

**The**  
**KHYBER PAKHTUNKHWA SALES TAX ON SERVICES REGULATIONS, 2024**

**Notification No. FD/KPRA/2023, dated, --/--2024.** In exercise of the powers conferred by section 81 read with sections 6, 7, 10, 14, 16, 28, 29, 31, 32, 33, 35, 37, 38, 39, 64, 66, 73, 79, 80, 83 and 84 of the Khyber Pakhtunkhwa Sales Tax on Services Act, 2022 (hereinafter referred to as “the Act”) further read with read with clause (g) of section 5 and section 29 of the Khyber Pakhtunkhwa Revenue Authority Act, 2022, the Policy Board of the Khyber Pakhtunkhwa Revenue Authority is pleased to make the following regulations.

**CHAPTER – I**  
**PRELIMINARY**

**1. Short title, application and commencement:--**

- (1) These regulations may be called the Khyber Pakhtunkhwa Sales Tax on Services Regulation, 2024.
- (2) They shall come into force at once.

**2. Definitions.--** The words and expressions used in these regulations but not defined herein shall have the same meaning as assigned to them in the Act or the Khyber Pakhtunkhwa Sales Tax on Services (Definitions) Rules, 2024 made thereunder.

**CHAPTER – II**  
**REGISTRATION AND DE-REGISTRATION**

**3. Application.—** (1) The provisions of this chapter shall apply to a person required to be registered, liable to be registered or qualify to be de-registered under the Act.

(2) The provisions of this chapter shall also apply to inactivation, suspension or cancellation of registration of a registered person.

**4. Requirement of registration.—** (1) The providers of taxable services and other persons who are liable to be registered under the Act are required to be registered in the manner specified in this chapter.

(2) Where service provider provides one or more taxable services from one or more premises or a registered person having a centralized billing systems or centralized accounting systems in the Province, such service(s) from more than one premises or offices, shall require a single registration.

(3) Where a registered person is providing more than one taxable service, he may make a single application mentioning therein all the taxable services provided by him. Certificate of Registration in the prescribed form as available on the official webportal of KPRA shall indicate details of all taxable services provided by him.

**5. Application for registration.--** (1) A person required to be registered under the Act shall apply electronically, in Form as available on the official webportal of, to the Management Committee or an authorized officer in this behalf, for registration at least fifteen (15) days before providing or rendering any taxable service:

Provided that the person applying for registration after commencement of the taxable economic activity shall be liable to penalties prescribed in section 53 of the Act, besides the liability to pay the tax and default surcharge in relation to the services provided or rendered by him before the date of his registration.

(2) While applying electronically for registration, the application shall be attached with scanned copies of the supporting documents *e.g.*, NTN certificate; SECP incorporation certificate; CNIC; license/registration certificate issued by the concerned regulatory/licensing authority; last paid utility bills (for electricity, gas, telephone and mobile phone); bank account certificates; and such other documents as may be required or necessary for registration.

(3) On receipt of the application, prescribed under sub-regulation (1) along with supporting documents specified under sub-regulation (2), the Management Committee or authorized officer shall make such preliminary verifications, inquiry and scrutiny as it may deem fit and shall, within 7 days of the receipt of the application and its supporting documents, communicate to such applicant his registration number (KNTN) and the user ID, pin code and password electronically. The applicant shall activate his user ID and complete the e-enrollment formalities for payment of amounts of tax and filing of tax returns.

(4) The Management Committee or authorized officer, shall cause further verification, inquiry and scrutiny to be made to satisfy that the registered person is eligible to be registered under the Act and shall satisfy that the registered person has e-filed his tax returns in the prescribed manner for the tax periods relevant from the date of his registration and has also e-deposited the amounts of the tax due. The Management Committee or authorized officer shall, after satisfying that the registered person has e-filed atleast four consecutive tax returns after the issuance of registration number issued in terms of the sub-regulation (3), regularize the said registration number electronically and upload the certificate on the official webportal of the KPRA of the registered person.

(5) In case of non-regularization of the registration number within the period prescribed in sub-regulation (4), the registration number, issued under sub-regulation (3), shall be deemed to have been invalidated and revoked.

(6) In case an application for registration is rejected or in case the registration number sent electronically is not regularized, the Management Committee or authorized officer shall inform the applicant giving the reasons for such rejection or non-regularization within ten days from the date of the rejection or non-regularization.

**6. Option to file application with the Management Committee.**— A person who is unable to file application for registration or change in particulars of registration or de-registration directly in computerized system, may submit such application manually ~~on the prescribed Form~~ along with the required documents to the Management Committee or authorized officer, which shall ensure entry of the application and documents in computerized system within three days.

**7. Compulsory registration.**— (1) If a person, who is required to be registered under the Act, does not apply for registration, the Management Committee or an authorized officer, after such inquiry as deemed appropriate, is satisfied that such person is required to be registered, shall issue notice to such person in the Form set out in Form KPSTS-CR.

(2) In case the Management Committee or an authorized officer receives a written reply from the said person within the time specified in notice under sub-regulation (1), contesting his liability to be registered, the Management Committee or authorized officer shall grant such person opportunity of personal hearing, if so desired by the person, and shall thereafter pass an order whether or not such person is liable to be registered compulsorily. A copy of the said order shall invariably be provided to that person. Where the Management Committee or authorized officer passes the order for compulsory registration, he shall cause the said person to be registered through computerized system.

(3) Where the person to whom a notice is given under sub-regulation (1), does not respond within the time specified in the notice, the Management Committee or authorized officer shall cause to compulsorily register the said person through computerized system under intimation to the said person through courier service.

(4) A person registered compulsorily under sub-regulation (2) or (3) is required to comply with all the provisions of the Act, rules and regulations made thereunder from the date of compulsory registration, and in case of failure to do so, the officer of the Authority having jurisdiction may issue notice under section 61 of the Act for production of records or documents and appearance in person or assess the amount of sales tax payable under section 27 of the Act, and take any other action as required under the law against such person:

Provided that if it is subsequently established that a person was not liable to be registered but was wrongly registered under this regulation due to inadvertence, error or misconstruction, the Management Committee shall cause to cancel his registration through the computerized system. In case of such cancellation of registration, such person shall not be liable to pay any tax, default surcharge or penalty under the Act or rules made thereunder, subject to the conditions, limitations and restrictions prescribed under section 20 of the Act.

**8. Change in particulars of Registration.--**In case there is a change in the name, address, principal service activity and other business activities, e-mail address, Agent's particulars, particulars of directors, shareholders or partners, particulars of business branches, particulars of bank accounts or other particulars as stated in the application for registration or in the particulars in the profile of the registered person or any other change in the particulars of registration, the registered person shall intimate, to the Management Committee or authorized officer, the proposed change in advance or within fifteen days.

**9. Transfer of Registration.--** (1) The Management Committee may subject to such conditions, limitations or restrictions as it may deem fit to impose, by an order, transfer the registration of a registered person from the jurisdiction of one Regional Office to another Regional Office.

(2) In case a registered person intends to shift his business activity from the jurisdiction of one Regional Office to another, or he has any other valid reason for such transfer, he shall apply to the Management Committee for transfer of his registration. The Management Committee after necessary verifications shall take necessary action accordingly.

(3) In case of transfer of registration, the Management Committee shall issue intimation letter to the registered person along with the copy to the Regional Offices concerned, within fifteen days of receipt of the application.

**10. Sanctity of registration.--** No person other than the person to whom registration has been issued can use registration or its number for any purpose and the person holding registration in his name shall not dispose of his registration in any manner.

**11. De-registration.—** (1) Every registered person who ceases to carry on his business or whose services become exempt from tax, or who ceases to remain registered under the Act shall apply to the Management Committee through an application for the cancellation of the registration in Form as available on the official webportal of KPRA. The Form shall be filled in by the applicant keeping in view the relevant provisions of the Act, rules and regulations made thereunder. The Management Committee after making such enquiries and audit as may be necessary, shall de-register such person from such date as may be specified, but not later than the time period stipulated in section 33(4) of the Act the or the date all the dues outstanding against such person are deposited by him, whichever is the later and such person shall be de-registered through the computerized system of the Authority accordingly:

Provided that the person applying for de-registration shall not be de-registered unless he provides records for the purpose of audit or inquiry.

(2) The obligations and liabilities of the person whose registration is cancelled under sub-regulation (1) relating to the period when he conducted business as a registered person shall not be affected by the fact that his registration has been cancelled or that he has ceased to be a registered person.

(3) If a registered person fails to file tax return for six consecutive months, the Management Committee, without prejudice to any action that may be taken under any other provision of the Act, after issuing a notice in writing and after giving an opportunity of being heard to such person, shall issue order of de-registration of such person and the computerized system shall be caused to de- register the person accordingly.

(4) All orders for de-registration, passed under this regulation, shall be placed on KPRA's webportal and shall also be communicated to PRAL within three days from the date of such order.

**12. Non-active taxpayer.**— (1) A registered person who fails to file return under section 39 of the Act by due date for four consecutive tax periods shall automatically become a non-active taxpayer and his name shall be removed from the active taxpayers list maintained by the Authority.

(2) A non-active taxpayer shall not be entitled to--

- (a) issue sales tax invoices;
- (b) claim input tax or refund; or
- (c) avail any concession under the Act or rules made thereunder.

(3) No person, including government departments, autonomous bodies and public sector organizations, shall make any purchases from a non-active taxpayer.

(4) In case of entry of an invoice issued by a non-active taxpayer by any registered buyer in Annexure-A of his return, a message shall appear to the effect that the service provider is a non-active taxpayer and no input tax credit shall be admissible against such invoice.

**13. Restoration as an active taxpayer.**-- A non-active taxpayer may be restored as active taxpayer automatically, if he files the returns under section 39 of the Act.

**14. Suspension and cancellation of the registration.**--(1) Where a registered person commits any act of fraud or deliberate and intentional non-payment, short payment or evasion of tax or non-filing of returns for six consecutive tax periods, the Management Committee may, without *prejudice* to any other action under the law for the time being in force, suspend the registration of such person and shall, within 15 days of such suspension, communicate the reasons and grounds of such suspension to the registered person concerned asking him to show cause as to why his registration should not be cancelled:

Provided that the Management Committee may withdraw the suspension order if it is satisfied with the remedial actions taken by the registered person:

Provided further that where the Management Committee is satisfied, after examining the written defence submitted by the registered person and also after granting him an

opportunity of being heard, that there are no justifiable reasons for the restoration of the suspended registration, the Management Committee shall issue order for cancellation of the registration. Any such order of cancellation of registration shall be appealable under the provisions of Chapter-X of the Act.

(2) All orders for suspension, restoration and cancellation of registration, passed under this regulation, shall be placed on KPRA's webportal and shall also be communicated to PRAL within three days from the date of such order.

### **CHAPTER – III FILING OF RETURNS**

**15. Application.--** The provisions of this chapter shall apply to all registered persons required to file a return under section 39 of the Act.

**16. Filing of return.--** (1) Every person registered under the provision of the Act, shall file the return on the format as available on the official webportal of the KPRA, along with all its annexures provided therein, in accordance with the instructions given therewith, in the manner as specified in this chapter.

**17. Electronic filing of return.--** Every registered person required to file return, shall file such return along with its annexures electronically in the manner as given below:--

- (i) A registered person shall obtain a unique User-ID and password by e-Enrolling on KPRA's webportal and electronically file a return as available on the webportal. The return data shall be filled in a web form and will be submitted online to the Management Committee by using KPRA's webportal having URL, <https://kpra.kp.gov.pk>. KPRA's webportal would also provide instructions on how to fill this e-return.
- (ii) The electronic return can be filed by a registered person (self) or through an e-intermediary.
- (iii) To file the return, the registered user shall log on to KPRA's webportal <https://kpra.kp.gov.pk> by using the assigned User ID and password. Stepwise procedure for electronic filing of return would be as follows—
  - (a) select Sales Tax on Services return from declaration menu;
  - (b) select the Tax Period or month from the drop-down list;
  - (c) click the monthly return link to open the return Form;
  - (d) return Form will be displayed which will be filled in accordance with the instructions provided;

- (e) taxpayer shall fill out the relevant Annexes of return Form by providing the invoices details, amount value and sales tax charged. The uploading facility for data files is available in all Annexure forms;
  - (f) based on the details entered in the relevant annexes of return, the total values of main Return Form will be auto calculated.
  - (g) the payable Sales Tax column will be showing the Sales Tax payable by the registered person.
  - (h) registered person shall verify all the details displaying in the prepared return Form.
  - (i) the e-payment Challan to be generated automatically by the computerized system after verification of the prepared return by the registered person.
- iv. E-filing can be completed in the following stages—
- (a) the user shall fill in all the relevant fields. (The return may be saved at any time during preparation process to avoid data loss).
  - (b) the returns may be verified by the person having access to Personal Identification Number (PIN) code. He shall press the Verify Button given at the bottom of form and follow the instructions.
  - (c) this option may be availed by person opting to deposit tax amount in any bank for e-payments. After verifying the return, e-payment button can be clicked which will generate the payment Challan Form with payment slip identifier (PSID). Registered person should print the Challan Form (PSID) and deposit the payable amount against the same. The bank shall accept the payment and provide computerized payment receipt (CPR) to the registered person as an acknowledgement.
- v. The user will be required to enter the CPR received from the bank on his return Form. On entry of CPR the Submit button on Return will be enabled. The registered person will click the submit button and a message shall appear at the top of screen, stating that your return has been submitted. Acknowledgement shall be printed by clicking the Print Acknowledgement button. The submitted return shall also be printed and saved on user's computer in PDF format. The registered person is required to quote the computer-generated number of the e-filing acknowledgement in all their future correspondence with Authority.
- vi. The responsibility for filing the returns and all the information contained therein is that of registered person. Registered person should hence keep his user ID and Password allotted by the department strictly confidential.
- vii. The electronic Sales Tax return and its relevant attachment, if any, shall be kept in electronic record of the registered person and shall be produced to the officer-in-charge in demand along with supportive documents.

