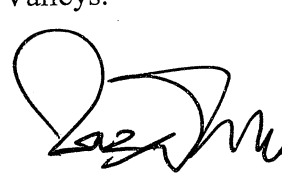



WORKING TARIFF 2021-22


DISCLAIMER:


This version of the Second Schedule to the KP Finance Act, 2013 as amended through the KP Finance Act, 2021 has been prepared as a general guide for the ease and benefit of public and taxpayers. This is not an exhaustive treatise / legal document as it sets out interpretation of the amendments in rate of sales tax through clause 8 of the KP Finance Act, 2021 in a concise form sufficient to amplify the important aspects of the changes. It is suggested that the text of the KP Finance Act, 2021 be referred to, in considering the interpretation of any of the rate. No conclusion on any point should be drawn without further consideration and reference to the KP Finance Act, 2021.


SECOND SCHEDULE

S#	Description of Services	Heading	Rate of Tax	
			Non-Corporate	Corporate
1.	<p>Services provided or rendered by hotels, motels, guest houses, resorts, accommodation-and/or-food service providing farm-houses, motorway-or-highway-side accommodation-and/or-food provisioning/food servicing or food supply facilities, restaurants (including food service supply chains), food including ice cream parlors, marriage or wedding halls, marques, lawns, clubs and caterers, suppliers of prepared eatables and drinkables, <i>pandals</i> and <i>shamianas</i>, clubs including such clubs as, though run on mutuality basis, are operated in commercial mode, manner or style, messes, hostels and similar entities, enterprises or undertakings including all such services, facilities, utilities, entertainments, comforts, enjoyments or amusements etc., as are allied, auxiliary or ancillary thereto.</p> <p>Exemptions and reduced tax rates:</p> <p>(i) Full exemption shall be available to the services of hostels exclusively meant for providing accommodation and allied facilities to students.</p> <p>(ii) The rate of tax in case of services (whole range of services including accommodation, food supplies and laundry etc.) provided or rendered by all other categories of hostels shall be five percent (5%) without any input tax adjustment.</p>	<p>9801.0000</p> <p>9801.1000</p> <p>9801.2000</p> <p>9801.3000</p> <p>9801.4000</p> <p>9801.5000</p> <p>9801.6000</p> <p>9801.7000</p> <p>9801.8000</p> <p>9801.9000</p>	<p>(i) Five Percent (5%) without input tax adjustment in case of hostels (except for student's Hostels),</p> <p>(ii) Eight Percent (8%) without input tax adjustment for local non-corporate stand-alone hotels or chains of such hotels (including guest houses, clubs and lodges) and restaurants,</p> <p>(iii) Five percent (5%) without any input tax adjustment in case of restaurants after RIMS implementation,</p> <p>(iv) One percent (1%) without any input tax adjustment in case of Dhaba and Saraye,</p> <p>(v) Eight percent (8%) without any input tax adjustment in case of marriage or wedding halls,</p> <p>(vi) Ten Percent (10%) without any input tax adjustment in case of caterers and</p>	<p>(i) Five Percent (5%) without any input tax adjustment in case of hostels (except for student's Hostels),</p> <p>(ii) Fifteen percent (15%) in case of corporate hotels or chains of such hotels (including guest houses, clubs and lodges) and restaurants,</p> <p>(iii) Eight percent (8%) without any input tax adjustment in case of marriage or wedding halls,</p> <p>(iv) Ten Percent (10%) without any input tax adjustment in case of caterers and</p> <p>(v) Fifteen Percent (15%) in case of all types of business in tourist spots of Galiyat and Kaghan Valleys.</p> 


<p>(iii) Service provided or rendered by local non-corporate stand-alone hotels or chains of such hotels (including guest houses, clubs and lodges etc.) and restaurants shall be charged to tax at the rate of Eight Percent (8%) without input tax adjustment; provided that where in any case of such restaurant, the Restaurant Invoice Management System (RIMS) is installed and working properly on regular basis, the rate of tax shall be further reduced to Five Percent (5%) without any input tax adjustment; Provided that in case of traditional type restaurants usually called as 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 or the Province), the tax shall be charged and paid at the rate of One Percent (1%) without any input tax adjustment.</p> <p>(iv) In case of 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), the rate of tax shall be one percent (1%) without any input tax adjustment if the charges for overnight stay do not exceed rupees three hundred per bed.</p> <p>(v) In case of marriage or wedding halls including pandals and shamiana and similar other businesses including food services provided therein, the rate of tax shall be eight percent (8%) without any input tax adjustment.</p> <p>(vi) In case of caterers whether stand-alone or otherwise, the rate of tax shall be ten percent (10%) without any input tax adjustment.</p>		<p>(vii) Five Percent (5%) without any input tax adjustment in case of all types of business in tourist spots of Galiyat and Kaghan Valleys.</p>	
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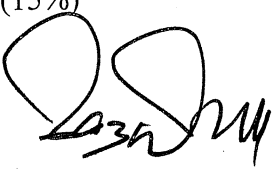
	<p>(vii) In case of non-corporate sector hospitality businesses, including hotels, guest houses, rest houses, lodges, restaurants and similar other accommodations and food serving businesses, located in the tourist spots of Galiyat and Kaghan Valleys, the tax shall be charged and paid at the rate of Five Percent (5%), without any input tax adjustment, subject to the compliance to all such conditions and procedures, as may be prescribed by the Authority, in this behalf.</p> <p>Explanation: It is clarified for the removal of any doubt that the services of this entry include "take away" or "home or door-step delivery" transactions of the restaurants or other categories or types of food serving outlets either as a part of their overall services or as an exclusive activity.</p>			
2	<p>Services provided or rendered by beauty parlors, beauty clinics, healthcare centers, cosmetic or plastic surgery centers/clinics, hair transplant centers or clinics, health clubs, gyms (including yoga centers with or without yoga teaching classes' system or arrangements), physical fitness centers, massage centers, pedicure/manicure centers, swimming pools and similar other establishments, undertakings, enterprises or entities etc.</p> <p>Exemption: Full exemption on:</p> <p>--- cosmetic treatment of burns or burned body parts and,</p> <p>---conventional or traditional barber shops provided they do not render any high end beautician or cosmetic services.</p>	<p>9811.0000</p> <p>9811.1000</p> <p>9811.2000</p> <p>9811.3000</p> <p>9811.4000</p> <p>9811.9000</p> <p>9821.1000</p> <p>9821.4000</p> <p>9821.5000</p>	<p>Five Percent (5%) without any input tax adjustment.</p>	<p>Five Percent (5%) without any input tax adjustment.</p> 
3	<p>Services provided or rendered by stand-alone or other launderers and dry cleaners including carpet or sofa set or similar furniture items cleaners or washers:</p>	<p>9808.0000</p> <p>9808.1000</p> <p>9808.2000</p>	<p>(i) Fifteen Percent (15%) and</p> <p>(ii) Two percent (2%) without any input tax</p>	<p>(i) Fifteen Percent (15%) and</p> <p>(ii) Two percent (2%) without any</p>


