000</p> <p>9819.1000</p> <p>9819.1500</p> <p>9842.0000</p>	<p>Five percent without any input tax adjustment.</p> <p>Fixed Rate of Rupees 3,000/- per Goods Declaration.</p> <p>Rs 5000 for each person between age 13 and 60 years;</p> <p>Rs 10000 for each person between age 13 and 60 years.</p>
7.	<p>(a) 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>9802.0000</p> <p>9802.1000</p> <p>9802.2000</p> <p>9802.3000</p> <p>9802.4000</p> <p>9802.5000</p> <p>9802.6000</p>	<p>Ten percent without any input tax adjustment.</p>

S. No.	Description of Services	Headings	Rate of Tax
	<p>(b) In case of advertisements on or through print media of all types and forms.</p> <p>Explanation-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 withheld or deducted and paid directly to the Authority by such authorities, departments or institutions.</p> <p>Explanation-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>9802.7000</p> <p>9802.8000</p> <p>9802.9000</p> <p>9806.5000</p>	Two percent without any input tax adjustment.
8.	<p>Services provided or rendered by non-corporate entities 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 equipment's, 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 equipment's etc.</p> <p>Explanation: For the purpose of clarity, the services falling under this entry which are provided by corporate entities shall remain taxable at standard rate of tax</p>	<p>9807.0000</p> <p>9807.1000</p> <p>9807.2000</p> <p>9807.3000</p> <p>9807.3000</p> <p>9807.9000</p>	Two percent without any input tax adjustment.
9.	<p>(a) Services provided by non-corporate specialized workshops or under takings:</p> <p>i. Auto-workshops whether or not providing other allied or extended services.</p> <p>ii. Workshops for industrial, construction, earth-moving or other similar heavy duty or special purpose machinery.</p> <p>iii. Workshops for heavy or light duty electric, electrical or electronic machinery (such as transformers,</p>	<p>9820.0000</p> <p>9820.1000</p> <p>9820.2000</p> <p>9820.3000</p> <p>9820.4000</p> <p>9820.9000</p>	Five percent without any input tax adjustment

S. No.	Description of Services	Headings	Rate of Tax
	<p>generators, turbines, motors, pumps, rotators, power accumulators, transmission networks or systems etc.) equipment or appliances etc., including computer hardware and allied equipment's or appliances etc.</p> <p>iv. Services provided in respect of their pair or maintenance of aircrafts, helicopters and other flying objects.</p> <p>v. Car washing, including compounding and polishing etc., or similar service stations.</p> <p>vi. Other workshops or workshop-type businesses.</p> <p>(b) In case of stand-alone car wash (car wash station) services;</p> <p>(c) In case of authorized automobile dealers' workshops (whole range of their workshop services including car wash etc.) Explanation: For the purpose of clarity, the services falling under this entry which are provided by corporate entities shall remain taxable at standard rate of tax.</p>		<p>Two percent without any input tax adjustment.</p> <p>Ten percent without any input tax adjustment.</p>
10.	<p>Services provided or rendered by non-corporate 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>Explanation: For the purpose of clarity, the services falling under this entry which are provided by corporate entities shall remain taxable at standard rate of tax.</p>	<p>9818.0000</p> <p>9818.1000</p> <p>9818.2000</p> <p>9818.3000</p> <p>9818.4000</p> <p>9818.5000</p> <p>9818.9000</p>	Ten percent without any input tax adjustment.

S. No.	Description of Services	Headings	Rate of Tax
11.	<p>(a) 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>i. Construction services rendered or provided in respect of the construction of structures, buildings, roads, bridges, underpasses or flyovers (and other civil works), electromechanical works, turn-key and Engineering, Procurement and Construction (EPC) projects and similar other works involving construction activity.</p> <p>ii. Architects and civil engineers or town promoters, developers, planners.</p> <p>iii. Town, real estate or property promoters, developers or planners.</p> <p>iv. Services of contractors of allied works such as electrical, mechanical, gas fittings, plumbing, water boring, woodwork, plastering, flooring, steel work, paint and other finishing work or works.</p> <p>v. Interior decorators</p> <p>vi. Landscaping or land development designers including land surveyors.</p> <p>vii. Other similar, allied or ancillary services.</p> <p>(b) Government funded construction projects including ADP/PSDP- funded projects and construction of hydropower projects the rate of Tax shall be charged.</p> <p>(c) In case of land development, tax shall be charged at specific fixed tax.</p>	<p>9815.0000</p> <p>9815.1000</p> <p>9815.2000</p> <p>9815.3000</p> <p>9815.4000</p> <p>9815.9000</p> <p>9819.5000</p>	<p>Five percent without any input tax adjustment.</p> <p>Four percent without any input tax adjustment.</p> <p>One hundred Rupees (Rs.100 only) 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</p>

S. No.	Description of Services	Headings	Rate of Tax
	<p>(d) In case of commercial construction of residential buildings, flats or apartments, commercial plazas, malls, towers or complexes etc., tax shall be charged.</p> <p>Exemption: Full exemption on:</p> <p>(a) 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.</p> <p>(b) Residential construction and allied works in respect of the Prime Minister's Naya Pakistan Housing Scheme.</p> <p>(c) The projects initiated or under taken under Government's Annual Development Programme (ADP) provided either such projects have been initiated or complete donor before 30th 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).</p> <p>(d) 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 30th 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 30th June, 2021.</p> <p>(e) 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.</p> <p>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 30th June 2021 on any ground whatsoever.</p> <p>Explanation: For the purpose of this item, the expression initiated shall, under no circumstances, be construed to commence prior to the date of actual</p>		<p>shall be admissible in this regard.</p> <p>Fifty Rupees (Rs.50 only) per square feet of the covered area without any input tax adjustment.</p>