**18. Time and manner of submission of Annex-C of the return.--** (1) A registered person, before filing his return, shall enter the data of the Domestic Sales Invoices and the Debit and Credit Notes, issued by him during the tax period, in the prescribed Annex-C of the said return and shall submit the said Annex-C electronically on the Authority's web-portal by the 10<sup>th</sup> day of the month prescribed for filing of the return for that tax period.

(2) As soon as the registered person submits such partial or complete data in Annex-C in terms of sub-regulation (1), it shall be available for entry in the Domestic Purchase Invoices (Annex-A of return) and Debit and Credit Notes of the registered recipients of the taxable services for preparation and submission of their returns:

Provided that the availability of data in relation to supply of goods (in Annex-C of the goods supplier) shall be available on the webportal of the Authority when Annex-C of the FBR-return is duly submitted on FBR portal with respective invoice details:

Provided further that the data of non-creditable inputs (relating to exempt and non-taxed supplies and services) and the data relating to other inadmissible inputs (*e.g.*, the services provided or rendered in the jurisdiction outside the Province and taxed therein) shall be manually calculated and entered by the registered person in Annex-A of the return:

Provided further that in case the registered person submits an incomplete Annex-C by the 10<sup>th</sup> day of the month as due, he shall submit the complete Annex-C with his return on the due date prescribed for filing of the return for that period.

**19. Time and manner of payment of tax and filing of electronic return.—** (1) A registered person filing return electronically, as stipulated in regulation 17, shall make payment of the amount of sales tax due, if any, in any of the bank on the prescribed payment challan automatically generated by the computerized system or through any other electronic payment system devised for this purpose. Unless otherwise specified, the due date for payment of the sales tax shall be the 15<sup>th</sup> day of the month following the tax period to which it relates. The return for that tax period shall be submitted electronically by 18<sup>th</sup> day of the month following the tax period to which it relates.

(2) In case of Oil & Gas Sector these dates shall be 21<sup>st</sup> day and 25<sup>th</sup> day of the month following the tax period respectively.

(3) In case of Telecom Sector and its commission agents (or franchisees) the following dates:

(a) In case of post-paid telephone services, tax shall be paid by the 21<sup>st</sup> day and e-filing of return on 25<sup>th</sup> day of the following second month.

(b) In case of pre-paid telephone services, tax shall be paid by the 21<sup>st</sup> day and e-filing of return on 25<sup>th</sup> day of the following month; and

(c) In case of other telecommunication services, tax shall be paid by the 21<sup>st</sup> day and e-filing of return on 25<sup>th</sup> day of the following second month.

**20. Revised return.--** A registered person may, after prior permission of the Collector, file a revised return, within six months of filing a return under this chapter to correct any omission or wrong declaration made therein and to deposit any amount of tax not paid or short-paid.

**CHAPTER – IV  
ADJUSTMENT OF INPUT TAX AND TAX PAID**

**21. Application.--**The provisions of this chapter shall apply to the registered persons who claim adjustments or deductions under the provisions of section 16 of the Act in respect of the sales tax paid on purchase or receipt of goods and services used or consumed in any taxable services provided or rendered by them, provided that the adjustment or refund is admissible in other law as well.

**22. Determination of Input Tax.--**(1) Subject to the provisions of regulation 23 and other relevant provisions of the Act and the rules, regulations and notifications issued thereunder, a registered person who holds a tax invoice for the purchase of goods or services used or consumed in providing or rendering of taxable services in his name, bearing his sales tax registration/KNTN, shall be entitled to deduct/adjust input tax paid during the relevant tax period:

Provided that where the registered person did not deduct or adjust the input tax in the relevant tax period, he may claim such input tax deduction or adjustment in the tax returns for any of the six succeeding tax periods.

(2) The input tax paid on goods and services used in providing or rendering non-taxable or exempt services or the services liable to reduced rate of tax or specific rate of tax shall not be admissible.

(3) In case an input is used in providing or rendering taxable services (chargeable to sales tax at the standard rate) and also non-taxable or exempt services or the services liable to reduce rate of tax or specific rate of tax, the input tax shall be apportioned according to the following formula for availing of input tax adjustment/deduction:

$$\text{Residual input tax credit on taxable services} = \frac{\text{value of taxable services} \times \text{admissible input tax}}{(\text{Value of taxable} + \text{value of non-taxable/exempt services} / \text{reduced rate} / \text{specific rate})}$$

In other words Residual input tax credit on taxable services = (value of taxable services) *divided by* (Value of taxable + value of non-taxable / exempt services / reduced rate / specific rate) *multiplied by* (admissible Input Tax)

(4) Monthly adjustment of input tax claim, based on sub-regulations (1), (2) and (3) of this regulation, by a registered person shall be subject to reconciliation and audit by the officers of the Authority.

(5) Any inadmissible input tax adjustment, claimed or made by a registered person, shall render him liable to action under the provisions of the law besides being liable to penalty and default surcharge under sections 53 and 54, respectively, of the Act in addition to his liability to pay the amount of tax involved.

**23. Extent, allowance and adjustment of input tax on certain goods.** Notwithstanding anything contained in the Act and without prejudice to any provision of this regulation, the input tax paid on the acquisition of capital goods, machinery and fixed assets as are classified under Chapters 84 and 85 of the First Schedule to the Customs Act, 1969 (Act No. IV of 1969), shall be adjustable against the output tax in ten equal monthly installments.

**24. Input tax credit not allowed.--** A registered person shall not be entitled to claim or reclaim or adjust or deduct input tax under the Act in respect of:--

(i) sales tax claimed as input tax where the registered person, making such input tax credit/adjustment, has not made the payment, within one hundred and eighty days from the date of the tax invoice, of the invoiced amount (including the sales tax amount) of input goods and services, other than the input utilities (telecom, electricity and gas), courier services and also the directly imported goods, through a crossed cheque drawn on a bank, or by a crossed bank draft or crossed pay order or any other crossed banking instrument showing the transfer of the amount of tax invoice in favour of the goods supplier or the service provider from the declared business bank account of the buyer or service recipient to the declared business bank account of the supplier or the service provider:

Provided that online transfer of payment from the declared business bank account of the buyer or the service recipient to the declared business bank account of the goods supplier or the service provider, as well as payment through credit card or debit card, shall be treated as transaction through banking channel;

(ii) goods or services acquired for personal or non-business consumption; and

(iii) goods or services in respect of which input tax adjustment is barred under ~~any federal or provincial law~~ the Sales Tax Act, 1990 or the Act, for the time being in force, relating to sales tax.

**25. Debit and Credit Notes.--** (1) Where a registered person has issued an invoice for a taxable service, and such service or part thereof is cancelled, or where, for any valid reason, the value of service or the amount of sales tax mentioned in the invoice needs to be revised, the service provider and service recipient shall be entitled to make corresponding adjustments against output tax or input tax, respectively, in the manner provided under this regulation.

(2) In case of cancellation of service, or any part thereof, the service recipient shall issue a Debit Note (in duplicate) in respect of such service or part thereof, indicating the extent or quantity being cancelled, as well as the following particulars, namely:--

- (i) name and registration number of the service recipient;
- (ii) name and registration number of the provider;
- (iii) number and date of the original sales tax invoice;
- (iv) the value and sales tax involved for the cancelled service;
- (v) the reason of issuance of the Debit Note; and
- (vi) name, signature and seal of the authorized person issuing the Debit Note.

(3) The original copy of the Debit Note shall be sent to the service provider who had issued the invoice and the duplicate copy shall be retained for record.

(4) On receipt of the Debit Note as aforesaid, the service provider shall issue a Credit Note, in duplicate, providing the same particulars as are specified in sub-regulation (2). He shall send the original to the recipient and keep the duplicate copy for record.

(5) Where for any valid reason the value of service or the amount of sales tax mentioned in the invoice issued has increased, the provider shall issue a Debit Note (in duplicate), containing the following particulars, namely:

- i. name and registration number of the service provider;
- ii. name and registration number of the service recipient;
- iii. number and date of the original sales tax invoice;
- iv. the original value and sales tax as in original invoice;
- v. the revised value and sales tax;
- vi. the difference of value and sales tax;
- vii. the reason for revision of value; and
- viii. name, signature and seal of the authorized person issuing the debit note.

(6) The service recipient shall issue corresponding Credit Note, in duplicate, with the same particulars as in the corresponding Debit Note, to complete the record relating to the transaction and for verification.

(7) Where, for any valid reason, the value of supply or the amount of sales tax mentioned in the invoice issued has decreased, the service provider shall issue a Credit Note (in duplicate), with the same particulars as specified in sub-regulation (5). The original copy of such Credit Note shall be sent to the service recipient and the duplicate shall be retained for record. The service recipient shall issue a Debit Note with reference to the Credit Note issued by the service provider as an acknowledgment of the receipt of the same mentioning therein the same details as appear in the corresponding Credit Note.

(8) The service recipient shall not be entitled to claim input tax in respect of the service which is cancelled. In case of partial cancellation of service, the service recipient shall not be entitled to claim input tax proportionate to the value of service, so cancelled.

(9) Where the service recipient has already claimed input tax in respect of such service, he shall reduce or increase the amount of input tax by the corresponding amount as mentioned in the Debit Note or Credit Note, as the case may be, in the return for the tax period in which the respective Note was issued.

(10) Where the service provider has already accounted for the output tax in the sales tax return for the service against which the Debit Note was issued by him subsequently, he may increase the amount of output tax by the corresponding amount as mentioned in the Debit Note or reduce the amount of output tax by the corresponding amount as mentioned in the Credit Note issued by him, in the tax return for the period in which the respective Note was issued.

(11) The adjustments as hereinbefore noted which led to reduction in output tax or increase in input tax can only be made if the corresponding Debit Note or Credit Note is issued within one hundred and eighty days from the date of issuance of invoice:

Provided that the Management Committee may, at the request of the supplier, in specific cases, by giving reasons in writing, extend the period of one hundred and eighty days by a further sixty days.

## **CHAPTER – V REFUNDS**

**26. Application.**--Subject to the provisions of regulation 27, the provisions of this chapter shall apply to processing and sanction of claims for refund by a registered person in the following cases:--

- (i) the amount of sales tax is erroneously or inadvertently deposited in excess of the amount due;
- (ii) the amount deposited by or recovered from the registered person is held not payable under the Act, as result of an order of a court or an appellate forum; and
- (iii) the sales tax paid on services used in the export of services.

**27. Conditions on refund of export of services.**—For the purposes of claiming a refund on export of a service, the following conditions must be satisfied:-

- (i) such service is terminated outside Pakistan; and
- (ii) payment for such service is received by the registered person in convertible foreign exchange through declared banking channels.

**28. Refund not admissible.**--The following claims of refund of sales tax shall not be admissible if:--

- (i) the claim is filed by a person other than the registered person who paid the sales tax amount so claimed for refund;
- (ii) the claim is filed after a lapse of one year from the date of payment of sales tax, provided that where a claim is based on an order of a Court or an appellate forum, the period of one year shall be reckoned from the date of issuance of such order;
- (iii) the incidence of sales tax, claimed for refund, has been passed on to the service recipient. The burden of proof that incidence has not been so passed shall rest with the refund claimant;
- (iv) the claimant does not submit evidence of payment of the withheld amount of sales tax by the service recipient in cases where the claim relates to sales tax as was withheld, in full or in part, under the Act and withholding regulations made thereunder;
- (v) the claimant does not submit evidence of payment of the input tax, adjusted or deducted, against the sales tax on services provided or rendered in respect of which the refund is claimed; and
- (vi) the claimant does not submit the supportive documents, as required by the Act or rules and regulations made thereunder or by the officer of the Authority, within the time limit prescribed by such rules or regulations or the officer of the Authority, as the case may be.

**29. Pecuniary competence to sanction refund.**--The cases of claims for refund of sales tax shall be decided by the following officers of the Authority, as authorized by name or designation by the Management Committee, according to the pecuniary limit mentioned against each, namely:--

<b>S. No.</b>	<b>Designation</b>	<b>Limit in each claim</b>
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>
1.	Assistant Collector	Not exceeding ten thousand rupees.
2.	Deputy Collector	Not exceeding one hundred thousand rupees.
3.	Additional Collector	Unlimited.

**30. Scrutiny and processing of refund claim.**--(1) On receipt of the refund claim, the Diary and Dispatch section of the Authority shall affix a dated stamp and send it to the concerned

authorized officer having pecuniary jurisdiction in terms of regulation 29, who shall assign it a refund file number and shall enter it in Authority's Refund Register. The said officer shall scrutinize the claim and attached documents and prepare a written analysis report. Where any information or document is missing or is required, the same shall be called for from the claimant through a letter or email giving a specific date for submission thereof.

(2) Where the authorized officer is satisfied that any further inquiry or audit is needed to establish genuineness or admissibility of the claim, he may, after seeking written approval of the Collector, cause the audit or inquiry to be conducted before finalizing the disposal of the refund claim.

**31. Sanction and payment of refund claim.**--(1) After preparation of the analysis report and completion of the audit/inquiry report, where the audit/inquiry was so required, the competent officer, as specified in regulation 29, shall sanction the admissible part of the refund claim and issue a Refund Sanction-*cum*-Payment Order indicating:--

- (i) Name, KNTN and address of the claimant;
- (ii) Claimant's bank account number with name, address and code number of the bank branch, as per registration profile in the Authority;
- (iii) Amount of refund claimed;
- (iv) Amount of refund sanctioned;
- (v) Tax period(s) to which the refund relates; and
- (vi) CPR No(s)., date, bank branch name and code in respect of deposit of the amount under claim.

(2) The competent officer shall ensure that no dues/ arrears are outstanding against the claimant. In case of recoverable dues and arrears outstanding against the claimant, the sanctioned amount shall first be deposited or adjusted against such dues/arrears.

(3) After sanction of the claim, the competent officer shall ensure that the procedures prescribed in the Treasury Rules are duly complied with for issuance of crossed refund payment cheques. No cheque shall be delivered by hand and, instead, shall either be electronically transferred to the claimant's notified bank account or sent through registered post or courier service at the claimant's address as per his registration profile.