<p>(d) Bandwidth services (including copper-line/fiber-optic/co-axial cable /microwave/satellite-based, IP services, teleconferencing, 3G/4G/5G/LTE or similar other services;</p> <p>(e) Telegraph and other services relating thereto;</p> <p>(f) Telefax including store and forward fax and similar other services; Internet services including e-mail, dial-up and other allied services;</p> <p>(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;</p> <p>(h) Data communication network services (DCNS including copper-line/co-axial cable /fiber-optic/wireless/radio/satellite-based, services relating to value added data, virtual private network (VPN) and digital signature) and similar other services;</p> <p>(i) Long distance international (LDI) services;</p> <p>(j) Local loop or other similar services; Audio text services (including tele-text, trunk radio, paging or similar other services);</p> <p>(k) Voice paging services (including radio paging, vehicle or other object (whether or otherwise) tracking and burglar alarm etc.) and other similar services;</p> <p>(l) Rental either full, partial or on sharing basis of space, place or any other facility or arrangement on towers or other structures or installations for any purposes;</p>	<p>9813.6000</p> <p>9813.7000</p> <p>9813.8000</p> <p>9813.9000</p>		
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	<p>(m) Internet-based cable TV services whether as a single service or otherwise; 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>			
5	<p>Services provided or rendered by persons authorized to transact or deal with business in any manner on behalf of others such as customs agents, shipping agents (including import/export cargo freight forwarders), stockbrokers, share transfer agents, business support or business or asset management agents, tour operators, travel agents, recruiting/recruitment agents, labor or manpower supply services, insurance agents, commission agents, distribution agents and similar other persons engaged in business transaction work or activity against commission or similar charges.</p> <p>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>(ii) The persons covered in this category shall pay tax to the Authority in all such cases where their clients, customers or buyers are located in the province of Khyber Pakhtunkhwa regardless of the location of such person's business or office elsewhere and regardless whether or not</p>	<p>9806.0000</p> <p>9806.1000</p> <p>9806.2000</p> <p>9806.3000</p> <p>9806.4000</p> <p>9806.6000</p> <p>9806.7000</p> <p>9806.8000</p> <p>9806.9000</p> <p>9819.1000</p> <p>9819.1500</p> <p>9842.0000</p>	<p>(i) Fifteen percent (15%) in case of labour or manpower supply services,</p> <p>(ii) Five percent (5%) without any input tax adjustment in case of business support services and</p> <p>(iii) Eight percent (8%) without any input tax adjustment in case of all other type of agents.</p>	<p>(i) Fifteen Percent (15%)</p> 

	<p>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>Exemption: Full exemption in case of performance of Hajj and Umrah.</p> <p>Reduced Rate of Tax: Except the services falling under the categories of labour or manpower supplies including recruitments for overseas jobs or employment and such services of this entry, as are provided by corporate sector entities, all other services of this entry shall be charged at the rate of Eight Percent (8%), without any input tax adjustment; provided that business support services other than those provided by corporate entities shall be charged to tax at the rate five percent (05%).</p>			
6	<p>Advertisements on T.V including cable T.V networks, radio, CC T.V., 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>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>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>9802.7000</p> <p>9802.8000</p> <p>9802.9000</p> <p>9806.5000</p>	<p>(i) Ten Percent (10%) without any input tax adjustment in case of all types of advertisement services through electronic media,</p> <p>(ii) One percent (1%) without any input tax adjustment in case of advertisement services through print media and</p> <p>(iii) Ten Percent (10%) without any input tax adjustment in case of advertisement on poles or similar structures, bill boards, electronic bill boards, hoarding boards, signboards and similar other medium of advertisement display, lease or</p>	<p>(i) Ten Percent (10%) without any input tax adjustment in case of all types of advertisement services through electronic media,</p> <p>(ii) One percent (1%) without any input tax adjustment in case of advertisement services through print media and</p> <p>iii) Ten Percent (10%) without any input tax adjustment in case of advertisement on poles or similar structures, bill boards, electronic bill boards, hoarding boards, signboards and similar other medium of advertisement display, lease or</p>

