



Khyber Pakhtunkhwa Revenue Authority

Peshawar, dated the March 19, 2018

NOTIFICATION

No. 1856-62 In exercise of the powers conferred by section 114 of the Khyber Pakhtunkhwa Finance Act, 2013, (Khyber Pakhtunkhwa Act No. XXI of 2013), hereinafter called as “the Act”, the Khyber Pakhtunkhwa Revenue Authority, hereinafter called as “the Authority” is pleased to make the following amendments in Khyber Pakhtunkhwa Sales Tax on Services Special Procedure (Withholding) Regulation, 2015, namely:

1. **Amendment in Paragraph 1.** --- (1) in paragraph 1, in sub-paragraph (2);
 - (i) in clause (f), the comma and words “who are registered for the Federal Sales Tax on goods or for Khyber Pakhtunkhwa Sales Tax on Services” shall be omitted;
 - (ii) the following new clause shall be inserted after (g);

“(h) persons providing advertisement services.”
2. **Amendment in Paragraph 4.** --- For Paragraph 4, the following shall be substituted, namely:

“4, **Withholding from registered service providers.** – (1) A withholding agent, other than a recipient of advertisement services, shall:

 - (i) deduct an amount equal to one-fifth of the total sales tax shown in the sales tax invoice issued by a registered service provider whose name appears in the Active Taxpayers’ List and make payment of the balance of the transaction amount to him; and
 - (ii) deduct the whole amount of sales tax shown in the sales tax invoice issued by a registered service provider whose name does not appear in the Active Taxpayers’ List and make payment of the value of service exclusive of tax to him.
3. **Amendment in paragraph 6.**— For paragraph 6, the following shall be substituted, namely

“6. Withholding tax on advertisement services. – (1) A person mentioned in clauses (a), (b), (c), (d) and (e) of sub-paragraph (2) of paragraph 1, who receives advertisement services, provided by a person;

(a) who is on Active Taxpayers’ List of the Authority, shall deduct sales tax to the extent of one-fifth of the tax charged from such person and pay the balance to him.

(b) based in Pakistan but not registered with, or not appearing on the Active Taxpayers’ List of, the Authority or a person abroad, shall deduct sales tax at the applicable rate from the payment due to such service provider. The amount of sales tax for the purpose of this sub-paragraph shall be worked out on the basis of gross value of the taxable service.

(2) A person mentioned in clause (h) of sub-paragraph (2) of paragraph 1, who provides advertisement services to a person based in Pakistan but not registered with, or not appearing on the Active Taxpayers’ List of, the Authority or a person abroad, shall charge from the recipient of such service sales tax at the applicable rate and pay to the Government.

4. Amendment in paragraph 7.— in paragraph 7, in sub-paragraph (5), for the figure “64“, the figure “65” shall be substituted.

5. After Paragraph 9, the following new paragraphs shall be inserted, namely:

“10. Active Taxpayers’ List. -- (1) For the purpose of implementing the Regulation, the Authority shall prepare an Active Taxpayers’ List and shall display it on the website of the Authority.

(2) The Active Taxpayers’ List shall be regulated by such terms and conditions as may be specified and declared by the Authority.

11. Failure to withhold tax or pay tax withheld. – (1) Where any person, required to withhold sales tax under the provisions of the Act or the Regulations made thereunder, fails to withhold tax or having withheld tax, fails to deposit the same to the Government in the prescribed manner, an officer of the Authority not below the rank of an Assistant Collector shall, after issuance of a notice to such

person to show cause, determine the amount of tax in default along with default surcharge and penalty under the law.

(2) where, during the adjudication proceedings, it is established that the tax which was to be deducted from the payment made to a person has meanwhile been paid, no recovery shall be made from the person who had failed to withhold or deduct the tax. But the said person shall be liable to pay default surcharge at the rates specified in section 65 of the Act from the date he failed to withhold or deduct the tax to the date the tax was paid.

12. –Issuance of certificate of withholding tax. – (1) A certificate in form KSTW-5 showing deduction of sales tax, shall be issued by the withholding agent to the service provider, which shall:

- (i) specify the name and registration number of the service provider, if any;
- (ii) description and value of services provided;
- (iii) total amount of sales tax charged on the services; and
- (iv) the amount of tax withheld.

(2) Copies of all such certificates described in the sub-paragraph (1) shall be regularly sent to the Authority on monthly basis.”


Director General

Khyber Pakhtunkhwa Revenue Authority

No...1856-62.....

Dated. 19-03-2018.....

Copy to the:

1. Principal Secretary to Chief Minister, Khyber Pakhtunkhwa/ Chairman of the Council;
2. PSO to Chief Secretary to the Government of Khyber Pakhtunkhwa.
3. Secretary Excise, Taxation & Narcotics Control Department, Government of Khyber Pakhtunkhwa.
4. All Administrative Secretaries, Government of Khyber Pakhtunkhwa.
5. All Members of the Council.
6. Government Stationary and Printing Department, Peshawar with the request to publish the same in the official gazette.
7. All Officers of the Authority.


Director Admn.