(4) A copy of the Refund Sanction-*cum*-Payment Order and intimation regarding issuance of refund cheque or electronic transfer of amount of refund, as the case may be, shall be sent to the claimant by email or courier.

**32. Responsibility of the claimant.**--The processing of refund claims shall be conducted on the basis of supportive documents provided by the claimant. The claimant shall be responsible for any mistake, mis-declaration or submission of incorrect information and shall be liable for penal action besides recovery of the amount, if erroneously refunded, along with default surcharge under the relevant provisions of the Act.

**33. Post-sanction audit of refund claims.--**(1) After disposing of the refund claim, the Assistant Collector concerned shall forward, through the Collector, the relevant file to the Post-refund Audit Section of the Authority for post-sanction scrutiny and audit.

(2) The officer in-charge of Post Refund Audit Section shall send his findings to the Collector for further necessary action, as required under the law.

**34. Action on inadmissible claims.--** Where the claim or any part thereof is found inadmissible for any reason, the competent officer shall issue a notice requiring the claimant to show cause as to why the claim or part thereof, as the case may be, should not be rejected and as to why the claimant should not be proceeded against under the relevant provisions of the Act.

## **CHAPTER - VI PROCEDURE FOR COLLECTION OF SALES TAX ON SERVICES**

### **PART – I (GENERAL)**

**35. Application.--** The provisions of this Part shall apply for collection and payment of sales tax by the persons providing or rendering services chargeable to sales tax under the Act.

**36. Registration.--** Every service provider, providing or rendering taxable services to its customers or clients or members or the recipient of the service, if not already registered, shall obtain registration in the prescribed manner, as per Chapter II of these regulations.

**37. Levy and collection of sales tax.--** A service provider, providing or rendering taxable services to customers, clients or members or the recipient of the service shall charge, collect and pay sales tax at the rate, as prescribed in Second Schedule to the Act.

**38. Filing of return and deposit of sales tax.--**(1) A service provider, providing or rendering taxable services shall file return in accordance with the procedure laid down in Chapter III of these regulations read with section 39 of the Act.

**39.** The tax due shall be deposited in the branches of all banks under the relevant head of account “B-02386 – Khyber Pakhtunkhwa Sales Tax on Services”, in the prescribed manner.

(2) In case a service is provided or rendered over a period of time and bill is to be issued on completion of service, time of supply shall be the time when service is completed or the payment, or consideration partly or fully in money, in respect thereof is received, whichever is earlier.

**40. Determination of Tax liability.--** (1) While determining his tax liability, a service provider shall be entitled to claim input tax credit for the tax paid on account of taxable purchases and

utilities like telephone, gas and electricity consumed proportionately for furtherance of taxable activity, against its output tax liability, subject to any conditions, limitations or restrictions prescribed under the Act or the rules or regulations made thereunder:

Provided that no input tax adjustment shall be allowed against the purchase invoice or utility bill, which is not in the name of the service provider and/or does not contain his registration number. However, in case the utility bill is not in the name of service provider, input tax against the same may be allowed only if the bill contains its registration number and shows the same business address as has been declared for sales tax purposes:

Provided further that the input tax credit shall be admissible ~~only~~ for the amount of tax that has been paid or payable within one hundred and eighty (180) days of the date of invoice on the purchases consumed during the tax period for which return is being submitted.

(2) A provider who is providing or rendering services chargeable to sales tax at the standard rate as well as non-taxable services, exempt services, reduced rate or specific rate can claim only such proportion of input tax as is attributable to the services chargeable to sales tax at the standard rate.

**41. Invoicing and record keeping.--** (1) A service provider, providing or rendering taxable services shall issue serially numbered sales tax invoices to its customers or clients or members, for the services provided or rendered, containing all the particulars as prescribed under section 34 of the Act including the following:--

- (i) Name, address and KNTN (Khyber Pakhtunkhwa Sales Tax Registration Number) of the service provider;
- (ii) Name, address and NTN or KNTN or CNIC number of the service recipient;
- (iii) Serial number and date of issue of the tax invoice;
- (iv) Description, tariff heading and other details of the service provided;
- (v) Value exclusive of Khyber Pakhtunkhwa sales tax;
- (vi) Rate of Khyber Pakhtunkhwa sales tax;
- (vii) Amount of Khyber Pakhtunkhwa sales tax; and
- (viii) Value inclusive of Khyber Pakhtunkhwa sales tax:

Provided that the customers or clients or members who have been extended credit facility by a service provider, may for the taxable services provided or rendered during the month, be issued serially numbered sales tax invoices at the end of each month.

(2) A service provider, providing or rendering taxable services shall maintain the records prescribed under section 35 of the Act. A service provider using computerized accounting system may issue computer generated sales tax invoice containing all the prescribed entries.

(3) A service provider, providing or rendering taxable services, shall also maintain the following records in addition to those prescribed under section 35 of the Act:--

- (i) records of the invoices issued in terms of sub-regulation (1);
- (ii) records of daily POS (Point of Sale) closing report of all the cash registers of a service provider and its branches and outlets in Khyber Pakhtunkhwa;
- (iii) records of goods and services purchased or received, showing the description, quantity and value of the goods and services, the name, address and registration number of the supplier or seller or service provider and the amount of the tax involved;
- (iv) records (GDs and import invoices) of goods imported, showing the description, quantity and value of goods and the amount of tax involved;
- (v) records of the documents (including Debit and Credit Notes), returns and statements prescribed under the Act or rules or regulations made thereunder;
- (vi) bank statements and the banking instruments in relation to payments made and payments received;
- (vii) utility bills for gas, electricity, water and telephones and other telecommunications services;
- (viii) lease deeds, lease agreements, tenancy agreements and rental agreements;
- (ix) franchise agreements including technical fee agreements or royalty agreements or distribution agreements or agency agreements;
- (x) invoice/bills issued or received in respect of franchise services and the instruments of payments made or received in relation thereto;
- (xi) contracts/agreements made about the provision or receipts of goods and services;
- (xii) details (*e.g.* name, NTN, CNIC, address, phone number, fax number, e-mail ID, *etc.*) of the service provider, approved/authorized by any person for providing or rendering whether to the said person or to any other person or service recipient) catering services, pandal & shamiana services, decoration services, illumination and lighting services, air conditioning services, fumigation services, event management services, event photography/videography services, valet services, security services, advertisement services, stevedoring services, ship management services, customs agents services, contractual services and contractor services in jurisdictional area, building, premises or precincts of such person;
- (xiii) inventory record of the input goods or input; services;
- (xiv) financial statements and annual accounts;
- (xv) records justifying apportionment of input tax made in terms of sub-regulation (3) of regulation 22;
- (xvi) documents and records showing compliance of the provisions of clause (i) of regulation 24; and
- (xvii) audit observations/audit reports received, if any, from any tax jurisdiction in Pakistan or from the Revenue Receipt Audit or Commercial Audit departments of the Auditor General of Pakistan.

(4) Audit of the records of service providers for verification of correct payment of sales tax on monthly basis shall be conducted once in year or more than once with the approval of the Collector or the Management Committee.

## **PART – II**

### **(SERVICES PROVIDED BY BANKS OR BANKING COMPANIES, INSURANCE COMPANIES, COOPERATIVES AND FOREIGN EXCHANGE COMPANIES OR DEALERS INCLUDING SIMILAR INSTITUTIONS OR ENTITIES)**

**42. Applicability.--** The provisions of this Part shall apply for collection of sales tax on services by persons providing or rendering the services specified under entry No. 26 of the Second Schedule to the Act.

**43. Registration.--** The regional or branch or sub-office of the company or institution located in the Province shall apply to the Authority for sales tax registration in the prescribed manner.

**44. Payment of tax.—**(1) Every banking company, cooperative financing society, modaraba, musharika, leasing company, foreign exchange dealer, non-banking financial institution, companies providing management services including fund and asset management services and other person dealing in any such services, hereinafter referred to in this regulation as ‘company or institution’, shall pay the sales tax leviable on all services rendered or provided to any person.

(2) The tax under these regulations shall be paid by the company or institution on the gross amount charged for service provided to the customers excluding mark-up or interest.

(3) The tax due for each month shall be paid by the central office or regional or branch or sub-office of the company or institution by the 15<sup>th</sup> day of the following month. The prescribed tax return shall also be filed within 3 days from the due date for payment of tax under the law.

(4) In case sales tax is not deposited by the company or institution by the due date, it shall, in addition to the payment of sales tax and default surcharge, be also liable to penalty under the Act.

**45. Invoicing and keeping records.—**(1) The company or institution shall not be required to issue invoices for each transaction in respect of the services provided or rendered. A reconciliation statement in the format set out in the Annex to this Part shall also be filed, online, in addition to the prescribed tax return, by company or institution registered under the Act by the 24<sup>th</sup> of the month following the end of every quarter.

(2) Each outlet of the company or institution located in the Province shall maintain records of the services provided or rendered under this Part and the collection of tax thereon in such

manner as will enable the distinct ascertainment of collection of sales tax on each of the services mentioned in the scope of these regulations.

(3) The Central office of the company or institution shall submit a copy of annual audit report to the Authority within 15 days of its publication and any short collection of tax found out as a result of such audit report shall be paid by the registered person within 15 days of the notice received for such collection.

#### ANNEX

#### **Quarterly Reconciliation of Sales Taxable Services Provided or Rendered in Khyber Pakhtunkhwa by the Banking & Non-Banking Financial Companies and Institutions**

Name of the Bank/Non-Banking Financial Company: --

Sales Tax Registration No./ KNTN: ----

Quarter ended: ---

S#	Particulars of Services	Month 1	Month 2	Month 3	Total
1	L/C commission				
2	Guarantee commission				
3	Brokerage commission				
4	Issuance of letters of credit				
5	Issuance of cheque books, pay orders, cashiers' cheques and demand drafts				
6	Bills of exchange				
7	Transfer of money, including telephonic transfer, mail transfer and electronic transfer				
8	Providing bank guarantees				
9	Bill discounting commission				
10	Safe deposit lockers' fee				
11	Safe vaults				
12	Credit and debit card issuance, processing, operation charges relating thereto				
13	Commission and brokerage on foreign exchange dealing				
14	Services provided as a banker to an issue				
15	Advance & loans				
16	Financial Leasing				
17	Commodity or equipment leasing				
18	Hire-purchase leasing				
19	Other leasing				
20	Taxable insurance services.				

21	Services in respect of exempt insurance, if any.				
22	Services in respect of Hajj & Umrah				
23	Services in respect of Musharika and Modoraba financing				
24	Services in respect of utility bills' collection				
25	Advisory Services				
26	Funds management services				
27	Asset management services				
28	Consultancy Services				
29	Transfer of information data				
30	Other services				
Total					

**PART – III**  
**(SERVICES PROVIDED BY INSURANCE OR REINSURANCE COMPANIES)**

**46. Payment of tax.**— (1) All insurance or reinsurance companies shall pay the sales tax on Service leviable on services provided or rendered by them in respect of all kinds of insurance and reinsurance, except those exempted under the Act or notification issued thereunder.

(2) The sales tax in respect of an insurance premium or the reinsurance premium, fee or charges, as the case may be, shall be accounted for in the same month when the premium, fee or charges, as the case may be, is received and shall be deposited by the insurance or reinsurance company in the prescribed manner and by the prescribed due date.

(3) In case sales tax is not paid by any insurance or reinsurance company by the due date, the insurance or reinsurance company shall, in addition to the payment of sales tax and default surcharge, be also liable to penalty under the Act or these regulations.

(4) An insurance or reinsurance company shall not be liable to pay the sales tax in respect of contract or any part thereof if cancelled.

**47. Value of services.**-- The sales tax shall be paid on the gross amount of premium charged on risk covered in the insurance or reinsurance policy, including the gross amount of reinsurance premium, fee or charges received by a reinsurance company from any person including an insurance company or from a ceding insurance company.

**48. Book keeping.**-- The insurance or reinsurance companies shall maintain such records and submit such returns as the Authority may prescribe from time to time. However, the insurance and reinsurance companies shall invariably maintain the records prescribed in section 35 of the Act and regulation 41 of these regulations.

**PART – IV**  
**(SERVICES PROVIDED BY INSURANCE AGENTS)**

**49. Applicability.--** The provisions of this Part shall apply in relation to the services provided or rendered by an "insurance agent", including an "insurance broker", as defined in the the Khyber Pakhtunkhwa Sales Tax on Services (Definitions) Rules, 2023 made under the Act.

**50. Registration.--** Every insurance agent or broker shall be registered under section 29 of the Act, read with the provisions of the regulations in Chapter-II of these regulations:

Provided that the insurance agent or broker providing or rendering the services, entirely and exclusively, as an insurance agent or broker of an insurance company incorporated in Pakistan which is also duly registered under section 29 of the Act, shall not be required to register subject to the condition that such an insurance company deducts and withholds the whole of the amount of Khyber Pakhtunkhwa sales tax payable on the services of such insurance agent or broker and deposits the said amount in the head of account "B-02386" in the prescribed manner.

**51. Value of services.--** The value of the services provided or rendered by an insurance agent or broker shall be the gross amount of consideration, including the commission or fee or remuneration or any other sum, paid or payable to such an insurance agent or broker by the insurer appointing the insurance agent or broker:

Provided that the liability to pay the tax shall be on the person carrying on the business of insurance *i.e.*, the recipient of services of the insurance agent or broker:

Provided further that in case the insurance agent or broker receives consideration, including the commission or fee or remuneration, from a person or an insurer not resident in Pakistan, such a consideration shall be treated as the tax inclusive value and the amount of tax shall be worked out on the basis of the tax fraction formula given in clause (aah) of section 2 of the Act.

*Explanation:* The terminology "insurer", as used in this Part, shall have the same meaning as given in clause (xxxix) of section 2 of the Insurance Ordinance, 2000 (Ordinance No. XXXIX of 2000) and the terminology "registered insurer", as used in this regulation, shall mean the insurer registered under section 29 of the Act read with the provisions of the regulations in Chapter-II of this regulation.