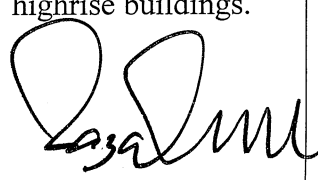
	<p>(ii) In case of advertisements relayed, telecasted or print-media-circulated in more than one provincial jurisdictions, tax shall be paid to the Authority on apportionment basis keeping in view the population ratio of the province of Khyber Pakhtunkhwa in the aggregate population of all such jurisdictions.</p> <p>Exemption: Full exemption on such advertisements carrying or conveying public service messages as are funded by the government or financed under foreign grants-in-aid agreements signed with the government.</p> <p>Reduced rate of tax: In case of advertisements on or through print media of all types and forms, tax shall be charged at the rate of five percent (1%) without any input tax adjustment.</p>		<p>renting of space whether on constructed or erected structure including services provided or rendered by advertising agents.</p>	<p>renting of space whether on constructed or erected structure including services provided or rendered by advertising agents.</p>
7	<p>Courier services including speedy, fast, quick or urgent mail, parcel or cargo services provided either by courier companies or by other businesses, undertakings or entities whether as a sole activity or in conjunction or along with other business activity or activities including:</p> <p>a) Courier services (including parcels) by dedicated businesses;</p> <p>b) Urgent delivery cargo or parcel services as an exclusive business activity;</p> <p>c) Courier or urgent delivery cargo or parcel services performed by other businesses or entities like airlines, railways, postal service entities, road passenger transport companies or entities; and</p> <p>d) Other similar, allied or ancillary or ancillary services.</p>	<p>9809.0000</p> <p>9809.1000</p> <p>9809.2000</p> <p>9809.3000</p> <p>9809.9000</p>	<p>Fifteen Percent (15%)</p>	<p>Fifteen Percent (15%)</p> 

8	Services provided or rendered in matters of sale, purchase, rent or hire (other than rent-a-car) under any kind or type of arrangements with the client or the principal:	9807.0000	(i) Fifteen percent (15%) in case of authorized automobile dealers and	Fifteen percent (15%)
		9807.1000		
		9807.2000		
	a) Property dealers, property agents and realtors.	9807.3000	(ii) Two percent (2%) without any input tax adjustment in case of all types of dealers other than authorized automobile dealers.	
	b) Car and other automobile dealers (whether old or new).	9807.3000		
		9807.9000		
	c) Dealers of electrical or electronic equipments, appliances or other similar goods (whether old or new).			
	d) Dealers of plant and machinery including construction machinery and similar capital goods.			
	e) Dealers of other second hand goods.			
	f) Renting services in respect of plant, machinery including construction machinery and other equipments etc.			
	Reduced Rate of Tax: All services covered in this entry except services (whole range) rendered or provided by corporate sector dealers and 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.			
	Explanation: For the purpose of this entry, the expression “dealer” includes only such persons who do their business only on commission or on percentage charges basis without owning the goods being sold through them.			
9	Services provided by specialized workshops or undertakings:	9820.0000	(i) Five percent (5%) without any input tax adjustment in case of industrial workshops,	Fifteen percent (15%) 
		9820.1000		
	a) Auto-workshops whether or not providing other allied or extended services.	9820.2000	(ii) Two Percent (2%) without any input tax	
		9820.3000		

	<p>b) Workshops for industrial, construction, earth-moving or other similar heavy duty or special purpose machinery.</p> <p>c) Workshops for heavy or light duty electric, electrical or electronic machinery (such as transformers, generators, turbines, motors, pumps, rotators, power accumulators, transmission networks or systems etc.) equipments or appliances etc., including computer hardware and allied equipments or appliances etc.</p> <p>d) Services provided in respect of the repair or maintenance of aircrafts, helicopters and other flying objects.</p> <p>e) Car washing (including compounding and polishing etc.) or similar service stations.</p> <p>f) Other workshops or workshop-type businesses.</p>	<p>9820.4000</p> <p>9820.9000</p>	<p>adjustment in case of all other categories or types of workshops,</p> <p>(iii) One Percent (1%) without any input tax adjustment in case of stand-alone car wash (car wash station) services, and</p> <p>(iv) Ten percent (10%) without any input tax adjustment in case of authorized automobile dealers workshop (whole range of their workshop services including car wash etc.)</p>	
10	<p>Franchise services either on giving or on receiving ends including royalties or similar financial benefits arising out of intellectual property rights or other factors of business goodwill, market standing, popularity, image or reputation etc.</p> <p>Exemption: Full Exemption on or in respect of franchises relating to the services in the fields of health and education.</p>	<p>9823.0000</p> <p>9819.9500</p>	<p>Fifteen Percent (15%)</p>	<p>Fifteen Percent (15%)</p>
11	<p>Services provided or rendered by specialized agencies:</p> <p>a) Security agencies including their activities relating but not limited to providing cash or precious articles' transportation or movement security, tracking services and security alarm services.</p> <p>b) Credit rating or similar evaluation or revaluation agencies.</p>	<p>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>	<p>Ten Percent (10%) without any input tax adjustment</p>	<p>Fifteen Percent (15%)</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>			
12	<p>Services provided or rendered in respect of manufacturing or processing on toll or charges basis (out of main or major inputs owned by others).</p> <p>Explanation: (i) The terms, expressions or concepts “industrial vending, contract or third party manufacturing, contract production, contract processing, contract milling, contract machining, contract conversion, contract processing, contract printing” for any industrial or allied purposes are covered in and liable to tax under this entry.</p> <p>(ii) The expression “processing” includes processes involving specialized working (whether initial, intermediary or finishing), washing, cleaning, coloring (dyeing), printing, packing or packaging etc., for industrial or allied purposes.</p> <p>(iii) The exclusive services of printing or publication of written materials or products performed on contract basis by businesses like printing presses or printing/publication houses shall also be covered in and taxed under this entry.</p> <p>Exemption: Full exemption on text books printed on contract printing basis meant for free distribution to the students by or through the government.</p>	9840.0000	Five Percent (5%) without any input tax adjustment	Five Percent (5%) without any input tax adjustment