S. No.	Description of Services	Headings	Rate of Tax
	<p>signing of the agreements for Government sector construction projects.</p> <p>Clarification: For the purpose or removal of any doubt, it is clarified that for the purpose of this serial number:</p> <p>(i) 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</p> <p>(ii) Self-construction of residential houses for personal use shall not be liable to tax.</p> <p>(iii) Construction services shall include construction works of power (including hydro-power) generation projects. (iv) 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 intention or purpose for sale, leasing or renting.</p> <p>(iv) The tax rate of 4% shall not be applicable on such ADP funded projects as are approved or initiated before 01 July 2025.</p>		
12.	<p>Digital or IT-based services in whatever form or manner or under whatever arrangement, including but not limited to:</p> <p>(a) Web design and development:</p> <p>(b) Mobile app development:</p> <p>(c) Server management:</p> <p>(d) page-speed optimization, UX/UI optimization:</p> <p>(e) PPC marketing, blogging:</p> <p>(f) Google Ad Words, Face book advertising, Instagram advertising:</p> <p>(g) Custom software development, assessment and road map development, software maintenance and support services, supply or sale of any other software or</p>		Five percent without any input tax adjustment.

S. No.	Description of Services	Headings	Rate of Tax
	<p>software product or products through any medium:</p> <p>(h) Online digital marketing services such as search engine optimization (SEO):</p> <p>(i) social media marketing, content marketing, affiliate marketing, influencer marketing, email marketing, viral marketing services, etc.</p> <p>(j) IT or Digital Based, including Cloud-based Content Streaming, Live Streaming, Cloud-Based OTT (over-the-top) Platforms, On-Demand Streaming Services, Cross Platform Accessibility, VOD (video-on-demand) Libraries, including any other similar Subscription-Based Services</p>		
13.	<p>Services relating to works or projects in respect of exploration and production (E&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>Explanation: 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>Provided 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>Clarification:</p> <p>The Services relating to works or projects in respect of exploration and production (E&P) or mining of minerals and Oil & Gas including surveys, geo-map development, equipment mobility, product evaluation, product marketing and other services or activities related or allied thereto shall be chargeable at the standard rate of tax.</p>	9845.0000	<p>The rate of tax on the leases (including re-leasing by the lessees) and licenses (including subcontracting 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 without any input tax adjustment.</p>
14.	<p>The services provided or rendered by non-corporate entities in respect of 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>	9830.0000	<p>Ten percent without any input tax adjustment.</p>

S. No.	Description of Services	Headings	Rate of Tax
	Explanation: For the purpose of clarity, the services falling under this entry which are provided by corporate entities shall remain taxable at standard rate of tax.		
15.	<p>The services provided or rendered by non-corporate entities in respect of Dry port services including operation of a dry port and other services provided at or in respect of dry port such as inward/outward 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> <p>Explanation: For the purpose of clarity, the services falling under this entry which are provided by corporate entities shall remain taxable at standard rate of tax.</p>	9843.0000	Ten percent without any input tax adjustment.
16.	<p>(a) Services provided or rendered by practitioners, professionals, consultants and advisers (by whatever name called) in the irrespective fields or disciplines:</p> <p>i. Medical, dental or allied health fields or disciplines including paramedics and specialized technicians of medical fields.</p> <p>ii. Human resource management or development (including training services)</p> <p>iii. Veterinary and allied sciences including pet care.</p> <p>iv. Law and allied fields or disciplines</p> <p>v. Financial, accountancy, cost accountancy, audit, tax management or tax affairs and similar other fields or disciplines.</p> <p>vi. Business planning, business management, business reforms, business communication including hospitality administration and similar other fields or disciplines.</p> <p>vii. Software or IT-based system development or management or similar other such fields.</p> <p>viii. Similar services in other fields, disciplines or regimes.</p> <p>(b) In case of practitioners, professionals, consultants or advisers of medical (including dental) and legal professions or fields, the rate of tax shall charge.</p> <p>(c) In case of practitioners. professionals, consultants or advisers of legal profession or field, Tax shall be deposited as fixed sales tax at the time of filing of</p>	<p>9816.0000</p> <p>9816.1000</p> <p>9816.2000</p> <p>9816.3000</p> <p>9816.4000</p> <p>9816.5000</p> <p>9816.6000</p> <p>9816.9000</p> <p>9826.0000</p>	<p>Five percent without any input tax adjustment:</p> <p>Two percent without any input tax adjustment.</p> <p>Fixed Rate of Rupees 500/- per each case without</p>