**52. Payment of tax.--** Every person or insurer, receiving or procuring the services of an insurance agent or broker, shall deposit the amount of tax, on the services of the insurance agent or broker, in the prescribed manner, by the 15<sup>th</sup> day of every month following the tax period to which it relates and shall also file the return within 3 days from the due date for payment of tax:

Provided that the insurance agent or broker receiving consideration, including commission or fee or remuneration or any other sum, from a person or an insurer not resident in Pakistan shall himself deposit the amount of tax involved on the services provided or rendered by him as an insurance agent or broker of the person or insurer not resident in Pakistan, in the prescribed manner, by the 15<sup>th</sup> day of the month following the tax period in which he receives the amount of consideration in his business bank account through banking channel and shall also file his return in the prescribed manner, within 3 days from the due date for payment of tax.

**53. Invoicing.--** The insurance agent or broker providing or rendering services to a registered insurer, duly incorporated in Pakistan, shall not be required to issue invoices as prescribed in sub-regulation (1) of regulation 40 of these regulations. However, the registered insurer, while submitting his tax return, shall indicate the amount of tax deducted or withheld by him in relation to the services provided or rendered by such insurance agents in the tax return and also under the column "ST Withheld as WH Agent" in Annex-A of that return. In such a case, the registered insurer may, in Annex-A of the return, group all such insurance agents or brokers in one line with a dummy NTN as 9999998-1.

**54. Book Keeping.--** Besides the record prescribed under section 35 of the Act, read with regulation 40 of these regulations, the registered insurer incorporated in Pakistan shall also keep the record of the CNICs and NTNs of the insurance agents or insurance brokers providing or rendering the services of insurance agents or brokers to such an insurer.

## **PART - V**

### **(PROCEDURE FOR COLLECTION OF SALES TAX FROM ADVERTISING AGENTS)**

**55. Procedure for collection of sales tax .--** (1) Every person providing or rendering the services of an advertising agent shall pay sales tax in the manner prescribed in this Part. The procedure in this Part shall also apply to the advertising agents providing or rendering the services of advertisements on buildings, walls, hoarding sites, billboards, sign boards, digital boards, poles, banners, vehicles, *etc.*

(2) Every advertising agent shall register under section 29 of the Act read with the provisions of Chapter-II of these regulations.

(3) The value for the purposes of levy of tax on the services by the advertising agents shall be:

- (a) where the services are provided or rendered on commission basis, the amount of commission charged by the advertising agent;
- (b) Where any extra commission is received by the advertising agent from the media including the print media, it shall also be included in the value of services liable to tax to be paid by the advertising agent; and
- (c) where the services are provided or rendered on any basis other than on commission basis, the gross amount of value for such services.

(4) Every such advertising agent shall issue an invoice or a bill of charges for each transaction from a duly bound book of serially-numbered invoices or bill of charges or electronically-generated invoices or bill of charges which shall contain the particulars as specified in sub-regulation (1) of regulation 40 of these regulations. A copy of such invoice or the bill shall be given to the person to whom such services are provided or rendered and one copy thereof shall be retained by the advertising agent in the bound book of invoices or bill of charges. Not more than one book of invoices or bill of charges or electronic data and evidence shall be used at one time provided that where the advertising agent has one or more branches, separate books of invoices or bill of charges may be used for each such branch also indicating the location or address of such branch.

(5) Every such advertising agent shall maintain account of all services provided or rendered by him and shall also maintain the record prescribed in section 35 of the Act and sub-regulation (2) of regulation 40 of these regulations.

(6) The tax involved on the services provided or rendered by an advertising agent during a tax period shall be deposited by such advertising agent in the manner prescribed in Chapter-III of these regulations by the 15<sup>th</sup> day of the second month following the tax period to which it relates. The advertising agent shall file his tax return in the manner prescribed in Chapter-III of these regulations within 3 days from the due date prescribed for payment of tax.

**56. Advertisements on television, radio, cable TV, CCTV, web, internet, billboard, sign board digital board, pole, banner, vehicle, etc.--** (1) In relation to advertisements, for the purposes of this regulation, the expression “taxable services” means the services in respect of advertisements:

- (a) broadcast or telecast by TV or radio stations based in Pakistan;
- (b) booked in Pakistan for broadcasting or telecasting on TV or radio stations based abroad, whether or not possessing landing rights in Pakistan;
- (c) transmitted on closed circuit TV or cable TV networks;
- (d) transmitted through web, internet, SMS, or any telecommunication or digital media other than those transmitted through or displayed at the website or web page of the newspapers and periodicals; and;
- (e) displayed on buildings, walls, cinema screens, billboards, sign boards, digital boards, poles, vehicles, banners, flyers, *etc.*; or displayed through light, paint, sound or smoke or otherwise.

(2) The value of taxable service for the purposes of levy of sales tax shall be the total consideration in money received or the gross amount, whichever is higher, including the Federal and Provincial levies but excluding the amount of Khyber Pakhtunkhwa sales tax, charged by a service provider from his clients for broadcasting or telecasting of any advertisement on radio or television or cable TV or CCTV or for transmitting or displaying the advertisement through web, internet, SMS or any telecommunication or digital media,

other than the advertisements printed in the newspapers and periodicals and also other than the advertisements transmitted through or displayed on the website or web page of newspapers and periodical.

(3) The person providing the services of advertisements on television, radio, cable TV and CCTV and through web, internet, SMS or any telecommunication or digital media, other than the advertisement on the website or web page of newspapers and periodicals shall pay the amounts of sales tax in the prescribed manner by the 15<sup>th</sup> day of the second month following the tax period to which it relates and shall also file the tax return in the prescribed manner within 3 days from the due date prescribed for payment of tax.

(4) A registered person (client) whose advertisement is released on radio or television or cable TV or CCTV and or through web, internet, SMS or any telecommunication or digital media and to whom the sales tax invoice is issued and routed through the advertising agency, can claim input tax adjustment for the amount of tax paid on account of such release of advertisement on radio or television or cable TV or CCTV subject to the observance and fulfillment of following conditions, namely:--

- (a) Payments for all such advertisements are made by such registered person through banking channels in such manner that payment against a particular invoice is easily verified; and
- (b) All invoices issued by the service provider are in accordance with the provisions of sub-regulation (1) of regulation 40 of these regulations.

## **PART – VI** **(SPONSORSHIP SERVICES)**

**57. Application.--**(1) The provisions of this Part shall apply in relation to the persons providing or rendering or receiving the sponsorship services chargeable to tax in terms Entry No. 34 of the Second Schedule to the Act.

(2) For the purposes of this regulation, the term “service provider” shall mean the person providing or rendering the sponsorship services in any manner and the term “service recipient” shall mean the person receiving the sponsorship services in lieu of any consideration in any manner or in any kind.

**58. Registration.--** In case the service provider has a place of business in Khyber Pakhtunkhwa, the service provider shall be required to register with the Authority in accordance with the provisions of section 29 of the Act, read with the provisions of Chapter-II of these regulations, and he shall also be responsible for payment of the tax in accordance with the provisions of the Act and the rules and regulations issued thereunder.

(2) In case the service provider does not have a place of business in Khyber Pakhtunkhwa or is not a person actually registered under section 29 of the Act and also in

case where the sponsorship services are received from any place or from any person outside Pakistan, the service recipient shall be responsible for payment of the tax in accordance with the provisions of the Act and these regulations.

- 59. Value of services.**—(1) The value of the taxable services of sponsorship shall be the gross amount charged or paid for the service and shall be determined in accordance with the provisions of section 6 of the Act:

Provided that in case the consideration for the service is received from services recipient outside Pakistan or from services recipient not having place of business in Khyber Pakhtunkhwa, the charges received by the service provider shall be treated as the tax-inclusive value and the tax shall be worked out and paid by the service provider on the basis of tax fraction formula:

Provided further that where the value of sponsorship is charged or paid in kind or partly in money and partly in kind, the value of the articles, supplied in kind, shall also be included in the value of the sponsorship services.

(2) The provisions of section 8 of the Act, read with sub-section (2) of section 21 thereof, shall, *inter-alia*, apply in relation to the tax payable under this regulation.

- 60. Book keeping.**-- Every such person service provider or service recipient, as the case may be shall maintain account of all services provided or rendered or received by him and shall also maintain the record prescribed in section 35 of the Act and sub-regulation (2) of regulation 40 of these regulations. In cases where the services are provided or rendered under an agreement or a contract between the service provider and the service recipient, record of copies of such agreement/contract shall also be maintained.

- 61. Payment of tax.**-- The tax involved on the sponsorship services shall be paid by the service provider or the service recipient, as the case may be, in the manner prescribed in Chapter-III of these regulations by the 15<sup>th</sup> day of the month following the tax period to which it relates and the tax return shall also be filed within 3 days of the due date prescribed for payment of tax.

## **PART – VII** **(TELECOMMUNICATION SERVICES)**

- 62. Registration.**-- Every person, firm or company, herein after referred to as the person, engaged in providing or rendering telecommunication services as mentioned in the Second Schedule to the Act, if not already registered, shall obtain Sales Tax registration from the Authority as provided under Chapter II of these regulations.

- 63. Payment of tax and filing of statement.**—(1) The person shall pay Sales Tax in the following mode and manner, namely:--

- (a) In case of postpaid telephone services, Sales Tax shall be paid by the 21<sup>st</sup> day of the following second month;
- (b) In case of prepaid telephone services, Sales Tax shall be paid by the 21<sup>st</sup> day of the following month;
- (c) In case of incoming international calls, sales tax shall be paid by the 21<sup>st</sup> day of the month following the month in which the incoming international call is terminated;
- (d) In case of internet or broadband services including DCNS, content services, value added service and value added data services,--
  - i by the 21<sup>st</sup> day of the following month in case of pre-paid services; and by the 21<sup>st</sup> day of the following second month in case of post-paid services;
  - ii In case of other telecommunication services, Sales Tax shall be paid by the 21<sup>st</sup> day of the following month.

(2) Where a registered person is providing telecom services in respect of international incoming calls and is sharing charges with persons operating in foreign jurisdictions, the charges received by the registered person shall be treated as tax-inclusive value and tax shall be worked out and paid by such registered person on the basis of tax fraction formula, that is, the amount of tax shall be calculated by multiplying the amount of charges with tax rate and then dividing the resultant figure by the tax rate plus one hundred.

(3) While determining his liability, the person shall be entitled to deduct input tax paid on procurement of any equipment or the Sales Tax paid on acquiring services in connection with the provision of telecommunication services paying the tax under the Act, subject to the admissibility of the input tax credit/adjustment, as prescribed in the Act or the rules made thereunder.

(4) The person providing or rendering telecommunication services shall, in addition to the prescribed tax return, submit online, a monthly statement in the following Form by 24<sup>th</sup> day of the month following the tax period namely:

**FORM-I**

**MONTHLY RETURN FOR POSTPAID TELEPHONE SERVICES RENDERED  
BY M/S.-----  
DURING THE BILLING MONTH OF -----**

Name and location of the Revenue Office/service outlet	Description of telecommunication service provided/ rendered	Tariff-heading as per Second Schedule to the Act	Amount billed or ought to be billed during the month
(1)	(2)	(3)	(4)

Sales Tax	Sales tax paid	Balance payable (if any)	No. and date of Treasury challan
(5)	(6)	(7)	(8)

**FORM-II**

**MONTHLY RETURNS FOR PREPAID TELEPHONE SERVICES RENDERED**

**BY M/S.----- DURING THE BILLING MONTH OF -----**

Name and location of the service outlet	Description of telecommunication service provided/ rendered	Tariff-heading/ sub-heading as per Second Schedule to the Act	No. and value of pre-paid cards sold during the month
(1)	(2)	(3)	(4)

Sales Tax	Sales Tax paid	Balance payable (if any)	No. and date of Treasury challan
(5)	(6)	(7)	(8)

**FORM-III**

**MONTHLY RETURN FOR TELECOMMUNICATION SERVICES RENDERED**

**BY M/S. -----DURING THE BILLING MONTH OF-----**

Name and location of the Revenue Office/service outlet	Description of telecommunication service provided/ rendered	Tariff-heading as per Second Schedule to the Act	Amount billed or ought to be billed during the month
(1)	(2)	(3)	(4)

Sales Tax payable	Sales Tax	Balance payable (if any)	No. and date of Treasury challan
(5)	(6)	(7)	(8)

**PART – VIII**

**(FRANCHISE SERVICES AND INTELLECTUAL PROPERTY SERVICES OR COPYRIGHTS SERVICES)**

**64. Applicability.--** This Part shall apply to the persons providing or rendering and also the persons procuring or receiving franchise services or intellectual property services (tariff heading 9823.0000) or services relating to processing of registration or protection of copyrights or other IPRs (tariff heading 9819.9500).

**65. Payment of tax.—**(1) In case where the person providing or rendering the franchise service or the intellectual property service or protection of copyrights or other IPRs is a non-resident being based in a country other than Pakistan,--

- (i) the liability to pay the tax shall be on the person receiving or procuring such franchise services or such intellectual property services or protection of copyrights or other IPRs; and
- (ii) the value of the services shall, in cases where formal agreement exists between the service provider and the service recipient, be the gross amount of consideration, known as franchise fee, royalty, technical fee, network fee, intellectual property transfer/usage/enjoyment fee or by whatever name called:

Provided that in cases where there is no formal agreement between the service provider and the service recipient or in case where the agreement between the service provider and the service recipient does not specify the amount of the considerations like franchise fee, royalty, technical fee, network fee or intellectual property transfer/usage/enjoyment fee, *etc.*, the value of the service shall be an amount equal to 10% of the turnover of the franchisee or the recipient of the intellectual property services for the tax periods for which the tax is payable.

*Explanation:--*In cases where franchise services are provided or rendered by a franchiser to franchisee and the agreement does not provide specifically for franchise and the consideration is paid as a consideration other than franchise fee, royalty, technical fee or fee for transfer/usage/enjoyment of intellectual property, the value of the services shall be an amount equal to 10% of the turnover of the franchisee or the recipient of the intellectual property services or protection of copyrights or other IPRs, as the case may be, for the tax periods for which the tax is payable.