13	Services provided by persons engaged in contractual execution or performance of works (including but not limited to repair, maintenance, renovation, up gradation cleaning, fumigation and decontamination services or janitorial works) or furnishing supplies (excluding transactions involving contractual supply of goods only without any component of service relating to such goods).	9810.0000 9810.1000 9810.2000 9810.9000 9822.1000 9822.2000 9822.3000	Five Percent (5%) without input tax adjustment	Fifteen Percent (15%)
14	<p>Services provided by construction contractors architects, civil engineers, land or property surveyors, construction consultants, designing and supervision consultants, town or real estate or property promoters, developers or planners including interior decorators or allied or ancillary professions:</p> <p>a) Construction services rendered or provided in respect of the construction of structures, buildings, roads, bridges, underpasses or flyovers (and other civil works), electro- mechanical works, turn-key projects and similar other works involving construction activity.</p> <p>b) Architects and civil engineers or town promoters, developers, planners.</p> <p>c) Town, real estate or property promoters, developers or planners.</p> <p>d) Services of contractors of allied works such as electrical, mechanical, gas fittings, plumbing, water boring, wood work, plastering, flooring, steel work, paint and other finishing work or works.</p> <p>e) Interior decorators.</p> <p>f) Landscaping or land development designers including land surveyors.</p> <p>g) Other similar, allied or ancillary services.</p>	9815.0000 9815.1000 9815.2000 9815.3000 9815.4000 9815.9000 9819.5000	<p>(i) Five Percent (5%) without any input tax adjustment except Government funded construction projects,</p> <p>(ii) Two Percent (2%) without any input tax adjustment in case of Government funded construction projects including ADP/PSDP- funded projects and construction and of hydropower projects,</p> <p>(iii) Rupees one hundred (Rs.100 only) per square yard without any input tax adjustment in case of land development and</p> <p>(iv) Rupees fifty (Rs.50 only) per square foot of the covered area without any input tax adjustment in case of commercial construction of highrise buildings.</p> 	<p>(i) Five Percent (5%) without any input tax adjustment except Government funded construction projects,</p> <p>(ii) Two Percent (2%) without any input tax adjustment in case of Government funded construction projects including ADP/PSDP- funded projects and construction and of hydropower projects and</p> <p>(iii) Rupees one hundred (Rs.100 only) per square yard without any input tax adjustment in case of land development.</p> <p>(iv) Rupees fifty (Rs.50 only) per square foot of the covered area without any input tax adjustment in case of commercial construction of highrise buildings.</p>

Exemption: Full exemption on:

(i) The construction work in respect of development of industrial estates/zones, consular buildings and construction works under international tenders based on and funded from foreign grants-in-aid agreements or arrangements.

(ii) Residential construction and allied works in respect of the Prime Minister's Naya Pakistan Housing Scheme.


(iii) The projects initiated or undertaken under government's annual development programme (ADP) provided either such projects have been initiated or completed on or 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 entitled to this exemption regardless of the schedule of payments relating thereto).

(iv) 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.

(v) Construction services, including allied works, provided or rendered in respect of low-cost housing projects and schemes of the Provincial Housing Authority of Khyber Pakhtunkhwa.


Condition: The exemption allowed under this part shall not be construed

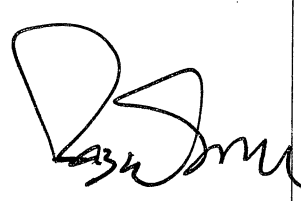



<p>or interpreted in any manner to claim or take any refund, waiver, dispensation or relief of tax already deposited, paid or recovered (including already withheld or deducted but not deposited or paid) on or before 30th June, 2021 on any ground whatsoever.</p> <p>Explanation: For the purpose of this item, the expression “initiated” shall, under no circumstances, be construed to commence prior to the date of actual signing of the agreements for Government sector construction projects.</p> <p>Specific Rate of Tax: (i) In case of land development, tax shall be charge at the rate of rupees one hundred (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 shall be admissible in this regard.</p> <p>(ii) In case of commercial construction of residential buildings, flats or apartments, commercial plazas, malls, towers or complexes etc., the rate of tax shall be rupees fifty (Rs.50 only) per square foot of the covered area without any input tax adjustment.</p> <p>Clarification: For the purpose of 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).</p>			
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	<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 hydropower) generation projects.</p> <p>(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>			
15	<p>Digital or IT-based services in whatever form or manner or under whatever arrangement including but not limited to:</p> <p>---web design and development, ---mobile app development, ---server management, ---page-speed optimization, UX/UI optimization, ---PPC marketing, blogging, ---Google AdWords, Facebook advertising, Instagram advertising, ---custom software development, assessment and roadmap development, software maintenance and support services, supply or sale of any other software or software product or products through any medium, ---online digital marketing services such as search engine optimization (SEO), ---social media marketing, content marketing, affiliate marketing, influencer marketing, email marketing, viral marketing services, etc.</p>	9850.0000	Two Percent (2%) without any input tax adjustment	Two Percent (2%) without any input tax adjustment