S. No.	Description of Services	Headings	Rate of Tax
	each case, appeal or petition and proof of which shall be attached with the Power of Attorney.		any input tax adjustment
17.	Cinematographic production, photographic services, recording services and telecasting or broadcasting services including: (a) Film making or film production including drama production whether in serials or otherwise. (b) Telecasting or broadcasting services (other than cable TV operators). (c) Videotape and recording services, sound recording services, TV/Radio production house services. (d) Photographic services (services of photography or photographers). (e) Other similar, allied, ancillary or auxiliary services.	9803.0000 9803.1000 9803.2000 9803.3000 9803.4000 9803.5000 9803.9000	Two percent without any input tax adjustment.
18.	Event management services provided or rendered by noncorporate entities 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. Explanation: For the purpose of clarity, the services falling under this entry which are provided by corporate entities shall remain taxable at standard rate of tax	9846.0000	Ten percent without any input tax adjustment.
19.	The services provided or rendered by non-corporate entities in respect of exhibition, convention or carnival services and allied services including renting of purpose-specific property or space for such events.	9825.0000	Five percent without any input tax adjustment
20.	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	Five percent without an input tax adjustment
21	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 without any input tax adjustment.
22.	The services provided or rendered by non-corporate entities in respect of storage and warehousing services including public bounded warehouses, cold storages and yard surplices used for storage of empty or loaded containers on rental or charges basis including cold	9844.0000	Ten percent without any input tax adjustment

S. No.	Description of Services	Headings	Rate of Tax
	storage services (including other forms of warehousing of agriculture produce) regardless of their corporate or non-corporate status.		
23.	Container terminal services provided by non-corporate entities including services of storage or warehousing of containers either imported or meant for export including transshipment or transit.	9841.0000	Ten percent without any input tax adjustment
24.	<p>Services provided as facilities for intra and inter-provincial including intra and inter city travel or transportation (including carriage) of persons by road (passenger transportation).</p> <p>Clarification: 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 without input tax adjustment
25.	Services provided by private 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	9817.0000 9817.1000 9817.2000 9817.3000 9817.4000 9817.5000 9817.6000 9817.9000	Five percent without input tax adjustment
26.	<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>Explanation: For the purpose of this entry, valuation or assessment includes revaluation, reassessment or repetition thereof.</p>	9848.0000	Five percent without any input tax adjustment
27.	<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	Two percent without any input tax adjustment


S. No.	Description of Services	Headings	Rate of Tax
28.	Services provided or rendered by under writers including sponsorship services.	9819.1100	Two percent without any input tax adjustment
29.	Services provided or rendered by indenters and similar intermediaries.	9819.1200	Two percent without any input tax adjustment
30.	Services provided or rendered by auctioneers.	9819.9100	Two percent without any input tax adjustment
31.	Services provided or rendered by non-corporate entities 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 without any input tax adjustment
32.	Rent-a-car or rent-a-cab services. Explanation: The persons engaged in providing or rendering service so rent-a-car or cab shall pay tax regardless of the category of the vehicle or logistics used in respect of such services.	9819.3000	Five percent
33.	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.	9851.0000	Five percent without Input adjustment
34.	Online Market Place (OMP) including online platform or portal services including online booking and reservation services by whatever name called (other than ride-hailing or ride-hail services).	9852.0000	Five percent without any input tax adjustment
35.	Services provided or rendered by non-corporate entities 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's etc. for residential use). Explanation: The factors like new, reconditioned, repaired, over hauled or old status of the equipment's or carrying out any work/ process or works/processes related thereto, shall not affect the levy of tax under this heading.	9853.0000	Two percent without any input tax adjustment
36.	Apartment/Flats maintenance fee or charges including House Management, Real Estate Management Services of Rent Collection.		Five percent without any input tax adjustment

S. No.	Description of Services	Headings	Rate of Tax
37.	Parking, Towing and Valet Services are provided either on a contractual basis or directly to customers.		Five percent without any input tax adjustment

Principles of application and interpretation:

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

1. The First Schedule to the KPK Finance Act shall operate as a Negative List. Accordingly, the non-taxability of services shall be limited strictly to those services explicitly described therein. All other services not specified in the First Schedule shall be subject to tax. In cases where any service(s) are not classified in the Second Schedule, the applicable tax rate shall be the standard rate.
2. All the services mentioned in the Second Schedule to the KPK Finance Act, prior to 01st July 2025, shall remain taxable either at the rates mentioned in the existing Second Schedule or if not mentioned therein then at standard rate unless explicitly provided in the First Schedule to this Act (Negative List).
3. Nothing shall preclude the Management Committee from prescribing or amending any classification codes, including Harmonized System (HS) Codes or United Nations Central Product Classification (UN CPC) Codes, for the purposes of referencing and classifying services. Such codes shall be used solely for reference and accounting purposes and shall not, in themselves, determine the taxability of any service. The taxability of a service shall be determined based on its description, whether expressly stated or falling within a class of services specified in the Second Schedule
4. The omission of a classification heading for any service from the Second Schedule or from any notification issued by the Management Committee shall not, in any way, affect the taxability of such service under the said Schedule. Such omission shall not be considered as a basis for exemption from tax, non-levy, or immunity from taxation.
5. Where the description of a main or principal service is not listed in the Second Schedule, it shall be deemed to encompass all allied, ancillary, auxiliary, related, or connected services whether provided as a facility, utility, or otherwise, and whether forming part of the main contract or rendered separately. Such services shall be treated as integral to the main or principal service, and their value shall be invariably included in the valuation and assessment of tax on the said main or principal service.
6. 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 the KPK Finance Act or the rules made thereunder.
7. Unless otherwise specified in the Second Schedule or any notification issued under the KPK Finance Act, where a serial number does not distinguish between corporate and non-corporate entities, both shall be subject to the same tax rate as specified in that serial number. If a specific tax rate is provided for non-corporate entities under a serial number and no rate is specified for corporate entities, the tax rate for corporate entities shall be the standard rate of tax prescribed under the KPK Finance Act.
8. Unless amended or prescribed otherwise by the Management Committee, the codes specified for each service in the First and Second Schedules to the KPK Finance Act, as applicable before 01st July 2025, shall be deemed to apply to the respective services listed therein.