(2) In case where the person providing or rendering and also the person receiving or procuring the franchise services or intellectual property services are, both, locally based in Pakistan, the liability to deposit the tax shall be on the person providing and rendering the said services and the value of the services shall be determined in accordance with the provision of clause (ii) of sub-regulation (1) of this regulations.

(4) In case where the franchiser is a beverage company, whether foreign or local, and the franchisee is a resident person, the value of franchise services (*i.e.*, franchise fee, royalty, technical fee, or protection of copyrights or other IPRs *etc.*) shall be the value as laid down in agreement between the service provider and the service recipient:

Provided that in cases where there is no formal agreement between the service provider and the service recipient or in case where the agreement between the service provider and the service recipient does not specify the amount of considerations like franchise fee, royalty, technical fee, or protection of copyrights or other IPRs *etc.*, the value of the service shall be an amount equal to 10 *per cent* of the value of the beverage concentrate supplied by the franchiser to the franchisee or on amount equal to 10 *per cent* of the turnover of the franchisee, whichever is higher.

(5) For the food sector, in case of proper franchise or royalty or protection of copyrights or other IPRs agreement between the franchiser and franchisee, the assessable value for levy of tax shall be the gross amount of franchise fee or royalty remitted or paid or payable to the franchiser, as laid down in the agreement. In case there is no formal agreement or where the agreement does not specify the amount of franchise fee or royalty, the assessable value shall be an amount equal to 10 *per cent* of the turnover of the franchise goods or services of the franchisee for the tax period for which the tax is payable.

(6) The rate of tax on franchise services and intellectual property services (tariff heading 9823.0000) and protection of copyrights or other IPRs (tariff heading 9819.9500) shall be 15% in terms of Entry No. 10 of the Second Schedule to the Act.

(6) The amount of tax shall be payable by the 15<sup>th</sup> day of the month following the payment month laid down in the agreement between the service provider and the service recipient:

Provided that in case where no agreement exists between the service provider and the service recipient or in case where the agreement between the service provider and the service recipient does not require payment or remittance of any such consideration, the amount of tax involved shall be paid on quarterly basis by the 15<sup>th</sup> day of the month following quarters ending in the months of September, December, March and June.

**PART – IX**  
**(CUSTOMS HOUSE AGENTS, CLEARING AGENTS AND FREIGHT FORWARDERS)**

**66. Applicability.--** This Part shall apply to the services provided or rendered by Customs Agents and Clearing Agents.

**67. Value of services and payment of tax.—** (1) In relation to Customs agents, value of taxable service for the purposes of levy of sales tax shall be the total consideration or charges received by a Customs Agent or Clearing Agents for providing and rendering the service, excluding the amount of sales tax. It shall not include considerations received on account of transportation charges, demurrage, wharfage, customs-duties, excise duty, sales tax on goods, provincial duties or taxes or cess, toll taxes, municipal charges, port charges; handling charges, packing charges, labour payment and such other reimbursable expenses which a

Customs Agent or Clearing Agents pays on behalf of his clients against a proper receipt or invoice or bill. However, if any fee or commission is realized from such service providers then the same shall be included in the base value for application of the tax rate.

(2) The sales tax registration number along with license number of the Customs Agent or Clearing Agents shall be quoted on the Goods Declaration or the drawback or refund claim, as the case may be.

**68. Freight Forwarders Agents.—** (1) The provisions of this regulation shall apply to the persons providing or rendering the services of freight forwarding agents.

(2) Every such freight forwarding agent shall be registered under section 29 of the Act, read with the provisions of Chapter-II of these regulations.

(3) The Bills of Lading and the House Bills of Lading issued by a freight forwarding agent shall be charged to tax at a specific rate of Rs. 500/- per Bill of Lading or House Bill of Lading. Other services provided or rendered by a freight forwarding agent shall be charged to tax on the value including the fee, commission, remuneration or charges for such services in terms Entry No. 5 of the Second Schedule to Act.

(4) The tax involved on the services provided or rendered by a freight forwarding agent during a tax period shall be deposited by such freight forwarding agent in the manner prescribed in Chapter-III of these regulations by the 15<sup>th</sup> day of the month following the tax period to which it relates. The freight forwarding agent shall file his tax return in the manner prescribed in Chapter-III of these regulations within 3 days from the due date prescribed for payment of tax.

## **PART – X**

### **(AIRPORT OPERATORS, AIRPORT TERMINAL OPERATORS, AIRPORT GROUND SERVICE PROVIDERS AND AIRPORT SERVICE PROVIDERS)**

**69. Services provided by Airports Operators and Airport Terminal Operators.--** (1) All charges on account of the following services provided or rendered by an airport operator and an airport terminal operator shall be leviable to sales tax:--

- (i) Landing, housing, hangarage and parking;
- (ii) Aerobridge facility;
- (iii) Aircraft power supply;
- (iv) Ground handling;
- (v) Commercial licenses in respect of various services provided or rendered at an airport;
- (vi) Royalties including those on meal uplift; and
- (vii) Cargo throughput and the cargo and baggage storage services:

Provided that the charges on account of aforesaid services shall not be subjected to sales tax in case of the services provided or rendered to the aircrafts of the armed forces using an airport belonging to or operated by the armed forces of Pakistan.

(2) The value of taxable services for the purpose of levy of sales tax shall be the gross amount charged for the services.

(3) The amount of sales tax involved shall be deposited in the prescribed manner by the 15<sup>th</sup> day of the following second month and the prescribed tax return shall be filed within three days from the due date prescribed for payment of tax.

(4) The airport operator and the airport terminal operator shall maintain such record as are prescribed under section 35 of the Act and sub-regulation (2) of regulation 40 of these regulations in such manner as will enable distinct ascertainment of payment of the tax due.

**70. Services provided by Airport Ground Service Providers and Airport Service Providers.--** (1) All charges on account of the following services provided or rendered to airlines by airport ground service providers and other airport services providers at an airport shall be leviable to sales tax:--

- (i) aircraft handling;
- (ii) passenger and baggage handling;
- (iii) cargo and mail handling;
- (iv) cabin services and maintenance;
- (v) ramp handling; and
- (vi) services like Airport Connect Open.

(2) The value of taxable services for the purpose of levy of sales tax shall be the gross amount charged for the services.

(3) The amount of sales tax involved shall be deposited in the prescribed manner by the 15<sup>th</sup> day of the following month and the prescribed tax return shall be filed within three days from the due date prescribed for payment of tax.

(4) The airport ground service providers and other airport service providers shall maintain such record as are prescribed under section 26 of the Act and sub-regulation (2) of regulation 40 of these regulations in such manner as will enable distinct ascertainment of payment of the tax due.

## **PART – XI**

**(FOREIGN EXCHANGE COMPANIES, FOREX DEALERS, MONEY CHANGERS,  
STOCKBROKERS, COMMODITY AND FUTURE BROKERS)**

**71. Registration.--** The foreign exchange company, forex dealers or money changers, hereinafter referred to as “exchange company” in this regulation providing or rendering taxable services in the Province shall apply to the Authority for sales tax registration in the prescribed manner.

**72. Value of services and payment of tax.—** (1) The value of services provided by an exchange company in respect of transaction involving exchange of currencies at the counter shall be 20 paisa for every one hundred rupees equivalent being exchanged. The actual value exceeding the aforesaid fixed value shall not constitute the taxable value in such case.

(2) Every Exchange Company shall pay the sales tax leviable on the services rendered or provided to any person in respect of currency exchange.

(3) The sales tax on services shall be payable at the rate of 15% of the value determined in the manner provided above.

#### *Illustration*

- Exchange Company buys US\$ 50 for 10,000 rupees (say, at Rs. 200 per Dollar unit) from a customer. The value of service shall be: 20 paisa x 10,000 = 2,000 paisa/100 = 20 rupees.
- The tax at the rate of 15% shall be Rs. 20 x 15% = Rs. 3/-
- Same formula is applicable for the sale foreign currency.

(4) The exchange company shall not be entitled to any input tax credit or adjustment.

(5) The exchange company shall issue tax invoice, as prescribed in regulation 40 of these regulations.

(6) The tax due for each tax period shall be paid and the return shall be filed by the central or the regional office of the registered person in the Province in the manner and at the time as prescribed. However, the exchange company shall fill in the return and only the Annex-C thereof providing total value of services, determined in the prescribed manner, for the tax period in a single entry.

(7) In case sales tax is not deposited or if the tax return is not filed in the prescribed manner (as per annexure for online submission of return) by the prescribed due date, the exchange company shall, in addition to the payment of sale tax and default surcharge, be also liable to penalty under the Act.

(8) The registered person shall maintain separate record of all transaction and the tax collected thereon in respect of each branch or sub-office in the Province and shall keep consolidated

record in such manner as will enable distinct ascertainment of collection of sales tax on each of the services mentioned in the scope of these regulations.

**73. Services provided or rendered by Stockbrokers, commodity brokers or futures brokers.**— (1) The provisions of this regulation shall apply to the persons providing or rendering the services of stockbrokers, commodity brokers or futures brokers.

(2) Every such stockbroker, commodity broker and futures broker shall be registered under section 29 of the Act, read with the provisions of Chapter-II of these regulations.

(3) The value of taxable services for the purposes of levy of sales tax shall be the gross commission, fee, remuneration and charges received by a stockbroker or a commodity broker or a futures broker from his clients, customers or service recipients in respect of:-

- (a) sale or purchase or subscription of securities in an exchange or over-the-counter market/deal;
- (b) advisory services including securities adviser services or consultancy services including securities consultancy services and securities manager services;
- (c) research services; and
- (d) other such identical or similar services.

(4) Where a stockbroker or a commodity broker or a futures broker has himself purchased stocks or contracts from his own resources with a view to selling the same to any person other than the concerned joint-stock company or joint commodity company, he shall pay the tax on the basis of the commission worked out on the open market rates at the time of sale of such stocks or commodity contracts.

(5) The tax involved on the services provided or rendered by a stockbroker or a commodity broker or a futures brokers during a tax period shall be deposited by such a stockbroker or a commodity broker or a futures brokers in the manner prescribed in Chapter-III of these regulations by the 15<sup>th</sup> day of the month following the tax period to which it relates. The stockbroker or a commodity broker or a futures brokers shall file his tax return in the manner prescribed in Chapter-III of these regulations within 3 days from the due date prescribed for payment of tax.

(6) The stockbrokers, commodity brokers and futures brokers shall maintain records as stipulated in section 35 of the Act and sub-regulation (2) of regulation 40 of these regulations in such manner as will enable distinct ascertainment of payment of tax due.

## **PART – XII**

### **(UNDERWRITERS, INDENTERRS AND COMMISION AGENTS)**

**74. Applicability.--** The provisions of this Part shall apply to the persons providing or rendering the services of underwriters or commission agents.

**75. Registration, value and payment of tax.**—(1) Every underwriter shall be registered under section 29 of the Act, read with the material provisions of Chapter-II of these regulations.

(2) The value of the taxable services in relation to the services provided or rendered by an underwriter shall be the gross amount of consideration, including the fee or the commission, charged by the underwriter.

(3) The tax involved on the services during a tax period shall be deposited, in the prescribed manner, by the 15<sup>th</sup> day of the month following the tax period to which it relates. The underwriter shall file his return, in the prescribed manner, within 3 days from the due date prescribed for payment of tax.

(4) The underwriter shall maintain the records as prescribed in section 35 of the Act and sub-regulation (2) of regulation 40 of these regulations.

**76. Services provided or rendered by indenters and commission agents.**--(1) The provisions of this regulation shall apply to the persons providing or rendering the services of indenters and of commission agents.

**77. Registration.**-- Every indenter or a commission agent shall be registered under section 29 of the Act, read with the provisions of the regulations in Chapter-II of these regulations.

**78. Value and payment of tax.**— (1) The value of the services provided or rendered by an indenter or a commission agent shall be the gross amount of consideration, including the commission or fee or remuneration or royalty on a transaction, received by an indenter or a commission agent whether from the person whom he represents or from the person to whom he provides or renders his services.

(2) Where an indenter or a commission agent receives any consideration, including commission or fee or remuneration or royalty on any transaction, from a person resident in a country other than Pakistan, such a consideration shall be treated as the tax inclusive value and the amount of tax shall be worked out by the indenter or the commission agent on the basis of tax fraction formula.

(3) Every person providing or rendering the services of an indenter or a commission agent shall deposit the amount of tax, in the prescribed manner, by the 15<sup>th</sup> day of the month following the tax period to which it relates and shall also file the return within 3 days from the due date for payment of tax:

Provided that in case of transactions covered by sub-regulation (3) of this regulation, the due date for payment of tax shall be the 15<sup>th</sup> day of the month following the month in which the consideration, including commission or fee or remuneration or royalty, is received by the indenter or the commission agent.

**79. Book keeping.--** The indenter and the commission agent shall maintain the records as prescribed in section 35 of the Act and sub-regulation (2) of regulation 40 of these regulations. The indenter and the commission agent shall also maintain record of the indents issued and also of all the agreements or contracts under which he acts as an indenter or as a commission agent.

**PART – XIII  
(AUCTIONEERS)**

**80. Applicability.--** The provisions of this Part shall apply to the persons providing or rendering the services as an auctioneer and shall, *inter alia*, apply to cases of auction, whether public auction or auction by tender of any property or goods (including the property or goods confiscated or attached), whether or not belonging to Federal Government or a Provincial Government or a Local Government or any other authority, including a firm or a company or an autonomous cooperation or a body corporate. It shall also apply to the auction of the right to collect tolls, fees and other levies, by whatever name called.

**81. Registration, booking keeping and payment of tax.—** (1) Every person providing or rendering the services as an auctioneer shall be registered under section 29 of the Act, read with the material provisions of Chapter-II of these Regulations.

(2) Every person providing or rendering the services as an auctioneer shall issue tax invoices in the manner prescribed in sub-regulation (1) of regulation 40 of these regulations and shall charge and collect tax in terms of Entry No. 36 of the Second Schedule to the Act of the consideration, including commission or fee or remuneration or royalty as are received by him and shall deposit the same in Khyber Pakhtunkhwa Government's head of account "B-02386" in the prescribed manner by the 15<sup>th</sup> day of the month following the tax period to which it relates and shall also file the return within 3 days from the due date for payment of tax:

Provided that in case of auction of property or goods by the owner of the property or the goods, the tax shall be payable by such person (owner).