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	<p>Explanation: This entry does not cover such persons who are engaged in providing or rendering services relating to software or IT-based system development or management or similar other such fields in their individual capacity and are eligible to pay tax at reduced rate under item (g) of entry No. 19</p>			
16	<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 the government department or authority, the tax shall be paid on receipt basis directly by such department or authority.</p> <p>Reduced Rate of Tax: The rate of tax on the leases (including re-leasing by the lessees) and licenses (including sub-contracting or license usage permissions by license holder) granted or fees and royalties, received by Government Departments, or as the case may be, by the lessees or licensees, shall be Two Percent (2%) without any input tax adjustment; provided that no tax shall be demanded in case of the charges for such leases, licenses, fees or royalties etc, received up to 30th June, 2021, if tax thereon has not been already withheld, paid or recovered (no refund or waiver of any such tax amount shall</p>	9845.0000	<p>(i) Fifteen Percent (15%) in case of all services under this category except for as mentioned in (ii).</p> <p>(ii) Two Percent (2%) without input tax adjustment on the fee or royalties received by Government Department.</p>	<p>(i) Fifteen Percent (15%) in case of all services under this category except for as mentioned in (ii).</p> <p>(ii) Two Percent (2%) without input tax adjustment on the fee or royalties received by Government Department.</p> 


	be admissible under any circumstances).			
17	<p>Airport services (including passenger facilitation, car parking, cargo handling, cargo warehousing or storage, aviation support services, flight kitchen supplies, renting of special purpose machinery, equipment, vehicles, portorage, quarantine and other fumigation or vaccination, janitorial services, aircraft cleansing services, aircraft maintenance services, jet or other fuel supply services etc.)</p> <p>Explanation: The fee, taxes or similar other charges received by Civil Aviation Authority as a regulatory body for or in respect of its official functions shall not be charged to tax even though such functions appear to be of the nature or character of services.</p>	9830.0000	Ten Percent (10%) without any input tax adjustment.	Fifteen Percent (15%)
18	Dryport services including operation of a dryport and other services provided at or in respect of dryport such as inward/outward transportation/movement of goods, cargo handling, cargo storage or warehousing, 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.	9843.0000	Ten Percent (10%) without any input tax adjustment.	Fifteen Percent (15%)
19	<p>Services provided or rendered by practitioners, professionals, consultants and advisers (by whatever name called) in their respective fields or disciplines:</p> <p>a) Medical, dental or allied health fields or disciplines including paramedics and specialized technicians of medical fields.</p> <p>b) Human resource management or development (including training services).</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>(i) Fifteen Percent (15%) in case of entities operating in collaboration or as subsidiary or branch of foreign service providing entities and</p> <p>(ii) Five Percent (5%) without any input tax adjustment in case of entities other than operating in collaboration or as</p>	<p>Fifteen Percent (15%)</p> 

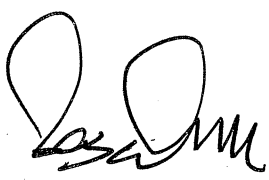
	<p>c) Veterinary and allied sciences including pet care.</p> <p>d) Law and allied fields or disciplines.</p> <p>e) Financial, accountancy, cost accountancy, audit, tax management or tax affairs and similar other fields or disciplines.</p> <p>f) Business planning, business management, business reforms, business communication including hospitality administration and similar other fields or disciplines.</p> <p>g) Software or IT-based system development or management or similar other such fields.</p> <p>h) Similar services in other fields, disciplines or regimes.</p> <p>Reduced Rate of Tax:</p> <p>In case of practitioners, professionals, consultants or advisers of medical (including dental) and legal professions or fields, the rate of tax shall be two percent (2%) without any input tax adjustment and in cases where regular compliance is made and continued to be so made, no tax demand for the period prior to the effectivity date of this entry, shall be raised or enforced.</p>	9826.0000	subsidiary or branch of foreign service.	
20	<p>Cinematographic production, photographic services, recording services and telecasting or broadcasting services including:</p> <p>a) Film making or film production including drama production whether in serials or otherwise.</p> <p>b) Telecasting or broadcasting services (other than TV cable operators).</p> <p>c) Video tape and recording services, sound recording services. TV/Radio production house services.</p>	<p>9803.0000</p> <p>9803.1000</p> <p>9803.2000</p> <p>9803.3000</p> <p>9803.4000</p> <p>9803.5000</p>	<p>One Percent (1%) without any input tax adjustment</p>	<p>One Percent (1%) without any input tax adjustment</p> 


	<p>d) Photographic services (services of photography or photographers).</p> <p>e) Other similar, allied, ancillary or auxiliary services.</p> <p>Exemption: Full exemption on telecasting or broadcasting services of and by government-owned TV or Radio stations or channels (this exemption shall not be construed to cover any other service or services including advertisements taxable under this Schedule).</p>	9803.9000		
21	Event management services whether covering all or any of the processes like planning, budgeting, scheduling, site selection, acquiring necessary permits, coordinating transportation and parking, arranging for speakers or entertainers, arranging decor, event security, catering, picturing, video filming, musical enjoyments or any other allied or connected task.	9846.0000	Eight Percent (8%) without any input tax adjustment	Fifteen Percent (15%)
22	Exhibition, convention or carnival services and allied services including renting of purpose-specific property or space for such events.	9825.0000	Eight Percent (8%) without any input tax adjustment	Fifteen Percent (15%)
23	Cable TV operators other than those providing internet-based TV services whether composite, multiple, bundled or otherwise which are chargeable to tax under telecommunication services.	9819.9000	Two Percent (2%) without any input tax adjustment	Two Percent (2%) without any input tax adjustment
24	Services of fashion designers not engaged in designing, manufacturing and selling their own products or goods through their regular paid employees.	9828.0000	Five Percent (5%) without any input tax adjustment	Five Percent (5%) without any input tax adjustment
25	Services provided or rendered by call centers (by whatever name called) engaged in mediating business, trade or sale/purchase transactions between the sellers and buyers whether located inside or outside the country.	9837.0000	Two Percent (2%) without any input tax adjustment	Two Percent (2%) without any input tax adjustment
26	Services provided or rendered by banks or banking companies, insurance companies, cooperatives	9814.0000 9814.1000	(i) Fifteen Percent (15%) and	Fifteen Percent (15%) and