Balochistan Finance Act, 2025

Balochistan Finance Act, 2025

Change of regime

In order to give effect to the change of regime of sales tax that all services shall be taxable except specifically exempted, the Balochistan Finance Act has omitted Second Schedule meant for taxable services. Consequently, the amendments in the sections of Scope of Tax and Definition of Services have been enacted as under:

Scope of tax

The Balochistan Finance Act has substituted section 10. The salient features of the enacted section 10 are as under:

- Sales tax shall be charged, levied, collected and paid on the value of a taxable service at the rate of fifteen percent.
- Introduction of Schedules for exemption of services, higher and reduced rate of sales tax as under:

Schedule	Purpose
First	Exemption of sales tax
Second	Higher rate of sales tax
Third	Reduced rate of sales tax

However, in the case of reduced rate of sales tax, existing section 16-D allows registered person to opt for payment of standard rate of sales tax and take admissible input tax.

- The Balochistan Finance Act has empowered the Government of Balochistan to declare, by notification, any taxable service to be charged, levied and collected at higher, lower, fixed or specific rate(s) on the recommendation of the BRA.
- The Balochistan Finance Act has empowered the BRA to fix, with the approval of the Government of Balochistan and by notification, the limit or threshold of annual turnover of any service provided by any person below which such person shall be exempt from payment of sales tax.

Definition of service

The Balochistan Finance Act has enhanced the definition of “**Service**” which means any activity, facility, utility or advantage, including the granting, assignment, cession or surrender of any right.

CPC code defined

The Balochistan Finance Act has defined CPC which means Central Product Classification as adopted and periodically revised by the United Nations Statistics Division (UNSD).

Definitions omitted

The Balochistan Finance Act has deleted the following definitions related to specific services.

- Accountant
- Additional Commissioner

- Advertisement
- Advertising agent
- Agent
- Airport service provider and airport ground service provider
- Aircraft operator
- Airport operator
- Architect
- Asset management service
- Auctioneer
- Authorized service station
- Automated teller machine
- Automated teller machine operations, main
- tenance, and management
- Beaching
- Beauty parlour
- Broadcasting service
- Business support services
- Cab aggregator
- Cable TV operator
- Call centre
- Car or automobile dealer
- Car or automobile washing or similar service station
- Cargo handling service
- Caterer
- Club
- Commission agent
- Commodity broker
- Convention service
- Cosmetic and plastic surgery

- Courier services
- Credit rating agency
- Customs agent
- Debt collection services and other debt recovery services
- Depot for storage including cold storage services
- Dredging or desilting services
- Erection, commissioning and installation services
- Event management services
- Exchange
- Exhibition service
- Fashion designer
- Foreign exchange dealer
- Franchise
- Freight forwarding agent
- Fumigation services
- Fund and asset management services
- Futures broker
- Healthcare center, gyms or physical fitness center, etc.
- Hotel
- Human resource development consultant
- Ijarah
- Immovable property
- Indenter
- Indoor sports and games center
- Insurance
- Insurer
- Insurance agent
- Intellectual property right
- Intellectual property service

- Interior decorator
- Internet café
- Labour and manpower supply services
- Laundries and dry cleaners
- Legal practitioners and consultants
- Maintenance or cleaning services
- Management consultant
- Market research agency
- Marriage hall and lawn
- Modaraba
- Motor vehicle
- Movable property
- Musharika
- Online marketplace services
- Pilotage
- Port operator
- Production house
- Programme
- Programme producer
- Property dealer
- Public bonded warehouse
- Public relation services
- Ready mix concrete
- Ready mix concrete service
- Real estate
- Reconditioning service
- Recruiting agent
- Registrar to an issue
- Reinsurance

- Rent a car and automobile rental service
- Renting of immovable property
- Renting of machinery, equipment, appliances and other tangible goods
- Repair or maintenance
- Restaurant
- Royalty
- Securities
- Security agency
- Share transfer agent
- Shipping agent
- Ship chandler
- Ship management services
- Similar service
- Site preparation and clearance, excavation and earth moving and demolition services
- Software or IT based system development consultant
- Sound recording service
- Sponsorship
- Steamer agent
- Stevedore
- Stockbroker
- Supply of moveable property by way of lease, license or similar arrangements
- Surveyor
- Survey and exploration of mineral
- Takaful
- Tax consultant
- Technical, scientific and engineering consultancy
- Technical, scientific and engineering consultants
- Technical, inspection certification services, including quality control certification services and ISO certifications
- Technical testing and analysis

- Terminal operator
- Tour operator
- Training services
- Transportation or carriage of goods
- Travel agent
- Underwriter
- Video-tape production
- Waste collection, transportation, processing and management services

Application of principles of origin and reverse charge in certain situations

The Balochistan Finance Act has required 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.

The Balochistan Finance Act has empowered the Government of Balochistan to specify, by notification, the provision of any additional categories of taxable service whereby sales tax shall be paid on reverse charge basis by the recipient of such services.

Power to amend schedules

The Balochistan Finance Act has empowered the Government of Balochistan to add, delete or amend any Schedule on the recommendation of the BRA.