(3) The person providing or rendering the services of auctioneers shall maintain the records as prescribed in section 35 of the Act and sub-regulation (3) of regulation 40 of these regulations.

**PART – XIV  
(SERVICES PROVIDED OR RENDERED BY HOTELS, MOTELS, GUEST  
HOUSES, CLUBS, RESTAURANTS, MARRIAGE HALLS AND LAWNS,  
CATERERS ETC.)**

**(A) SERVICES RELATING TO FOOD ITEMS, DRINKS AND EATABLES:**

**82. Applicability.--** The provisions of this Part shall apply for collection and payment of sales tax on services in the matter of food, drinks (water soft drinks and other) and other eatables served by hotels , motels, guest houses, Restaurants, Marriage Halls, Lawns, Clubs and Caterers, whether for consumption inside the premises of the referred establishment or for supply or delivery for outside consumption.

**83. Registration.--** Every such restaurant or caterer who are not located in the premises of a hotel, motel, guest house, marriage lawn, or club, shall, if not already registered, obtain registration in the manner as specified in chapter II of these regulations.

**84. Payment of tax and filing of return.—** (1) Every person serving/supplying food, in or from the premises of hotels, motels, guest houses, restaurants, marriage halls, lawns, clubs and caterers shall charge and pay sales tax at the rate specified in Second Schedule to the Act:

Provided that the Authority may require, in terms of sub-section (3) of section 39 of the Act, all hotels or motels or guesthouses or restaurants or clubs or marriage halls and lawns to submit a periodical statement containing such particulars of the catering activity conducted in their premises as it may prescribe.

(2) If the supplies are made free of charge or for some other consideration or a consideration which is lower than the listed prices, the tax shall be charged as if it were supplied at the price listed in the menu card.

(3) The tax involved on the services provided or rendered by hotels, motels, guest houses, restaurants and caterers during a tax period shall be paid by the service provider in the manner prescribed in Chapter-III of these regulations by the 15<sup>th</sup> day of the month following the tax period to which it relates.

(4) The person providing or rendering the services of hotels, motels, guest houses, restaurants and caterers shall file his tax return in the manner prescribed in Chapter-III of these regulations within 3 days from the due date prescribed for payment of tax.

**(B) OTHER SERVICES PROVIDED OR RENDERED BY MARRIAGE HALLS AND LAWNS:**

**85. Registration.--** Every such person providing or rendering the services of marriage halls and lawns shall register himself under section 29 of the Act, read with the provisions of Chapter-II of these regulations. However, where the marriage halls and lawns are owned or operated by a hotel, motel, guest house, restaurant, caterer or club or are located within the building, premises or precincts of such hotel, motel, guest house, restaurant, caterer or club as are already registered under this Act, separate registration shall not be required provided that the details of such marriage halls and lawns are duly entered in the tax registration profile of such hotel, motel, guesthouse, restaurant, caterer or club in terms of regulation 8 of these regulations.

**86. Value of services.--** In relation to marriage halls and lawns, the value of taxable services for the levy of tax shall be the gross amount charged for the services, including the services of catering, *pandal & shamiana*, decoration, illumination and lighting, air-conditioning, fumigation, event management, event photography/videography, valet, security, *etc.*, as are provided or rendered by such marriage halls and lawns. It shall not include consideration received on account of refundable deposits or security unless the same is deducted or adjusted in full or in part as settlement or recovery of dues for the services provided or rendered.

**87. Book keeping and payment of tax.—**(1) Every such person shall issue a serially-numbered invoice or bill of charges or an electronically generated invoice or bill of charges for each transaction. The invoice or the bill of charges shall contain the particulars as specified in sub-regulation (1) of regulation 40 of these regulations. A copy of the invoice or the bill of charges shall be given to the person to whom such services are provided or rendered and one copy shall be retained by the service provider in the bound book of invoices or bill of charges.

(2) Every such person (marriage hall and lawn) shall maintain account of all services provided or rendered by him and shall also maintain the record prescribed in section 35 of the Act and sub-regulation (3) of regulation 40 of these regulations.

(3) The tax involved on the services provided or rendered by persons engaged in the economic activity of marriage halls and lawns during a tax period shall be paid by the service provider in the manner prescribed in Chapter-III of these regulations by the 15<sup>th</sup> day of the month following the tax period to which it relates. The tax return shall be filed by the service provider in the manner prescribed in Chapter-III of these regulations within 3 days from the due date prescribed for payment of tax.

**(C) OTHER SERVICES PROVIDED OR RENDERED BY CLUBS AND HOTELS:**

**88. Value of services.--** In relation to clubs, the value of taxable services for the purpose of levy of Sales Tax shall be the gross amount charged or the consideration in money including fee relating to award of new membership, monthly membership fee and donations or contributions received from members or applicants for membership and all Federal or Provincial levies, if any, which club receives from its members or clients for providing or rendering taxable services. It shall not include consideration received on account of refundable deposit or security unless the same is deducted or adjusted in full or in part as settlement or recovery of dues for services. It shall also not include the club's voluntarily deposited receipts on account of staff welfare like Eid gifts, bonuses and gratuity to the club staff and donations received for charitable causes subject to the condition that the amounts, so received for these purposes, are used, entirely and exclusively, for the purpose for which it is received.

*Explanation:* Membership includes permanent membership where it is initially given, temporary membership, associated membership, honorary membership or membership of any affiliated club using the services of the other club;

**89. Applicability.--** In relation to hotels, the provisions of this regulation shall apply for collection and payment of Sales Tax on all the services like gym, sports, swimming, golf, events organized, exhibitions, shows, parties *etc.*, used by the clients in addition to the food, drinks and other eatables.

**90. Payment of tax.--** Every registered person shall submit the monthly tax return and make the payment of the tax due in the manner and by the due date as prescribed:

Provided that in respect of services provided or rendered by clubs, the due date for deposit of the tax due shall be the fifteenth day of the second month following the month in which services were provided or rendered by the club and the club shall also file the prescribed tax return within three days of the due date for the payment of the tax.

**91. Invoicing.—** (1) Every person, providing or rendering the services of a restaurant, may, instead of issuing invoices containing value exclusive of Khyber Pakhtunkhwa sales tax, issue invoices showing value inclusive of Khyber Pakhtunkhwa sales tax provided that he has clearly and legibly indicated, on his menu card, price list and invoice that the price of items served is inclusive of the amount of sales tax. In such cases, the amount of tax shall be calculated and deposited by the service provider under the tax fraction formula:

Provided that in case of the persons, providing or rendering the services of a restaurant, whose Restaurant Invoice Management System (RIMS) or Invoice Management and Reporting System (IMRS) for invoicing is linked or is required to be linked with the system of the Authority, the provisions of this provision shall not apply.

(2) The registered persons shall issue a serially numbered Sales Tax invoice or bill of return and deposit of tax due shall be the 15<sup>th</sup> day of the second month following the month in which supplies were made by the club.

## **PART – XV (PROPERTY DEVELOPERS AND PROMOTERS)**

**92. Payment of tax.—** (1) Services provided or rendered by such property developers and promoters as are levied to tax at a specific rate not based on value, as mentioned in Entry No. 14 of the Second Schedule to the Act or notification issued under the Act, shall be collected and paid by the service provider in accordance with this part at the time and in the manner prescribed by the Act or the rules issued thereunder.

(2) No input tax credit or adjustment or deduction shall be allowed to the service providers governed by this Part.

(3) The fixed rate of tax, as notified, shall be paid by the service provider at the time he receives payment of the value for such services preceding the event of lease or conveyance deed:

Provided that where the property is sold on installment basis, the tax shall be paid by the service provider at the time he receives the respective installments. In such cases, the total amount of tax due on a property, so sold on installment-payment basis, shall be divided proportionately on the basis of the installments as may be agreed between the service-provider and the buyer/service recipient

Provided further that where an installment is not paid by the buyer/service recipient on the due date, the service provider may defer the payment of tax due accordingly to a date when he actually receives the payment of the installment from the buyer:

Provided further that where the service provider refunds the amount of value or installments thereof to the buyer for any reason, like cancellation, *etc.*, the service provider shall be entitled to claim refund of the tax paid subject to the provisions of section 16 of the Act.

## **PART – XVI** **(CONSTRUCTION SERVICES)**

**93. Applicability.--** This Part shall apply to the persons providing or rendering construction services chargeable to Sales Tax in terms of Entry No. 14 of the Second Schedule to Act.

**94. Value, book keeping and payment of tax.—** (1) The value of taxable services for the purposes of levy of tax shall be the gross amount charged for the services provided or rendered.

(2) The provisions of section 8 of the Act, read with sub-section (2) of section 21 thereof, shall apply in relation to the tax payable by the person providing or rendering construction services.

(3) Every such person shall issue a serially-numbered invoice or bill of charges or an electronically generated invoice or bill of charges for each transaction in terms of sub-regulation (3) of this regulation. The invoice or bill of charges shall contain the particulars as specified in sub-regulation (1) of regulation 40 of these regulations. A copy of the invoice or bill of charges shall be given to the person to whom the services are provided or rendered and one copy shall be retained by the service provider in the bound book of invoices or bill of charges or in the electronic data relating to such invoices or bill of charges.

(4) Every such person shall maintain account of all services provided or rendered by him and shall all maintain the record prescribed in section 35 of the Act and sub-regulation (3) of regulation 40 of these regulations. He shall also maintain record of the approved building plan, drawing (electrical and structural drawings), completion certificate and the contract or agreement between the service provider and service recipient.

(5) The tax involved on the services provided or rendered by persons engaged in the economic activity of construction services during a tax period shall be paid by the service provider, in the manner prescribed in Chapter-III of these regulations, by the 15<sup>th</sup> day of the month following the tax period to which it relates. The tax return shall be filed by the service provider, in the manner prescribed in Chapter-III of these regulations, within 3 days from the due date prescribed for payment of the tax.

## **PART – XVII**

### **(RENTING SERVICES IN RESPECT OF PLANT, MACHINERY INCLUDING CONSTRUCTION MACHINERY AND OTHER EQUIPMENTS ETC.)**

**95. Applicability.--** This Part shall apply to the persons providing or rendering and also to the persons procuring or receiving the services of renting of machinery, equipment, appliances and other tangible goods as described in Entry No. 8 of the Second Schedule to the Act:

Provided that this regulation shall not apply in the cases of the services of commodity or equipment leasing, hire purchase leasing and rent-a-car and automobile rental service respectively as mentioned in Entry No. 40 of the Second Schedule to the Act.

**96. Payment of tax.—**(1) The liability to deposit the sales tax shall be:

- (i) on the person providing or rendering the services in the case the services are provided or rendered by a person in Khyber Pakhtunkhwa or from the place of business in Khyber Pakhtunkhwa; and
- (ii) on the person procuring or receiving the service in the case the where the services is procured or received from a person not resident in Pakistan.

(2) The amount of the sales tax involved shall be deposited in the head of account "B-02386" by the 15<sup>th</sup> day of a month following the tax period to which it relates. The tax return, in the prescribed form, shall be e-filed within 3 days from the due date of payment.

**97. Book keeping.—**(1) The service providers shall maintain the records as are prescribed under the Act and the sub-regulation (3) of regulation 40 of these regulations. In addition, the service provider shall also maintain an account of the stock of machinery, equipment, appliances and other tangible goods possessed by him for provision of the service. In addition, the service recipients procuring or receiving the services from the service providers not resident in Pakistan shall also maintain the record prescribed under the Act regulation 39 of these regulations.

(2) The services providers shall issue tax invoices in accordance with the provisions of regulation 40 of these regulations

## **PART – XVIII**

**(SERVICES PROVIDED OR RENDERED BY BEAUTY PARLOURS, PERSONAL CARE, PERSONAL BEAUTIFICATION AND COSMETIC UPLIFT BY BEAUTY PARLORS, BEAUTY CLINICS, SLIMMING CLINICS AND SIMILAR OTHER BUSINESSES OPERATING SEPARATELY OR OTHERWISE)**

- 98. Applicability.**— This Part shall apply to the persons providing or rendering services of Beauty Parlours, Beauty Clinics, Slimming Clinics, Body Massage Centers, Pedicure Centers, *etc.*
- 99. Registration.**-- Every such Beauty Parlour, Beauty Clinic, Slimming Clinic, Body Massage Center, Pedicure Center, *etc.*, shall register itself under section 29 of the Act read with the provisions of Chapter-II of these regulations.
- 100. Value of services.**-- The value of taxable services for the purpose of levy of sales tax shall be the gross amount charged for the services provided or rendered.
- 101. Book keeping.**—(1) Every such Beauty Parlour, Beauty Clinic, Slimming Clinic, Body Massage Center, Pedicure Center, *etc.*, shall issue an invoice or a bill of charges for each transaction from a duly bound book of serially-numbered invoices or bill of charges or electronically-generated invoices or bill of charges which shall contain the particulars as specified in sub-regulation (1) of regulation 40 of these regulations. A copy of such invoice or the bill shall be given to the person to whom such services are provided or rendered and one copy thereof shall be retained by the Beauty Parlour, Beauty Clinic, Slimming Clinic, Body Massage Center, Pedicure Center, *etc.*, in the bound book of invoices or bill of charges. Not more than one book of invoices or bill of charges or electronic data and evidence shall be used at one time provided that where the Beauty Parlour, Beauty Clinic, Slimming Clinic, Body Massage Center, Pedicure Center, *etc.*, has one or more branches, separate books of invoices or bill of charges may be used for each such branch also indicating the location or address of such branch.
- (2) Every such Beauty Parlour, Beauty Clinic, Slimming Clinic, Body Massage Center, Pedicure Center, *etc.*, shall maintain account of all services provided or rendered by him and shall also maintain the record prescribed in section 29 of the Act and sub-regulation (3) of regulation 40 of these regulations.
- 102. Payment of tax.**-- The tax involved on the services provided or rendered by a Beauty Parlour, Beauty Clinic, Slimming Clinic, Body Massage Center, Pedicure Center, *etc.*, during a tax period shall be deposited by such a Beauty Parlour, Beauty Clinic, Slimming Clinic, Body Massage Center, Pedicure Center, *etc.*, in the manner prescribed in Chapter-III of these regulations by the 15<sup>th</sup> day of the month following the tax period to which it relates. The Beauty Parlour, Beauty Clinic, Slimming Clinic, Body Massage Center, Pedicure Center, *etc.*, shall file his tax return in the manner prescribed in Chapter-III of these regulations within 3 days from the due date prescribed for payment of tax.

