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G A Z E T T E

## **KHYBER PAKHTUNKHWA**

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GOVERNMENT OF THE KHYBER PAKHTUNKHWA  
FINANCE DEPARTMENT

### **NOTIFICATION**

Peshawar Dated, the 13<sup>th</sup> April, 2023.

**No.BO (Rev-II)FD/3-4/2022** -In exercise of the powers conferred by section 81 of the Khyber Pakhtunkhwa Sales Tax on Services Act, 2022 (Khyber Pakhtunkhwa Act No. XIX of 2022), Government of the Khyber Pakhtunkhwa is pleased to make the following rules, namely:

### **THE KHYBER PAKHTUNKHWA PLACE OF PROVISION OF SERVICES RULES, 2023.**

**1. Short title, extent, application and commencement.**---(1) These rules may be called the Khyber Pakhtunkhwa Place of Provision of Services Rules, 2023.

(2) These rules shall extend to whole of the Province of Khyber Pakhtunkhwa.

(3) These rules shall apply to the Specified Services as defined in clause (h) of sub-rule (1) of rule 2 of these rules.

(4) These rules shall come into force from the first Day of May, 2023.

**2. Definitions.**---(1) In these rules, unless there is anything repugnant to the subject or context:

(a) **"Act"** means the Khyber Pakhtunkhwa Sales Tax on Services Act, 2022 (Khyber Pakhtunkhwa Act No. XIX of 2022);

- (b) **"broadcast station"** shall have the same meaning as given to it in clause (ca) of section 2 of the Pakistan Electronic Media Regulatory Authority Ordinance, 2002 (Ordinance No. XIII of 2002);
- (c) **"channel"** in relation to broadcasting, shall have the same meaning as given to it in clause (f) of section 2 of the Pakistan Electronic Media Regulatory Authority Ordinance, 2002 (Ordinance No. XIII of 2002);
- (d) **"distribution services"** for the purposes of the services of advertisements on TV, shall have the same meaning as given to it in clause (ha) of section 2 of the Pakistan Electronic Media Regulatory Authority Ordinance, 2002 (Ordinance No. XIII of 2002);
- (e) **"ICT"** means the Islamabad Capital Territory as specified in paragraph (b) of Clause (2) of the Constitution of the Islamic Republic of Pakistan;
- (f) **"PEMRA"** means the Pakistan Electronic Media Regulatory Authority established under section 3 of Pakistan Electronic Media Regulatory Authority Ordinance, 2002 (Ordinance No. XIII of 2002);
- (g) **"provinces"** means the provinces as specified in paragraph (a) of Clause (2) of Article 1 of the Constitution of the Islamic Republic of Pakistan;
- (h) **"Specified Services"** means the services of:
  - (i) "insurance agents" as specified in Entry No. 5 (Tariff Heading 9806.9000) in the SECOND SCHEDULE to the Act;
  - (ii) "advertisement" as specified in Entry No. 6 (Tariff Heading 98.02 and the sub-heads thereof) in the SECOND SCHEDULE to the Act;

- (iii) "advertising agents" as specified in Entry No. 6 (Tariff Heading 9802.50000 in the SECOND SCHEDULE to the Act;
  - (iv) "franchise" and "intellectual property" as specified in Entry No. 10 (Tariff Headings 9823.0000 and 9819.9500, respectively) in the SECOND SCHEDULE to the Act;
  - (v) "insurance" as specified in Entry No. 26 (Tariff Heading 9814.1000 and the sub-headings thereof) in the SECOND SCHEDULE to the Act;
  - (vi) "transportation or carriage of goods by road or through pipeline or conduit" as specified in Entry No. 29 (Tariff Heading 9805.0000) in the SECOND SCHEDULE to the Act; and
  - (vii) "electric power transmission services" as specified in Entry No. 43 (Tariff Heading 9847.0000) in the SECOND SCHEDULE to the Act; and
- (i) **"uplinking"** shall have the same meaning as given to it in clause (w) of section 2 of the Pakistan Electronic Media Regulatory Authority Ordinance, 2002 (Ordinance No. XIII of 2002).
- (2) Words and expressions used in these rules but not defined herein, shall have the same meanings as are assigned to them in the Act.