Economic activity

In order to enhance the scope of Economic Activity, the Balochistan Finance Act has substituted section 6. The salient features of the enacted section 6 are as under:

- Economic Activity” means any activity carried on by a person, whether or not for pecuniary profit, and whether or not carried on regularly that involves the provision, supply, initiation, execution, receipt, or consumption of a service for consideration.
- Economic activity is not limited to:
 - any trade, commerce, manufacture, profession, vocation, business, or similar activity, whether of a corporate, personal, governmental, non-governmental, or not-for-profit nature;
 - the provision of services by any club, association, society, trust, organization, or non-profit entity to its members or other persons, with or without separate consideration;
 - the provision, facilitation or delivery of services through digital, electronic or virtual means, including online platforms, software applications, or remote access tools, whether or not the service provider has a physical presence in Balochistan;
 - inter-provincial, cross-border or foreign provision of services where the service is received, consumed, availed, or where the benefit arises in Balochistan;
 - any barter arrangement, in-kind exchange, or indirect benefit whether tangible or intangible relating to the service provider.

- A person shall be deemed to carry out economic activity in Balochistan where:
 - the service is provided from, initiated in, executed, received, consumed, availed/benefit by any person in Balochistan.
 - the service provider, whether resident or non-resident, maintains a registered office, place of business, agent, representative, franchise, branch, server, or digital infrastructure in Balochistan;
 - the consideration for the service is paid by or on behalf of a person in Balochistan or processed through a business account or billing address located in Balochistan.
- The term “economic activity” shall not include the services of an employee to an employer having direct relationship under a written contract of employment and not as consultant, freelancer, contractual service provider, third party manpower suppliers, etc. The burden of establishing a true contract of employment shall lie on the person or entity claiming such exclusion.
- Explanation of “consideration” has been enacted in the section which includes monetary payment, deferred payment, compensation in kind, subscription, membership fee, license fee, usage charge, or any direct or indirect benefit received by the service provider.

Value of a taxable service

In order to enhance the scope of value of taxable service, the Balochistan Finance Act has inserted a proviso in sub-section (4) to the section 7 explaining the terms “consideration” and “consideration in money” which shall mean the gross amount charged and/or payable including any amount of reimbursable expenditure or cost incurred by the service provider, in the course of provision of a service, except in such circumstances as may be prescribed.

Transitional provision

The Balochistan Finance Act has clarified through introduction of section 10A that all services not specified in the First Schedule shall be deemed to be taxable services after 1 July, 2025. However, any exemption previously granted through notification shall remain valid until amended, rescinded, or superseded by the BRA.

Person liable to pay tax

The Balochistan Finance Act has clarified that no person shall be absolved from any sales tax liability where he is not get himself registered with the BRA.

Special procedure and tax withholding provisions

The Balochistan Finance Act has substituted sub-section (1) of section 14 to empower the BRA, inter alia, to prescribe valuation of taxable services.

Special procedure for collection of tax, etc.

The Balochistan Finance Act has empowered the BRA to require any person or class of persons other than service provider or a service recipient in a particular transaction to collect full or part of the sales tax and to deposit the sales tax so collected. The special procedure for collection and payment of such sales tax is to be prescribed.

The Balochistan Finance Act has clarified that in case a person, required to collect full or part of the sales tax, fails to collect the sales tax or having collected, fails to deposit the sales tax, such person shall be personally liable to pay the amount of sales tax alongwith default surcharge and penalty.

Certain transaction not admissible

In order to further discourage cash transaction, an amendment has been made through the Balochistan Finance Act, 2025 that in case any payment including sales tax exceeds Rs. 50,000, except utilities bills, for one or more transactions made to the same person in aggregate in any tax period, the same shall be made through banking channel for input tax credit. Currently, payment of sale tax amount for a transaction exceeding value of Rs. 50,000 was made through banking channel for input tax credit.

Extent of adjustment of input tax

The Balochistan Finance Act has limited the input tax adjustment in a tax period to the extent of 90% against output tax of the relevant tax period. It means that minimum 10% output tax shall be paid by the registered person in a tax period.

Sales of taxable activity or transfer of ownership

The Balochistan Finance Act has inserted sub-section (1A) to the section 20 clarifying that 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 pay the sales tax on the services provided by him. It means in case of sale or transfer of a business, as an ongoing concern by a registered person to another registered person, sales tax shall not be charged on the services.

Registration

The Balochistan Finance Act has required registration in the case of withholding agent.

The Balochistan Finance Act has clarified that any person not registered whether as a service provider or otherwise but is required to charge or withhold and pay sales tax shall be deemed as a registered person for all legal purposes.

The Balochistan Finance Act has empowered the BRA to require, through notification, any person providing only exempt service(s) to necessarily obtain registration and file sales tax return.

Issuance of tax invoices

In order to make in line with the particulars of Invoice of other provincial laws, the Balochistan Finance Act has included "rate of sales tax" in the particulars of tax invoice.

Audit proceedings

The Balochistan Finance Act has inserted new sub-section (3AA) in the section 33 enhancing the power of the officer with the permission of Commissioner to conduct audit of registered person in the place of business or the office of registered person.

Time period for recovery of tax

The Balochistan Finance Act has enhanced the time limit from five years to eight years in case of issuance of show cause notice.

Recovery of tax without notice

The Balochistan Finance Act has substituted section 52A whereby the officer is required to take prior approval from the BRA or Commissioner in cases where it is established either through returns or other records of registered person that the sales tax has been charged or collected but not paid or short paid by such person. Currently, the officer was empowered to recover the sales tax by attaching bank account on the basis of declarations of returns, indicating lesser amount of sales tax.

