



**GOVERNMENT OF KHYBER PAKHTUNKHWA
FINANCE DEPARTMENT**

NOTIFICATION

Peshawar, dated the 05.08.2020.

No: BO(Res-III)FD/2-2/2019-20/Vol-I In exercise of the powers conferred by sub-section (1) of section 21 of the Khyber Pakhtunkhwa Finance Act, 2013 (Khyber Pakhtunkhwa Act No. XXI of 2013), the Government of Khyber Pakhtunkhwa is pleased to direct that in the SECOND SCHEDULE, the following further amendments shall be made, namely:

In the said Schedule,-

- (a) against Serial No. 1, in column (2), under the caption "**Exemptions and reduced rates**",-

- (i) for the existing item (iii) and its proviso, the following item (iii) and its proviso shall be substituted, namely:

"(iii) Services provided or rendered by non-corporate local chains of hotels (including guest houses and lodges etc.) and restaurants shall be charged to tax at the rate of Eight Percent (8%) without input tax adjustment; provided that where in any case of such restaurant, the Restaurant Invoice Management System (RIMS) is installed and working properly on regular basis, the rate of tax shall be further reduced to Five Percent (5%) without any input tax adjustment:

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

- (ii) in item (iv), for the words, brackets and figure "two percent (2%)", the words, brackets and figure "one percent (1%)" shall be substituted;

(b) against Serial No. 2, in column (4), for the words, brackets and figure "Eight percent (8%) without any input tax adjustment", the words, brackets and figure "Five percent (5%) without any input tax adjustment." shall be substituted;

(c) against Serial No. 3, in column (2), in the caption "**Reduced Rate of Tax**", for the existing sub-entry thereunder, the following shall be substituted, namely:

"Services provided or rendered by medium sized stand-alone or other launderers and dry cleaners including carpet or sofa set or similar furniture items cleaners or washers shall be chargeable to tax at the rate of two percent (2%) without any input tax adjustment.";

(d) against Serial No. 5, in column (2), the present sub-entry under the caption "**Reduced Rate of Tax**" shall be numbered as item (i) and thereafter, the following new item shall be added, namely:

"(ii) Business support services and labor or manpower supply services shall be charged to tax at the rate of five percent (5%) without any input tax adjustment.";

(e) against Serial No. 8, in column (2), in the caption "**Reduced Rate of Tax**", for the sub-entry thereunder, the following shall be substituted, namely:

"All services covered in this entry except services (whole range) of authorized automobile (all categories of automobiles) dealers shall be chargeable to tax at the rate of two percent (2%) without any input tax adjustment.";

(f) against Serial No. 9, in column (4), for the existing entry, the following shall be substituted, namely:

"(i) Five percent (5%) without any input tax adjustment in case of industrial workshops,

(ii) Two percent (2%) without any input tax adjustment in case of all other categories or types of workshops,

(iii) Two percent (2%) without any input tax adjustment in case of stand-alone car wash (car wash station) services, and

(iv) Ten percent (10%) without input tax adjustment in case of authorized automobile dealers' workshops (whole range of their workshop services including car wash etc.).";


- (g) against Serial No. 13, in column (4), for the words, brackets and figure "Fifteen percent (15%)", the words, brackets and figure "Five percent (5%) without any input tax adjustment." shall be substituted;
- (h) against Serial No. 15, in column (4), for the words, brackets and figure "Five percent (5%)", the words, brackets and figure "Two percent (2%) without any input tax adjustment." shall be substituted;
- (i) against Serial No. 17, in column (4), for the words, brackets and figure "Fifteen percent (15%)", the words, brackets and figure "Ten percent (10%) without any input tax adjustment." shall be substituted;
- (j) against Serial No. 18, in column (4), for the words, brackets and figure "Fifteen percent (15%)", the words, brackets and figure "Ten percent (10%) without any input tax adjustment." shall be substituted;
- (k) against Serial No. 20, in column (4), for the words, brackets and figure "Ten percent (10%) without any input tax adjustment", the words, brackets and figure "Two percent (2%) without any input tax adjustment." shall be substituted;
- (l) against Serial No. 21, in column (4), for the words, brackets and figure "Fifteen percent (15%)", the words, brackets and figure "Eight percent (8%) without any input tax adjustment." shall be substituted;
- (m) against Serial No. 22, in column (4), for the words, brackets and figure "Fifteen percent (15%)", the words, brackets and figure "Eight percent (8%) without any input tax adjustment." shall be substituted;
- (n) against Serial No. 25, in column (4), for the words, brackets and figure "Five percent (5%) without any input tax adjustment", the words, brackets and figure "Two percent (2%) without any input tax adjustment." shall be substituted;
- (o) against Serial No. 27, in column (4), for the words, brackets and figure "Fifteen percent (15%)", the words, brackets and figure "Ten percent (10%) without any input tax adjustment." shall be substituted;