**3. Place of provision of services relating to advertisement.---** (1) In case of advertisements on TV-

- (a) broadcast through satellites, the place of provision of service shall be the location of the beaming station i.e., the broadcast station uplinking the advertisement content; and
- (b) broadcast through terrestrial signals, the place of provision of service shall be the location of the first broadcast station:



Provided that in case of advertisement on TV channels having landing rights in Pakistan, the place of provision of service shall be the location of the person having PEMRA license for such landing rights in Pakistan.

(2) In case of advertisement on Internet Protocol TV, the place of provision of service shall be the location of the licensing zone as specified in the respective PEMRA license for Internet Protocol TV.

(3) In case of advertisement on cable TV or the TV using other distribution service, the place of provision of service shall be the location of the area of coverage, assigned to the person, holding the respective PEMRA license for Cable TV or the TV, using other distribution service.

(4) In case of advertisement on Closed-Circuit TV system, the place of provision of service shall be the location of the Closed-Circuit TV system.

(5) In case of advertisement on website, webpage or internet, owned or managed by a person in Pakistan, the place of provision of service shall be the location of the person owning or managing such website, webpage or internet.

(6) In case of advertisement on radio broadcast through satellites, the place of provision of service shall be the location of the broadcast station uplinking the advertisement content.

(7) In case of advertisement on radio broadcast through terrestrial signals, the place of provision of service shall be the location of the first broadcast station.

(8) In case of advertisement on still media including billboards, sign boards, digital boards, poles, etc., the place of provision of service shall be the location of such still media.

(9) In case of advertisement on cinema screens and advertisement through aerial banner towing or smoke writing, the place of provision of service shall be the location of the cinema house and the jurisdiction in which the advertising through aerial banner towing or smoke writing is performed.

(10) Notwithstanding anything contained in this rule, where the advertisement is booked in at any place in the Province, for broadcasting on channels beamed or uplinked from a place outside Pakistan, the services of advertisement shall be deemed to have been provided in the Province irrespective of the fact whether or not the channel has PEMRA's landing rights permission in Pakistan and where the advertisement is booked at any place in the Province, for placing on the web or internet of persons not resident in Pakistan, the place of provision of service shall be the location of the person booking such advertisement for such non-resident owner of the web or internet.

**4. Place of provision of services relating to advertising agents.**---In case of services provided or rendered by advertising agents, the place of provision of service shall be the location of the place of business of the respective advertising agent where the advertisement is booked.

**5. Place of provision of services relating to insurance and reinsurance.**---(1) In case of life insurance and health insurance services, whether for an individual or a group of individuals, the place of provision of service shall be the location of the office or the branch of the insurance company providing the insurance service to the individual or to the person acquiring the services of group insurance, as the case may be.

(2) In case of insurance of immovable property, the place of provision of service shall be the location of the immovable property insured or to be insured.

(3) In case of insurance of movable property, the place of provision of service shall be the location of the movable property where it is registered by the respective registering authority:

Provided that in case of insurance of movable property other than the ones requiring registration, the place of provision of service shall be the location of such movable property at the time of insurance thereof.

(4) In case of reinsurance services, the place of provision of service shall be the location of the office or branch of the person providing the reinsurance services in Pakistan:



Provided that in case of reinsurance services provided or rendered by a reinsurance company not resident in Pakistan, the place of provision of services shall be the location of the resident insurance company receiving or procuring such reinsurance services.

**6. Place of provision of services relating to insurance agents and insurance brokers.**---(1) In case of services provided or rendered by insurance agents, the place of provision of service shall be the location of the insurance agent.