**PART – XIX**

## (SECURITY AGENCY)

- 103. Applicability.--** The sales tax on the services provided or rendered by a Security Agency shall be collected and paid by the service provider in accordance with this Part.
- 104. Registration.--** Every Security Agency shall register itself under section 29 of the Act read with the provisions of Chapter-II of these regulations.
- 105. Value of services.--** The value of taxable services for the purpose of levy of sales tax shall be the gross amount charged for the services provided or rendered.
- 106. Book keeping.—**(1) Every Security Agency shall issue an invoice or a bill of charges for each transaction from a duly bound book of serially-numbered invoices or bill of charges or electronically generated invoices or bill of charges which shall contain the particulars as specified in sub-regulation (1) of regulation 40 of these regulations. A copy of such invoice or the bill shall be given to the person to whom such services are provided or rendered and one copy thereof shall be retained by the Security Agency in the bound book of invoices or bill of charges. Not more than one book of invoices or bill of charges or electronic data and evidence shall be used at one time provided that where the Security Agency has one or more branches, separate books of invoices or bill of charges may be used for each such branch also indicating the location or address of such branch.
- (2) Every Security Agency shall maintain account of all services provided or rendered by it and shall also maintain the record prescribed in section 29 of the Act and sub-regulation (3) of regulation 40 of these regulations.
- 107. Payment of tax.--** The tax involved on the services provided or rendered by a Security Agency during a tax period shall be deposited by such a Security Agency in the manner prescribed in Chapter-III of these regulations by the 15<sup>th</sup> day of the following the tax period to which it relates. The Security Agency shall file his tax return in the manner prescribed in Chapter-III of these regulations within 3 days from the due date prescribed for payment of tax.

## PART – XX (LABOUR AND MANPOWER SUPPLY SERVICES)

- 108. Applicability.--** The provisions of this Part shall apply to the persons providing or rendering labour and manpower supply services.
- 109. Registration.--** Every person providing or rendering labour and manpower supply service shall register himself under section 29 of the Act read with the material provisions of Chapter-II of these regulations.
- 110. Value of services.--** The value of taxable services for the purposes of levy of sales tax shall be the gross amount charged for the services provided or rendered.

**111. Book keeping.**—(1) Every such person shall issue a serially-numbered invoice or bill of charges or an electronically generated invoice or bill of charges for each transaction. The invoice or the bill of charges shall contain the particulars as specified in sub-regulation (1) of regulation 40 of these regulations. A copy of the invoice or the bill of charges shall be given to the person to whom such services are provided or rendered and one copy shall be retained by the service provider in the bound book of invoices or bill of charges.

(2) Every such person (service provider) shall maintain account of all services provided or rendered by him and shall also maintain the record prescribed in section 35 of the Act and sub-regulation (3) of regulation 40 of these regulations. He shall also maintain record of the contract or the agreement made between the service provider and the service recipient.

**112. Payment of tax.**—(1) The tax involved on the services provided or rendered by persons engaged in the economic activity of labour and manpower supply service during a tax period shall be paid by the service provider in the manner prescribed in Chapter-III of these regulations by the 15<sup>th</sup> day of the month following the tax period to which it relates. The tax return shall be filed by the service provider in the manner prescribed in Chapter-III of these regulations within 3 days from the due date prescribed for payment of tax.

(2) The provisions of section 8 of the Act, read with sub section (2) of section 21 thereof shall apply in relation to the tax payable by person.

**PART – XXI**  
**(LEGAL PRACTITIONERS & CONSULTANTS, ACCOUNTANTS & AUDITORS**  
**AND TAX CONSULTANTS)**

**113. Applicability.**-- The provisions of this Part shall apply to the persons providing or rendering the services of legal practitioners and consultants, accountants & auditors and tax consultants.

**114. Registration.**-- Every person providing or rendering legal practitioners and consultants, accountants & auditors and tax consultants services shall register himself under section 29 of the Act read with the provisions of Chapter-II of these regulations.

**115. Value of services.**-- The value of taxable services for the purpose of levy of sales tax shall be the gross amount charged for the services provided or rendered.

**116. Provision of service over a period of time.**-- The provisions of section 8 of the Act, read with sub-section (2) of section 21 thereof shall, *inter-alia*, apply in relation to the tax payable by person.

**117. Book keeping.**— (1) Every such person shall issue a serially-numbered invoice or bill of charges or an electronically generated invoice or bill of charges for each transaction in terms of this regulation. The invoice or the bill of charges shall contain the particulars as specified

in sub-regulation (1) of regulation 40 of these regulations. A copy of the invoice or the bill of charges shall be given to the person to whom such services are provided or rendered and one copy shall be retained by the service provider in the bound book of invoices or bill of charges.

(2) Every such person (service provider) shall maintain account of all services provided or rendered by him and shall also maintain the record prescribed in section 35 of the Act and sub-regulation (3) of regulation 40 of these regulations. In cases where the services are provided or rendered under an agreement or contract between the service provider and the service recipient (client) record of copies of such agreement/contract shall also be maintained by the service provider.

**118. Payment of tax.**—(1) The tax involved on the services provided or rendered by persons engaged in the economic activity of legal practitioners & consultants, accountants & auditors and tax consultants during a tax period shall be paid by the service provider in the manner prescribed in Chapter-III of these regulations by the 15<sup>th</sup> day of the following the tax period to which it relates. The tax return shall be filed by the service provider in the manner prescribed in Chapter-III of these regulations within 3 days from the due date prescribed for payment of tax.

(2) The provisions of section 8 of the Act, read with sub-section (2) of section 21 thereof shall, *inter-alia*, apply in relation to the tax payable by person.

## **PART – XXII**

### **(TRANSPORTATION OR CARRIAGE OF GOODS (OTHER THAN PETROLEUM PRODUCTS) BY ROAD OR THROUGH PIPELINE OR CONDUIT)**

**119. Applicability.**-- The provisions of this Part shall apply to the persons, including the goods transport agency, providing or rendering the services in relation to inter-city transportation or carriage of goods (other than petroleum products) by road or through pipeline or conduit.

**120. Registration.**-- Every such person or goods transport agency who provides or renders the services of or in relation to inter-city transportation or carriage of goods by road or through pipeline or conduit, whether in Khyber Pakhtunkhwa or from Khyber Pakhtunkhwa or to Khyber Pakhtunkhwa, shall be liable to registration under section 29 of the Act, read with the provisions of Chapter-II of these regulations.

**121. Value of services.**-- The value of the taxable services for the levy of sales tax shall be the gross amount charged for the services provided or rendered, including the charges for services of cargo handling like loading, un-loading, packing, un-packing, stacking and storage of the goods or the cargo.

**122. Book keeping and invoicing.**— (1) Every such person shall issue a tax invoice as prescribed in sub-regulation (1) of regulation 40 of these regulations. However, the serially numbered

transport bilty or consignment note issued by such persons shall aslo be treated as a tax invoice provided that it contains at least the following particulars:

- (i) Name, address and Khyber Pakhtunkhwa sales tax registration number (KNTN) of the service provider;
- (ii) Name and NTN/CNIC of the consignor;
- (iii) Name and NTN/CNIC/telephone number of the consignee;
- (iv) Place of transportation/carriage:
  - (a) From; and
  - (b) to;
- (v) Description of the material or the goods and its quantity;
- (vi) Transportation charges including handling charges, *etc.*:
  - (a) Amount;
  - (b) Whether “pre-paid” or “to pay at destination”; and
- (vii) Amount of Khyber Pakhtunkhwa sales tax:

Provided that the service provider, if he so desires, may issue the tax invoice (transport bilty or consignment) showing the gross amount of charges, inclusive of the amount of tax calculated under the tax fraction formula.

(2) Every such person or goods transport agency shall maintain the record, as prescribed in section 35 of the Act, read with sub-regulation (3) of regulation 40 of these regulations. The transport bilty or consignment note issued by such person shall also be treated a prescribed record.

**123. Payment of tax.--** The amount of sales tax involved shall be deposited in the head of account “B-02386” in the prescribed manner:--

- (i) in case of the pre-paid transportation or carriage services, by the 15<sup>th</sup> day of the month following the tax period in which the services were provided; and
- (ii) in the case of post-paid or “to pay at destination” transportation or carriage of goods, by the 15<sup>th</sup> day of the second month following the tax period in which the services were provided.

(3) The tax return in the prescribed form shall be filed by such person within 3 days from the due date for payment of tax.

**PART – XXIII**  
**(TRANSPORTATION OR CARRIAGE OF PETROLEUM OILS THROUGH OIL TANKERS)**

**124. Applicability.—** (1) Provisions of this Part shall apply to such of the service or services of inter-city transportation or carriage of petroleum products by road which are provided or rendered through oil tankers and are classified under tariff heading 9805.4000 of the First

Schedule and chargeable to sales tax under Entry No. 29 of the Second Schedule to the Act; and

(2) This Part shall be applicable in relation to such of the service or services as are provided or rendered on or after the first day of January, 2018.

**125. Rate of tax.--** The rate of tax on Inter-Province and Intra- Province service or services shall be the rate as applicable vide Entry No. 29 of the Second Schedule to the Act.

**126. Tax invoices.--** The service provider shall issue an invoice in relation to the service or the services provided or rendered by him in terms of section 34 of the Act read with sub-para (1) of regulation 40 of this Regulation.

**127. Withholding of tax and allied matters.--**(1) Where the services of transportation or carriage of petroleum products originate and terminate in the Province, the service recipient shall withhold fifty percent (50%) of tax and deposit the withheld amount of tax in the Khyber Pakhtunkhwa Consolidated Fund under the head of account "B-02386" and release the balance fifty percent (50%) of the tax to the service provider enabling him to avail admissible input tax adjustment and deposit the balance, if any, in the said head of account.

(2) Where the transportation or carriage of petroleum products has originated from the tax jurisdiction other than the jurisdiction of delivery or receipt, the fifty percent (50%) of the amount of tax shall be withheld by the recipient of the service and deposited on half and half basis to both of the tax jurisdictions of origination and termination. The service provider (oil tanker contractor) to whom the fifty percent of the amount of tax has been paid by the service recipient (withholding agent) shall take admissible proportionate input tax adjustment and deposit the balance, if any, on half and half basis to the tax jurisdictions of origination and destination:

Provided that the fifty percent (50%) amount of the invoices of any tax period shall not be paid by the withholding agent (service recipient) to the oil tanker contractor (service provider) unless the service provider has produced a copy of a sales tax return filed by him as required under this regulation showing that all tax invoices relating to the previous tax period have been properly accounted for in that return and tax due, if any, after taking admissible proportionate input tax adjustment, has been paid on half and half basis to the respective tax jurisdictions of origination and destination.

(3) Where the recipient of services is a registered taxpayer of both or any of the jurisdictions of the origination and destination, shall not file any separate withholding statement and shall instead show the withheld amounts in his monthly return as per above distribution formula, otherwise he shall take registration or as the case may be, registrations as withholding agent for relevant jurisdiction and shall file the prescribed monthly withholding statement or statements to the respective.

(4) In case the due amount of tax has not been withheld or not paid as aforesaid, the outstanding tax shall be recovered on fifty-fifty percent basis by the respective tax jurisdictions of origination and destination from the recipient of the service, or as the case may be, oil tanker contractor besides default surcharge and penalties as per applicable law.

**128. Returns and statements.--** All returns or as the case may be, the statements required to be filed under this Part shall be e-filed as required under the Act and regulations issued thereunder.

**129. Application of other provisions.--** All the provisions of the regulation and notifications made or issued under the Act shall maintain *mutatis mutandis* apply in relation to the service or services, the service providers, service recipients or withholding agent covered by this regulation, to the extent that this Part is not inconsistent with the provisions of the Act.

## **PART – XXIV (SOFTWARE OR IT BASED SYSTEM DEVELOPMENT CONSULTANTS)**

**130. Applicability.--** The provisions of this chapter shall apply to the persons providing or rendering the services of software or IT based system development consultants or engineers (Heading 9826.6000) as are levied to tax in terms of Entry No. 19 of the Second Schedule to the Act.

**131. Registration.--** Every such software or IT based system development consultant or engineers, shall register itself under section 29 of the Act, read with the provisions of Chapter-II of these regulations.

**132. Value of services.--** The value of taxable services for the purpose of levy of sales tax shall be the gross amount charged for the services provided or rendered.

**133. Payment of tax and filing of return.--** Every such person shall e-file his tax return in the prescribed manner and shall also e-deposit the tax by the prescribed due dates in the manner prescribed in the Act and the regulations.

**134. Book keeping.--** Every such person shall maintain the records as prescribed in section 35 of the Act and sub-regulation (3) of regulation 40 of these regulations.

## **CHAPTER – VII AUDIT AND SPECIAL AUDIT**

### **Part – I Audit**

**135. Variety of sales tax audit.--** Audit of a registered person may be undertaken under these regulations in different forms and modes including desk audit, surprise audit, partial audit,

advisory audit, scheduled audit, unscheduled audit, issue-oriented or issue-specific audit, refund audit, detailed or full audit, special audit, investigative audit including tax fraud audit, forensic audit, combined or joint audit in collaboration with other tax authorities *etc.* and nothing shall restrict the Authority or its officers from switching over from one form of audit to another form during the course of audit proceedings.