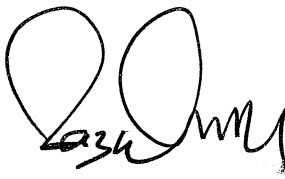
and foreign exchange companies or dealers (including similar institutions or entities besides microfinance institutions):	9814.2000	(ii) One Percent (1%) without any input tax adjustment in case of health insurance and Government	(ii) One Percent (1%) without any input tax adjustment in case of health insurance and Government
a) Banks or banking companies, cooperatives or similar institutions or entities (their all services including bank guarantee, brokerage, letter of credit, pay order or demand draft, bill of exchange, transfer of money in any manner, bill discounting, lockers and safe vaults, credit/debit cards, foreign exchange dealings, ATMs, issue-banking, bank assurance, provision of loans, business or investment financing or advances, leasing or re-leasing whether financial, equipment/commodity-related, musharakah financing etc.).	9814.3000	sponsored Sehat Card Plus Program	sponsored Sehat Card Plus Program
b) Insurance companies (their all services including goods, fire, theft, marine, travel, life, health, industrial, business-related, moveable or immovable property insurance and other insurance and reinsurance services).	9814.4000	insurance services.	insurance services.
c) Services of cooperatives and cooperative societies (including producer cooperatives, worker cooperatives, consumer cooperatives, credit unions, retail or purchasing cooperatives, social cooperatives, industrial service cooperatives, manufacturing cooperatives, marketing cooperatives, cooperative farming societies, housing cooperatives and credit cooperatives etc.).	9814.9000		
d) Services of foreign exchange companies, dealers and money changers or similar businesses.			
e) Other similar banking, insurance, cooperative or money exchange services.			
f) Services of payment system operator or of payment system provider as have always been or are			

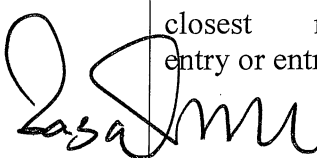


	rendered or provided in any manner or mode. Reduced Rate of Tax: In case of health insurance services and services in respect of Government sponsored Sehat Card Plus program, the tax shall be charged at the rate of One Percent (1%) without any input tax adjustment.			
27	Storage and warehousing services including public bounded warehouses, cold storages and yards or places used for storage of empty or loaded containers on rental or charges basis. Reduced Rate of Tax: The tax on cold storage services (including other forms of warehousing of agriculture produce) regardless of their corporate or non-corporate status shall be charged at the rate of One Percent (1%) without any input tax adjustment.	9844.0000	(i) Ten percent (10%) without any input tax adjustment (ii) One percent (1%) without any input tax adjustment in case of cold storage services.	(i) Fifteen Percent (15%) (ii) One percent (1%) without any input tax adjustment in case of cold storage services.
28	Container terminal services including services of storage or warehousing of containers either imported or meant for export including transshipment or transit.	9841.0000	Ten percent (10%) without any input tax adjustment	(i) Fifteen Percent (15%) and (ii) Ten Percent (10%) without any input tax adjustment in case of public sector entities.
29	Service provided or rendered by persons exclusively, solely or principally engaged in (inland) inter-city transportation or carriage of goods (whether dry or liquid, packed, packaged or otherwise) by road or through pipeline or conduit or through any other modern or advance technology-based conveyance system. Explanation: The services provided or rendered by packers and movers engaged in the transportation of goods (whether intra-or inter-city) either with or without prior packing shall be covered in and taxed under this entry.	9805.0000 9805.4000 9805.5000 9805.6000 9805.9000 9812.0000 9812.1000 9812.2000 9812.9000	Fifteen Percent (15%)	Fifteen Percent (15%) 

30	Services provided by laboratories, scientific laboratories, mechanical laboratories, chemical laboratories, electrical or electronics laboratories,	9817.0000	Five Percent (5%) without any input tax adjustment	Five Percent (5%) without any input tax adjustment
		9817.1000		
	pathological laboratories, Forensic laboratories medical diagnostic laboratories including technical services relating to X-rays, CT Scan, M.R. Imaging (MRI), ultrasound, echo etc. or other such laboratories.	9817.2000		
		9817.3000		
	Exemption: Full exemption to:	9817.4000		
	i. The laboratories sponsored, controlled and managed either by the government or its autonomous bodies.	9817.5000		
		9817.6000		
31	ii. The lab or other medical tests carried out against a valid medical prescription issued by a competent medical practitioner aimed at medical diagnosis or medical examination of a disease in any patient for medical treatment purposes.	9817.9000	Fifteen Percent (15%)	Fifteen Percent (15%)
31	<p>Visa processing or visa acquisition services including advisory or consultancy services for foreign education or migration provided by persons in their private business or professional capacity.</p> <p>Explanation: Where any person providing services under this entry is also helping or serving his client for the issuance or renewal of the client's passport, the actual amount of fee charged by the government for the issuance or renewal of the passport shall not be included in the value of services for the purposes of assessment of tax.</p>	9855.0000	Fifteen Percent (15%)	