(2) In case of services provided or rendered by insurance brokers, the place of provision of service shall be the location of the person paying the remuneration, commission or fee to the insurance broker:

Provided that where the insurance broker receives remuneration, commission or fee from a place outside Pakistan, the place of provision of service shall be the location of the insurance broker in Pakistan.

**7. Place of provision of services relating to franchise services and intellectual property services.** --- (1) In case of local franchise services and intellectual property services provided or rendered by a person resident in Pakistan, the place of provision of service shall be the location of the person receiving or procuring such services in the Province.

(2) In case of imported franchise services and intellectual property services provided or rendered by a person from outside Pakistan, the place of provision of service shall be the location of the person receiving or procuring such services in the Province.

**8. Place of provision of services relating to transportation of goods.**--- (1) In case of services of transportation of goods, provided or rendered by companies, in relation to transportation by road or by any person, in relation to transportation through pipeline or conduit, the place of provision of service shall be the place of the origin and the destination of such service, in a manner that the amount of tax involved is shared equally by the provinces, wherein the transportation originates and where such transportation terminates:

Provided that where the services of transportation of goods by road or through pipeline or conduit originate and terminate in one and the same province, the place of provision of service shall be the same province:

Provided further that where the services of transportation of goods by road or through pipeline or conduit originate in a province where the tax is levied but terminated in a province or area where such tax is not levied, the place of provision of service shall be the province where such service originates:

Provided also that where the services of transportation of goods by road or through pipeline or conduit originate in a province where the tax is not levied but terminates in a province or area where such tax is levied, the place of provision of service shall be the province where the service of transportation terminates:

Provided also that where the rate of tax leviable in the province in which the services of transportation originated is different than the rate of tax leviable in the province in which such services terminated, the invoice shall clearly indicate the amount of tax payable to the respective provinces as determined on the basis of the respective rates of tax on fifty percent of the value of that inter-provincial services of transportation.

(2) In case of the services provided or rendered by persons other than companies in relation to transportation of goods by road, the place of provision of service shall be the location of booking office of the person transporting the goods.

(3) Notwithstanding anything contained in sub-rule (1) and (2), in case of the services provided or rendered by persons, whether a company or otherwise, in relation to road transportation of petroleum oils, the provisions of the Khyber Pakhtunkhwa Sales Tax Special Procedure (Transportation or Carriage of Petroleum Oils through Oil Tankers) Regulation, 2018 shall apply.

**9. Place of provision of services relating to electric power transmission.---** In case of electric power transmission services, the place of provision of service shall be the place of origin and the destination of transmission, in a manner that the amount of tax involved is shared equally by the provinces, wherein such transmission originates and terminates respectively:



Provided that where the electric power transmission originates and terminates in one and the same province, the place of provision of service shall be the same province:

Provided further that where the electric power transmission originates in a province where the tax is levied but terminates in a province or area where such tax is not levied, the place of provision of service shall be the province where the transmission originates:

Provided also that where the electric power transmission originates in a province where the tax is not levied but terminates in a province or area where such tax is levied, the place of provision of service shall be the province where the transmission terminates:

Provided also that where the rate of tax leviable in the province in which the transmission originated is different than the rate of tax leviable in the province in which such transmission terminated, the invoice shall clearly indicate the amount of tax payable to the respective provinces as determined on the basis of the respective rates of tax on fifty percent of the value of that inter-provincial transmission service:

Provided also that where the electric power transmission originates from outside Pakistan but terminates in the Province, the place of provision of services shall be the Province.

**10. Apportionment of Input tax.**---In case a service transaction is determined to be provided in more than one province in accordance with these rules, the service provider shall claim attributable input tax credit in the same proportion as is declared in relation to taxable value of the service, subject to other restrictions and limitations as provided in the Act and the rules made thereunder.

SECRETARY TO  
GOVERNMENT OF THE KHYBER PAKHTUNKHWA  
FINANCE DEPARTMENT