Decision in appeal before Commissioner (Appeals)

The Balochistan Finance Act has empowered the Commissioner (Appeals) in special circumstances to remand the case for de novo consideration for reasons to be recorded in writing. Currently, the Commissioner (Appeals) was not empowered to remand the case for de novo consideration.

Appeal to the Appellate Tribunal

The Balochistan Finance Act has enhanced the appeal fee from Rs. 2,000 to Rs. 20,000.

Power to make rules

The Balochistan Finance Act has empowered the BRA to make Rules without approval from the Government of Balochistan. Currently, the BRA was authorized to make Rules with the approval of the Government of Balochistan.

Classification of services

The Balochistan Finance Act has inserted a new section 72B to empower the BRA to prescribe a classification system for services including adoption of Central Product Classification as issued by United Nations Statistics Division or any other classification framework for the purpose of assessment, enforcement, administration and facilitation.

The Balochistan Finance Act has clarified that such classification shall not determine the taxability of services and in case of inconsistency, ambiguity, overlapping or transitional complication, the BRA is empowered to issue clarification or transitional arrangements for the effective implementation.

FIRST SCHEDULE

List of exempt services

S. No.	Description	Conditions for exemptions
1.	Accommodation, food and beverage services	<p>Services provided or rendered by caterers whose turnover does not exceed 2.5 million rupees in a financial year:</p> <p>Provided that the exemption shall not apply in case of service provider-</p> <ul style="list-style-type: none"> (i) located within the building, premises or precincts of any hotel, motel, guest house, farmhouse or club whose services are liable to sales tax; (ii) providing or rendering services in the building, premises, precincts, hall or lawn of any hotel, motel, guest house, farmhouse, marriage hall or lawn or club whose services are liable to sales tax; (iii) which are franchisers or franchisees; (iv) having branches or more than one outlet; and <p>whose total utility bills (gas, electricity and telephone) exceed Rs. 40,000/- in any month during a financial year or have a solar setup for electricity generation or are using LPG.</p>
2.	Tour Operators	Services provided or rendered by tour operators in relation to Hajj and Umrah tour packages.

S. No.	Description	Conditions for exemptions
3.	Renting of immovable property services	Renting of immovable property services provided or rendered to an individual person whose income does not exceed the maximum amount that is not chargeable to tax under the Income Tax Ordinance 2001(XLIX of 2001).
4.	Service provided or rendered by persons engaged in contractual execution of work or furnishing supplies	<p>Services provided or rendered by persons engaged in contractual execution of work or furnishing supplies in relation to the text books, published for free distribution amongst students free of cost, against the order Balochistan Textbook Board subject to the conditions that the Balochistan Textbook Board:-</p> <p>a) assigns the work to a person duly registered under the Balochistan Sales Tax on Services Act, 2015; and</p> <p>b) furnishes, to the Authority, statement on quarterly basis, showing name of person/contractor, BNTN, value of such contract, along with certificate about the free of cost distribution of such textbooks amongst the students.</p>
5.	Storage and warehousing services	The exemption shall apply to services provided or rendered in relation to food and agricultural commodities.
6.	Central banking services	The exemption shall be applicable to services provided or rendered by the State Bank of Pakistan.
7	Legal and accounting services	Where the services are rendered and funded under an agreement of foreign grant-in-aid or interest free loan
8	Management consulting and management services	Where the services are rendered and funded under an agreement of foreign grant-in-aid or interest free loan
9	Architectural advisory services	Where the services are rendered and funded under an agreement of foreign grant-in-aid or interest free loan
10.	Veterinary Services	
11.	Advertising services and the provision of advertising space or time	<p>(i) Advertisements financed out of funds provided by the Government under grant-in-aid agreements.</p> <p>(ii) Advertisements conveying a public service message in relation to the polio eradication program by UNICEF.</p>
12.	Support and operation services to agriculture, hunting, forestry	<p>The exemption shall be applicable to services provided or rendered in relation to:</p> <p>(1) services of provision of agricultural machinery with crew and operators; or</p>

S. No.	Description	Conditions for exemptions
	and fishing	(2) support and operation services to hunting.
13.	Maintenance and repair services of fabricated metal products, machinery and equipment	The exemption shall be applicable to services provided or rendered in relation to machinery and equipment used for the purpose of agriculture, horticulture, animal husbandry and dairy farming.
14.	Public administration and other services provided to the community as a whole, compulsory social security services	The exemption shall apply to services provided or rendered by the Federal Government, Government of Balochistan and Local governments.
15.	Education services	
16.	Services provided or rendered by hospitals and clinics	Services of provision of rooms/beds by hospitals and clinics for its indoor patients or day-care patients where the per day charges (including allied fixed charges, if any) for such rooms/beds below Rs. 40,000 per room/bed;
17.	Accountants and auditors	Accountants and auditors' services exported and delivered by registered persons outside Pakistan subject to the condition that the value of export of the services is received in foreign exchange through banking channels in the business bank accounts of the registered person exporting the services and is also reported to the State Bank of Pakistan in the manner prescribed by the State Bank of Pakistan.
18.	Software or IT based system development consultants	Software or IT-based system development consultants' services exported, by registered persons, outside Pakistan subject to the condition that the value of export of the services is received in foreign exchange through banking channels in the business bank accounts of the registered person exporting the services and is also reported to the State Bank of Pakistan in the manner prescribed by the State Bank of Pakistan.
19.	Fumigation services	(i) Public health fumigation services provided or rendered by the Federal, Provincial or Local Government and Cantonment Boards; and (ii) Agricultural fumigation services