32	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. Explanation: For the purpose of this entry, valuation or assessment includes revaluation, reassessment or repetition thereof.	9848.0000	Five Percent (5%) without input tax adjustment	Five Percent (5%) without input tax adjustment
33	Services provided for inland carriage of goods by air, railways or otherwise against freight or carriage charges: 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 good against freight or carriage charges.	9805.2000 9805.3000	Fifteen Percent (15%)	Fifteen Percent (15%)
34	Services provided or rendered by under writers including sponsorship services.	9819.1100	One Percent (1%) without input tax adjustment	One Percent (1%) without input tax adjustment
35	Services provided or rendered by indenters and similar intermediaries.	9819.1200	Two Percent (2%) without input tax adjustment	Two Percent (2%) without input tax adjustment
36	Services provided or rendered by auctioneers.	9819.9100	One Percent (1%) without input tax adjustment	One Percent (1%) without input tax adjustment
37	Dredging or desilting services including cleaning of canals, water channels/tunnels/lines or reservoirs, pools, fish ponds, lakes or dams in any manner.	9822.4000	Fifteen Percent (15%)	Fifteen Percent (15%)
38	Services relating to or involving collection, provision, organization, digitization, processing, analysis, safety, preservation, sharing, verification, validation, decontamination or any other	9854.0000	Fifteen Percent (15%)	Fifteen Percent (15%) 

	treatment of data including granting access to data for the purposes of information-gathering, information-verification, information-authentication or similar other purposes.			
39	Services provided or rendered in respect of quality assurance, quality control, quality inspection (including pre-inspection), quality verification or certification including verification or certification of quality or standards under ISO regime.	9834.0000	One Percent (1%) without any input tax adjustment	Fifteen Percent (15%)
40	Rent-a-car or rent-a-cab services. Explanation: The persons engaged in providing or rendering services of 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 (5%) without input tax adjustment	Five Percent (5%) without input tax adjustment
41	Ride-hailing or ride-hail services like Uber, Cream, Biker and Lyft etc. regardless of the mode, manner or dynamics of the business system involved in such services. Saving: In cases where regular tax compliance from the effectivity date of this entry is made and continued to be so made, no tax demand shall be raised or enforced for the period prior to such date.	9851.0000	Two Percent (2%) without input tax adjustment	Two Percent (2%) without input tax adjustment
42	Online Market Place (OMP) including online platform or portal services by whatever name called (other than ride-hailing or ride-hail services).	9852.0000	Two Percent (2%) without input tax adjustment	Two Percent (2%) without input tax adjustment
43	Services relating to or in respect of (continuous, interconnected, networked or otherwise) infrastructural-system-based transmission (wheeling) or distribution of electric power (electricity) or gas by companies including subsidiary companies of power generating companies (or persons) other than companies	9847.0000	Fifteen Percent (15%)	Fifteen Percent (15%) 

	<p>(persons) who directly transmit or distribute their own generated/produced electricity or their own recovered/produced gas.</p> <p>Explanation: The companies (persons) required to pay tax only on the gross component/amount of their transmission or distribution charges (by whatever name called).</p>			
44	<p>Services relating to or in respect of the installation, erection, commissioning or other permanent structure-affixed/linked/tied placement (whether full or in part) of any industrial, mechanical or electrical plant, machinery or equipment (excluding installation of domestic equipments etc. for residential use).</p> <p>Explanation: The factors like new, reconditioned, repaired, overhauled or old status of the equipments or carrying out any work/process or works/processes related thereto, shall not affect the levy of tax under this heading.</p> <p>Saving: Separate/new insertion of this entry shall under no circumstances effect the tax liabilities already discharged or yet to be discharged under the category or class of services of contractual execution of works under the substituted Schedule.</p>	9853.0000	One Percent (1%) without input tax adjustment	Fifteen Percent (15%)
45	<p>Amusement and entertainment services including Cinema (all categories), amusement parks, modelling shows, music concerts etc.</p>	9836.0000 9839.0000	Five Percent (5%) without input tax adjustment	Five Percent (5%) without input tax adjustment
46	<p>Inspection and survey (including re-inspection and re-survey) services not specifically covered in any other entry of this Schedule.</p>	9819.4000	Fifteen Percent (15%)	Fifteen Percent (15%)
47	<p>All allied, ancillary, auxiliary, related, substitutive, comparable or matchable services not specifically, directly or indirectly mentioned anywhere in this Schedule but fall in or are linked in any manner to the category or</p>		Rate of Tax as per closest respective entry or entries	Rate of Tax as per closest respective entry or entries

	<p>categories of services covered in any of the class or classes of services mentioned or included in the Schedule provided that no argument as to variation in description shall be relevant or permissible for the application of this entry. regardless whether such allied and other services are provided by the same person (service provider) whose services are</p> <p>falling under other serial number or numbers or by any other person (service provider) to such same person or to any other person.</p>			
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PRINCIPLES OF APPLICATION AND INTERPRETATION: For the purposes of application and interpretation of the Second Schedule and all allied matters, the following principles shall be binding and followed as an integral part thereof:

1. The First Schedule contains description of minimum services and hence there may be a case or cases where any service or class of services is not mentioned in the First Schedule but mentioned or covered in the Second Schedule, tax shall be payable on every such service or class of services in terms of the Second Schedule and no pretext or argument about any claim for their non-taxability shall be permissible or allowed.
2. Each serialized entry in the Second Schedule primarily reflects and covers distinct class of services, which means the scope or coverage of tax runs through or alongside the lines of the classes of services. Thus the specific service descriptions in any class of services does not mean that description of the service is exhaustive. The service shall remain taxable even if it is not cited as such under the class of services covered in the Second Schedule; such service shall be taxable as one of the services of the relevant class of service.
3. No input tax adjustment shall be admissible in respect of services where exemption or reduced rate of tax has been applied or allowed in the Second Schedule. The recipient of such service shall, whether as a service provider or otherwise, also not be entitled to adjust the input tax paid on reduced rate against output tax payable on the service or services provided or rendered by him at immediate next stage of supply chain.
4. Where services provided by a person are chargeable to a rate of tax entitled to input tax adjustment, the input tax adjustment shall be admissible in respect of the tax paid on the inputs (otherwise taxed on higher rate) only to the extent not exceeding standard rate of the tax regime to which the input relates.
5. Where by virtue of interpretation or otherwise, any service can be considered to be classified or is otherwise found to be classifiable with matching or equal accuracy under two or more entries of the Second Schedule, such service shall be classified and taxed under or with reference to the entry appearing later in number regardless the rate of tax is lower or higher.

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6. Where a person is engaged in performing more than one taxable services under his same business name and some of the services are entitled to reduced rate or rates of tax while others are liable to tax at standard rate, such person shall be entitled to avail two rates of tax provided that no input tax adjustment shall be admissible or allowed to the extent of turnover chargeable to lower rate of tax.

7. Due to changes in science and technology, the jargon or nomenclature of market economics is changing faster than adjustments which may be made in the legal instruments. But for the purposes of taxability under the Second Schedule, if any service is liable to tax with reference to a particular description mentioned in the Second Schedule, the service shall continue to be taxable regardless of any sudden, unexpected or unanticipated change in its market name or appellation for any reason, whatsoever.

8. Where a person is providing or rendering under the same business name two or more services and all such services are liable to tax at the same rate, he may use only one entry of the Second Schedule covering the major portion of his business turnover, for the purposes of tax assessments and tax declarations.

9. Where a character, nature, dynamic or purpose of any service exactly or substantially resembles any service taxable under the Second Schedule and such service can be used as a perfect or close substitute of the scheduled service, such service shall be considered and liable to under the Second Schedule.

10. Classifications of services either given in the First Schedule or the Second Schedule are just for reference and accounting purposes. They have no bearing on the taxability of any service. The taxability of a service shall be determined with reference to its description either mentioned separately or included in the class of services under the Second Schedule read with these principles of application and interpretation.

11. Non-mentioning of a classification heading of any service in the Second Schedule shall not in any manner effect the taxability of such service in the said Schedule.

12. Where in the Second Schedule, a description of the main or principal services has been mentioned, it shall include all allied, ancillary, auxiliary, related or connected services whether provided or rendered in the form of facility or utility as a part of the main contract or transaction and shall be considered as a part and parcel of the main or principal service and its value shall be invariably included in the valuation and assessment of tax of such main or principal service.

13. Where under any entry, any service or services have been specifically excluded, such service or services shall not be classified under such entry for the purpose of tax assessment or otherwise.

14. Nowhere in any entry "inclusion" of any service or services shall, unless the context otherwise specifically requires, be construed as exclusion of other service or services otherwise falling in or under such entry either by virtue of class of services or otherwise.

15. Where any service is provided or rendered solely against commission or commission charges, tax assessment shall be made on the basis of the gross amount received or to be received on account of such commission or commission charges.

16. In cases where tax is to be calculated on the basis of fraction, the following formula shall be used:

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$(a/100+a) \times \text{Value of Service}$

Note: "a" is the applicable rate of tax.

17. 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) 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 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.

18. Where a registered person is providing services at a reduced rate of tax either under the Second Schedule or otherwise as provided elsewhere in this Act or in any notification issued thereunder and any of his buyers from corporate sector requests such registered person to provide services to him on standard rate, the registered person may provide services to his such buyer on standard rate provided that adjustment of relevant input tax, as and if admissible under standard rate regime, in case of such services shall be proportionately and exclusively confined to the value of such services.

19. Where in compliance to any commitment of the Federal Government or Government of Khyber Pakhtunkhwa either under any international convention, protocol, treaty or agreement, or under any agreement or arrangement for foreign grant-in-aid assistance including free technical assistance to the Province of Khyber Pakhtunkhwa or elsewhere in the country, an exemption from tax is required, the Authority shall issue notification or as the case may be, order for such exemption after taking concurrence from the Finance Department of Government on such conditions, restrictions or limitations as the Authority may deem appropriate to recommend or impose.

20. Unless otherwise specified elsewhere in the Second Schedule or under any notification issued under this Act, the corporate sector entities providing or rendering services liable to reduced rates of tax against serial numbers 9, 10, 11, 13, 17, 18, 21, 22, 27, 28 (other than public sector entities providing services covered therein), 39 and 44 of the said Schedule shall not pay tax at any such reduced rate. Such entities shall mandatorily pay tax at standard rate of 15% and all benefits of the admissible input tax adjustment shall be available to them.

21. Subject to Para 20, the services provided by or relating to dealers of agriculture machinery and equipments, commission agents of agriculture produce, agriculture-specific market research, human resource development or management in agricultural fields, and exhibitions of agricultural products or products usable exclusively in agriculture sector shall be charged to tax only at the rate of two percent (2%) without any input tax adjustment.


(FAZAL AMIN SHAH)
Additional Collector (HQ)