- (p) against Serial No. 28, in column (4), for the words, brackets and figure "Fifteen percent (15%)", the words, brackets and figure "Ten percent (10%) without any input tax adjustment." shall be substituted;
- (q) against Serial No. 30, in column (4), for the words, brackets and figure "Fifteen percent (15%)", the words, brackets and figure "Five percent (5%) without any input tax adjustment." shall be substituted;
- (r) against Serial No. 32, in column (4), for the words, brackets and figure "Fifteen percent (15%)", the words, brackets and figure "Five percent (5%) without any input tax adjustment." shall be substituted;
- (s) against Serial No. 33, in column (2), for the "full stop", appearing at the end, shall be substituted with "colon" and thereafter the following proviso shall be added, namely:

"Provided that 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:

- (i) courier services in relation to the speedy, fast, quick or urgent mail, parcel or cargo services provided; and,
- (ii) services provided for inland carriage of goods against freight or carriage charges.";
- (t) against Serial No. 34, in column (4), for the words, brackets and figure "Fifteen percent (15%)", the words, brackets and figure "Two percent (2%) without any input tax adjustment." shall be substituted;
- (u) against Serial No. 35, in column (4), for the words, brackets and figure "Fifteen percent (15%)", the words, brackets and figure "Two percent (2%) without any input tax adjustment." shall be substituted;
- (v) against Serial No. 36, in column (4), for the words, brackets and figure "Fifteen percent (15%)", the words, brackets and figure "Two percent (2%) without any input tax adjustment." shall be substituted;

- (w) against Serial No. 39, in column (4), for the words, brackets and figure "Fifteen percent (15%)", the words, brackets and figure "Two percent (2%) without any input tax adjustment." shall be substituted;
- (x) against Serial No. 42, in column (4), for the words, brackets and figure "Five percent (5%) without any input tax adjustment", the words, brackets and figure "Two percent (2%) without any input tax adjustment." shall be substituted; and
- (y) against Serial No. 44, in column (4), for the words, brackets and figure "Fifteen percent (15%)", the words, brackets and figure "Two percent (2%) without any input tax adjustment." shall be substituted.



SECRETARY TO
GOVERNMENT OF KHYBER PAKHTUNKHWA
FINANCE DEPARTMENT

Endst.No. & date even

Copy is forwarded to the:-

1. Chairman, Federal Board of Revenue, Islamabad.
2. Member (Customs), Federal Board of Revenue, Islamabad.
3. Principal Secretary to the Chief Minister, Khyber Pakhtunkhwa.
4. The Director General, Khyber Pakhtunkhwa Revenue Authority (KPR), Peshawar.
5. Collector Customs, Model Customs Collectorate, Peshawar.
6. The Director General Excise, Taxation and Narcotics Control, Khyber Pakhtunkhwa Peshawar.
7. All Divisional Commissioners, Khyber Pakhtunkhwa.
8. PSO to Chief Secretary, Khyber Pakhtunkhwa.
9. Chief Executive Officer, Pakistan Revenue Automation Ltd.
10. All Deputy Commissioners, Khyber Pakhtunkhwa.
11. The Manager Government Printing Press, Peshawar for publishing the notification in the official gazette.
12. The Section Officer (Cabinet), Establishment and Administration Department w/r to his letters No. SOC(E&AD)9-37/2020 dated 29.06.2020.



DEPUTY SECRETARY (RESOURCE)
FINANCE DEPARTMENT