S. No.	Description	Conditions for exemptions
20.	Construction services	Construction services related to: <ul style="list-style-type: none"> (i) Construction and development of EPZ, SEZ, and diplomatic and consular buildings. (ii) Construction of an independent private residential house, other than a residential unit, having a total covered area not exceeding 10,000 square feet; and (iii) Construction relating to such of the low-cost affordable public housing projects as are sponsored and funded by the Federal Government or by Government of Balochistan subject to the condition that the houses are built or constructed on plot of up to 125 square yards or the covered area of the apartment and flats, so built or constructed under the project, does not exceed 900 square feet. (iv) Construction Services for which payment is made from Provincial Consolidated Fund and Federal Consolidated Fund in respect of works approved and started before FY 2016-17 and still ongoing, subject to the condition that no project/scheme cost revision in the PCI has been made after 2016-17.
21	Services provided or rendered by call centres	Call center services exported and delivered by registered persons to persons outside Pakistan subject to the condition that the value of the export of the service is received in foreign exchange through banking channels in the business bank accounts of registered person exporting the services and is also reported to the State Bank of Pakistan in the manner prescribed by the State Bank of Pakistan.
22	Marine insurance	Marine insurance for export.
23	Residential care services for the elderly and disabled; and	The exemption shall apply to services provided or rendered by a home or hostel which is exclusively used for the aged or special persons or children and is run by or under the control of such a charitable or educational institution as are eligible for tax credit under section 100C of the Income Tax Ordinance, 2001 (Ordinance No. XLIX of 2001).
24.	Other social services with accommodation	The exemption shall be applicable to services provided or rendered by a home or hostel which is run by or under the control of such a charitable or educational institution as are eligible for tax credit under section 100C of the Income Tax Ordinance, 2001 (Ordinance No. XLIX of 2001).
25	Services provided by extraterritorial organizations and Bodies	
26	Protection of foreign investment of US\$ 1.5 Billion or more:-	All foreign investment of US\$ 1.5 billion or more, made into the province of Balochistan, in any section, industries or projects, shall be exempted from provision of Sales Tax on Services under the Balochistan Sales Tax on Services Act, 2015.

SECOND SCHEDULE

List of taxable services subject to higher rate

S. No.	Description	Proposed higher rate
1.	Hosting and Information Technology (IT) infrastructure provisioning services	19.50%
2.	Telecommunication services, including telephony, mobile services, and data transmission	19.50%
3	Internet telecommunication services	19.50%
4.	Security systems services (including electronic surveillance and vehicle tracking)	19.50%
5.	Installation services of radio, television and communication equipment and apparatus	19.50%

THIRD SCHEDULE

List of taxable services subject to reduced rate

S. No.	Description of services	Proposed reduced rate	Conditions
(1)	(2)	(3)	(4)
1	Restaurants, including café, coffee houses, food huts, ice-cream shops and eateries.	8%	Input tax credit not admissible.
		2%	<p>(i) The registered person installs POS machine for electronic issuance of invoices or receipts and gets all such machines linked up with BRA web portal to the satisfaction of BRA;</p> <p>(ii) The registered person issues his tax invoice/bills of charges or receipts electronically and no tax invoice/bill of charges or receipt is issued otherwise except through the POS of the registered person; and</p> <p>(iii) Input tax credit not admissible.</p> <p>Provided that this reduced rate shall not apply in case of the restaurants:-</p> <p>(a) which are located within the building, premises or precincts of a hotel, motel, guest house or club whose services are liable to tax;</p> <p>(b) which are franchisers or franchisees;</p>

S. No.	Description of services	Proposed reduced rate	Conditions
(1)	(2)	(3)	(4)
2	Marriage halls, lawns, mandap, pandal and shamiana, including floral and decoration, etc.	10,000 rupees per event or 2% of Service fees, whichever is higher	Input tax credit not admissible.
3	Customs Agents	1000 Rupees per Goods Declaration	Services provided by Customs Agents in respect of the issuance of a goods declaration and Input tax credit/adjustment shall not be admissible.-
4	Travel agents	100 Rupees per Air Ticket	Services provided by Travel Agents in respect of the issuance of domestic and international air Tickets Input tax credit/adjustment shall not be admissible-
5	Tour operators,	5%	Input tax credit not admissible.
6	Recruiting agents	5%	Standalone Recruiting Agents involved in recruitment of individuals and group of individuals for overseas employment in countries outside Pakistan
7	Services on purchase or sale or hiring of immoveable property	5%	Input tax credit not admissible.
8	Services on renting of immovable property	3%	Input tax credit/ adjustment shall not be admissible
9	Car or automobile dealers	10%	Input tax credit/ adjustment shall not be admissible
10	Property developers or promoters for: a) development of purchased or leased land for conversion into residential or commercial plots. (b) construction of residential or commercial units	(a) 100 rupees per square yard of land; and (b) 50 rupees per square foot of constructed covered area.	Input tax credit not admissible.
11	Service provided by persons engaged in	4%	Services in relation to Government Civil Works for which the expenditure is paid out of the

S. No.	Description of services	Proposed reduced rate	Conditions
(1)	(2)	(3)	(4)
	contractual execution of work or furnishing supplies		expenditure budget of the Federal Government or the Provincial Government or the Local Government, or the Cantonment Board. Input tax credit not admissible.
12	Services for personal care by beauty parlours, beauty clinics, slimming clinics or centres and others	5%	Input tax credit not admissible.
		2%	The registered person installs POS machine for electronic issuance of invoices or receipts and gets all such machines linked up with BRA web portal to the satisfaction of BRA; The registered person issues his tax invoice/bills of charges or receipts electronically and no tax invoice/bill of charges or receipt is issued otherwise except through the POS of the registered person; and Input tax credit not admissible.
13	Laundries and dry cleaners	5%	Services provided or rendered by stand- alone laundries and dry cleaners:- Input tax credit not admissible.
14	Foreign exchange dealer or exchange company or money changer	3%	Services provided or rendered by a foreign exchange dealer or exchange company or money changer in consideration of "spread" charges as permitted by the State Bank of Pakistan in relation to the buying and selling of foreign currencies; and Input tax credit not admissible.
15	Property developers or promoters. a) development of purchased or leased land for conversion into residential or commercial plots. (b) construction of residential or commercial units	100 rupees per square yard of land; and 50 rupees per square foot of constructed covered area	Input tax credit not admissible.
16	Medical practitioners and consultants	2% or Rs 3000 per month which is	Input tax credit not admissible.

S. No.	Description of services	Proposed reduced rate	Conditions
(1)	(2)	(3)	(4)
		higher	
17	Legal practitioners and consultants	2% or Rs 100 per case	<p>(i) Rs 100/ 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/Vakalat Nama.</p> <p>(ii) The fixed rate specified under column (3) shall not be applicable to all services provided or rendered by Corporate Law Consultants.</p> <p>Input tax credit not admissible.</p>
18	Accountants and auditors	8%	<p>The reduced rate specified in column (3) shall apply only in relation to accounting and auditing services provided or rendered by accountants and auditors.</p> <p>Input tax credit not admissible.</p>
19	Technical, scientific and engineering consultants	6 %	<p>i) Where expenditure is paid out of the budget of the Federal Government or the Provincial Government or the Local Government, or the Cantonment Board</p> <p>ii) Input tax credit not admissible.</p>
20	Software or IT based system development consultants	2%	<p>The registered person electronically submits his election/option; and</p> <p>Input tax credit not admissible.</p>
21	Other consultants including tax consultants, human resources and personnel development consultants	8%	Input tax credit not admissible.
22	Laboratory services relating to pathological, radiological or diagnostic test of patients	2%	Input tax credit not admissible.
23	Indenters	3%	Services provided or rendered by an indenter from a place of business in Balochistan for which the registered person receives the value of the services from a place outside Pakistan in foreign exchange through banking channels in the

S. No.	Description of services	Proposed reduced rate	Conditions
(1)	(2)	(3)	(4)
			business bank account of the registered person in the manner prescribed by the State Bank of Pakistan; and Input tax credit not admissible.
24	Commission agents	4%	Input tax credit not admissible.
25	Money exchanger	3%	Services provided or rendered by money exchanger in consideration of "spread" charges as permitted by the State Bank of Pakistan in relation to the buying and selling of foreign currencies. Input tax credit not admissible.
26	Rent a car and automobile rental Service	8%	Input tax credit not admissible.
27	Cable TV Operators	2%	The reduced rate of 2% as specified in column (3) shall apply on the services of "Stand- alone Cable TV Operators". Input tax credit not admissible.
28	Auctioneers	10%	Input tax credit not admissible.
29	Health care center, gyms or physical fitness center, etc.	2%	The registered person installs POS machine for electronic issuance of the invoices or receipts and gets all such machines linked up with BRA web portal to the satisfaction of BRA; The registered person issues his tax invoices/bill of charges or receipts electronically and no tax invoice or/bill of charges or receipt is issued otherwise except through the POS of the registered person; and Input tax credit not admissible.
30	Janitorial services	10%	Input tax credit not admissible.
31	Dredging or desilting services	10%	Input tax credit not admissible.
32	Franchise services	10%	Input tax credit not admissible.
		8%	Input tax credit not admissible.
		1%	Construction services in relation to Government Civil Works for which the expenditure is paid out of the expenditure budget of the Federal

S. No.	Description of services	Proposed reduced rate	Conditions
(1)	(2)	(3)	(4)
33	Construction services		Government or the Provincial Government or the Local Government, or the Cantonment Board Input tax credit not admissible.
34	Corporate law consultants	8%	Input tax credit not admissible.
35	Call centres	2%	The registered person electronically submits his election or option: Input tax credit not admissible.
36	Persons engaged in transportation or carriage of goods by road or through pipeline or conduit	10%	Input tax credit/adjustment shall not be admissible.
		3%	Services provided or rendered by persons engaged in transportation or carriage of goods by road or through truck <i>addas</i> or through bus/wagon stands excluding road transportation or carriage of petroleum oils through oil tankers Input tax credit not admissible.
37	Intellectual Property Services	10%	Input tax credit not admissible.
38	Cosmetic and plastic surgery and Transplantations	4%	Input tax credit not admissible.
39	Supply chain management or distribution (including delivery) services	10%	Input tax credit not admissible.
40	Cab aggregator and the owners or drivers of the vehicles using the cab aggregator services	2%	Input tax credit not admissible.
41	Warehouse or depots for storage or cold storages	5%	Input tax credit not admissible.
42	Training services	5%	Input tax credit not admissible.
43	Insurance agents	5%	Input tax credit not admissible.
44	Hospitals and clinics	2%	Input tax credit not admissible.

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