**136. Purposes of audit in general.**--The main purpose of audit under these regulations may at least include either one or more or all of the following:

- (a) the purchases and sales are correctly recorded and declared;
- (b) the assessments of tax made and declared are correctly based on the recorded purchases and sales;
- (c) all purchase and sale invoices, including goods' declarations where imported tangible inputs are involved and debit or credit notes, if any, are securely available with the registered person;
- (d) internal accounting system and financial controls of the business are safe against any probable financial or tax maneuvering or mischief; the records including books of account, ledgers, registers and other documentation prescribed under the applicable tax laws are correctly maintained;
- (e) tax declarations along with prescribed statements are correctly prepared and filed;
- (f) all payable tax amounts have been worked out correctly and deposited properly;
- (g) input tax adjustments or credits have been taken correctly and only to the admissible extent, application of input adjustment restrictions, if any, shall be properly checked;
- (h) all relevant bank statements are available on record;
- (i) banking coverage to transactional payments is being correctly observed as prescribed under the Act;
- (j) there is no under-reporting of taxable activities or suppression of purchases and sales or under- assessment and non or under-tax payment; and
- (k) the claims of the registered person whether about tax credits or adjustments, carry forwards or about refunds are correct from all angles and dimensions.

**137. Selection for audit and allied issues.**-- (1) The Management Committee or Collector may select any registered person or class of registered persons for the purpose of audit and may cause such person or persons audited by an officer or officers of the Authority authorized in this behalf.

*Explanation.*--In these regulations, wherever the expression "authorized officer" has been used, it shall mean the officer authorized to conduct audit and where more than one officers have been so authorized as an audit team, unless otherwise ordered by the Management Committee or Collector, the senior most officer in the team.

(2) Nothing in these Rules shall restrict the Management Committee or the Collector from

transferring any audit case or cases from one authorized officer or audit team to another or changing the size or composition of the audit team.

**138. Main basis for audit selection.--** While making selection for audit, reliance may be made on one or more of the following grounds or factors:

- (i) returns and related statements are either not filed, filed not on time or are filed with errors, mistakes, discrepancies, misinformation, anomalies, misreporting or inaccuracies *etc.*;
- (ii) tax payments are generally or habitually not made on time or are made irregularly like piece meal deposits;
- (iii) payments are usually made short of declared tax assessment;
- (iv) irregular or abnormal fluctuations exist in input tax adjustments or carry forwards;
- (v) unusual variations in stocks and inventories are noticed either in or through returns, including statements or otherwise;
- (vi) habitual tendency of filing incomplete particulars, data or information in the declarations or statements;
- (vii) sudden or unexpected decline in turnover reducing tax assessments and tax payments;
- (viii) overall tax behavior or tax conduct is such that immediate scrutiny or verifications of the taxable business affairs are warranted to ensure accuracy of tax compliance;
- (ix) sufficient grounds exist creating doubts about any tax-related mischief, offence or fraud;
- (x) sufficient information is available or received about the tax-specific offensive or fraudulent moves or acts;
- (xi) the previous audits have discovered irregularities or violations susceptible to repetitions;
- (xii) audit is necessitated by intelligence including insiders' disclosures or whistle-blowing factors;
- (xiii) tax authorities need to understand the internal dynamics or complexities including use of IT or digital technologies or intricate management or operation techniques of the taxable business;
- (xiv) direction of Government or request from any other tax or non-tax authority;
- (xv) audit request of the registered person to meet his any genuine lawful requirement; and
- (xvi) any other ground or factor not covered above.

**139. Scope of audit.—** (1) The Collector and the officer or officers of the Authority conducting audit of a registered person shall ensure that audit is conducted in a systematic and comprehensive manner is generally confined to the business records of the registered person; is performed following sound auditing principles and findings are recorded unambiguously and fairly.

(2) Before commencing any audit proceedings, the authorized officer shall make all-out effort to clearly decide about the scope of audit taking into account the type and purpose of audit being

initiated, character and dynamics of the registered person's business, the information and data already available or which can be made available with or can be collected by the authorized officer from the Authority or other Government sources during the course of audit.

*Explanation:* For the purpose of this regulation, defining scope, besides determining the time period for which audit is required to be conducted, means advance identification of the fields, areas, transactions or affairs of registered person's business activities and commercial operations together with the type and range of records, documents and information required to be examined and scrutinized during the audit.

**140. Conduct of audit.**--(1) While conducting audit, the authorized officer shall, before embarking upon the audit, with due secrecy, make a step-wise outline for the audit with a comprehensive check-list for each step and for this purpose he must consult sector notes, Authority's audit guidelines including previous audit reports and their outcome, available academic literature through internet research or otherwise and acquire full understanding about the market dynamics of the relevant business. He must also thoroughly go through and understand the tax compliance history of the registered person from the system-based computerized data retrievable under the Authority information management and data analytics system.

(2) In order to structure and organize audit preparation on more relevant lines, the authorized officer may at least cover the following areas:

- (a) trends of input-output ratios and their matching with the known sector standards;
- (b) exemptions availed in case of both inputs and outputs;
- (c) particulars and tax behavior of the major input suppliers and output buyers, other than consumers from the general public;
- (d) information about imports and exports by the registered person;
- (e) history of previous audits and their results;
- (f) details of previous adjudications and litigations of the registered person;
- (g) non-tax laws-related statutory audit reports of the business including balance sheet and profit and loss accounts;
- (h) overall tax performance in comparison to other similar registered businesses;
- (i) identification of sensitive areas of the business vulnerable to intentional tax-related violations; and
- (j) any other important aspect, record or information considered relevant to the intended audit.

(3) Before starting the audit process, the authorized officer may, if need be, thoroughly interview the registered person or his authorized representative or both to fully understand the exact nature, dynamics and other relevant features of the business or economic activity of the registered person.

(4) The audit shall be conducted in such a methodical, systematic and comprehensive manner that scrutiny or examination shall be started from simple and small transactions and records to major and complex transactions and records.

(5) The observations or objections, developed during the audit, shall be recorded instantly and may be discussed with the registered person or his authorized representative and his views, if any, shall be footnoted under each observation or objection. The registered person may furnish his views in writing, in which case gist of the views shall be footnoted as aforesaid. Likewise, the relevant documentary incriminating evidence in support of the audit observation or objection too shall be collected and taken into custody immediately.

(6) No such document, information or data shall be demanded from the registered person as is already available with the Authority either in its computerized system or otherwise and can be retrieved from its own sources.

(7) Sanctity and privacy of the records of the registered person shall be given due regard and if the authorized officer or any member of the audit team needs to take photocopies of any record or document, each such photocopy shall be got signed from the registered person or his authorized representative. Similarly, commercial confidentialities of the registered person shall be duly honored. In case of any hardship, the authorized officer or any member of the audit team shall be proceeded under the relevant efficiency and disciplinary rules or regulations for the time being in force.

(8) Where the size of the business activities of the registered person is too large to cover their whole range, the authorized officer may restrict the audit coverage to rationally selected portions of the records and documents provided that in case any serious violation is discovered from the scrutiny of such selected records or documents, the authorized officer, may, with the approval of Management Committee or Collector, extend the audit coverage to the larger size or whole of the records and documents.

**141. Mutual convenience-based audit mode.--** (1) Advance intimation shall be given to the registered person enabling him to keep his records, documents and information ready for audit purposes as specified by the authorized officer in the audit intimation letter.

(2) Particulars of the authorized officer or, as the case may be, of the audit team, specifying the head of the team shall be conveyed to the registered person and dates, with tentative time span and venue of the audit, shall be decided in consultation with him; provided that where the authorized officer understands that the audit is being avoided, he may proceed according to his own audit plan and time schedule and nothing shall restrict him to take legal action against the registered person in case of non-cooperation for or avoidance of audit continues.

(3) Every audit observation or objection shall be discussed with the registered person or his authorized representative and his viewpoint shall be duly considered before finalizing the observation or objection; provided that the authorized officer may drop the observation or

objection if he is satisfied that no irregularity, violation or tax evasion has been committed by the registered person or no revenue loss has taken place. Written copies of the audit observations or objections may be given to the registered person if so, requested by him.

(4) The authorized officer shall try his best to avoid such situations to emerge as are likely to increase the cost of conducting audit either for the registered person or for the Authority and where it is unavoidable to use any tangible resource of the registered person like office furniture, office equipment such as computer, printer and photocopier *etc.*, stationery and logistics *etc.*, the use shall be kept at bare minimum level.

(4) Where it has been decided to conduct audit at the business or office premises of the registered person, the authorized officer shall try to do audit work during the usual working hours of the registered person provided that limitation of timings shall not be applicable if audit is converted to investigative audit or investigation.

(6) Stock-taking of the inventory of inputs, outputs or stocks-in-trade shall be taken in the presence of the registered person or his authorized representative and results of such stock-taking shall be reduced in writing and got signed from the registered person or his authorized representative.

**142. Conversion of ongoing audit into investigation.--**(1) Where during the course of audit, the authorized officer discovers any criminal tax violation or tax fraud, he may, with the approval of Management Committee or Collector, convert his audit into an investigative audit or investigation and inform the registered person accordingly disclosing the reasons of such conversion if so requested by the registered person.

(2) In case the authorized officer, is of the view that further investigation should be carried out by the enforcement staff, he shall inform the Management Committee or Collector, as the case may be, who shall allow handing over of the remainder proceedings of the audit activity to the enforcement staff specifically nominated for the purpose. The enforcement staff shall, on the conclusion of their work, prepare contravention report for adjudication purposes and if need be, for taking up for prosecution as provided under the Act, rules and regulations.

**143. Tax assessments during audit.--**(1) As the principal purpose of audit is identification of compliance deficiencies and tax payment gaps and to make good the tax losses, it shall be the primary responsibility of the authorized officer or the audit team to immediately inform the registered person about the discovered non or short tax payment and persuade him to pay the same along with default surcharge and penalty as per the Act thereby enhancing the tax productivity of the audit.

(2) Where so desired by the registered person, the authorized officer or audit team may either assist him or make for him a tax assessment which may be treated as provisional if the registered person despite having made payment of the assessed liability wants to contest the assessment through formal adjudication and appellate process.

(3) Every provisional tax assessment shall be passed through the prescribed adjudication process at the hands of the competent adjudicatory authority starting from issuance of show cause notice through hearing to formal appealable original adjudication order.

**144. Voluntary tax payments during audit.**--(1)Notwithstanding the difference of opinion, if any, about the size, quantum or vires of the tax liability discovered and worked out during the course of audit, all voluntary tax payments, during or after audit, shall be welcomed, encouraged and facilitated with special attention.

(2) All statutory discounts and concessions, in default surcharge and penalty, shall be admissible in respect of voluntary tax payments made under sub-rule (1).

**145. Treatment of excess tax payments.**--Where a registered person has made any tax payment either voluntarily or otherwise and it is subsequently determined through adjudication including appeals that excess payment has been made, the registered person shall be allowed to take tax credit of such excess paid amount in his subsequent or future monthly returns and the authorized officer or audit team which had conducted the relevant audit shall keep watch through the computerized system of the Authority so as to ensure that tax credit is not availed over and above the actual excess payment.

**146. Conclusion of audit.**-- (1) Once the authorized officer has completed the audit, he shall formally through a letter inform the registered person about the factum; provided that before issuing any such letter, the authorized officer shall satisfy himself that no further document, statement, information or data is required to be taken from such person and a copy of every such letter shall invariably be endorsed to the Management Committee or Collector, as the case may be.

(2) Where a registered person has so requested in writing, the authorized officer may record an audit-certification at appropriate place on the registered person's records, giving a precise description of the observations or objections made, undischarged tax liabilities discovered and the amounts of tax paid either voluntarily or otherwise during the audit; provided that a caveat shall be suffixed to every such certification to the effect that the certification does not grant any immunity to the registered person from any future audit and investigation for the same period or periods covered in the audit.

**147. Preparation of audit report.**-- (1) The authorized officer or audit team shall conclusively firm up his or its views and findings drawn from the audit conducted by him or it before writing the audit report.

(2) Each audit report shall consist of at least six parts as follows:

- (i) the first part shall be called "**preamble**" and shall contain full information covering the name of the authorized officer (of all officers including head in case of audit team), date(s) of audit, date(s) of last audit, name and address of the

registered person, status of the registered person, registration number, date of registration, audit period and list of the sources of literature, reports including audit reports, record including adjudication and litigation files, documents and computer-generated statements;

- (ii) the second part shall be called "**tax profile**" and shall include full description of the taxable, and exempt, if any, services, particulars of the exemption notification(s) availed, if any, month-wise summary of purchases and sales volume and tax paid thereon, input-output ratios calculated from (returns declarations), both unconfirmed and confirmed previous tax demands, if any, and brief description on previous adjudication and litigation cases with latest final results and amount of taxes paid or recovered or as the case may be, payable or recoverable in consequence thereof;
- (iii) the third part shall be called "**conduct of audit**" and shall include brief description of stage or step-wise audit proceedings, interviews conducted, convenience and difficulties experienced in conducting audit, deficiencies noticed in the audit planning or audit process, level of the cooperation or resistance from the registered person, list of the records, documents, data and information provided by the registered person as scrutinized and examined during audit and precise description the tax-related and procedure-related audit observations or objections made during the audit, registered person's response or stance thereon. Brief facts of stocktaking if conducted during audit shall also be stated in this part;
- (iv) the fourth part shall be called "**audit findings**" and shall contain detailed description of the tax-related observations or objections together with the citation of all relevant legal provisions violated, the amount of tax including surcharge, till date, and penalty worked out and details of procedure-related violations with amounts of the proposed penalties with their relevant legal provisions. The amounts paid by the registered person separately for voluntary and non-voluntary deposits during audit indicating the extent to which the statutory discounts or concessions have been availed on voluntary payments, shall be clearly shown in this part of the audit report. Details of the incriminating or other evidence collected during audit in support of the audit findings shall also be given here;
- (v) the fifth part shall be called "**Audit Summary**" and shall contain a complete tabulated presentation of all the tax-related and procedural violations with amounts of assessed tax, including penal surcharge and penalty and procedural violations with proposed penalties. Payments already made shall also be shown in the table. All relevant provisions of law including penal clauses shall be quoted against each reported violation and a comprehensive draft show cause shall be attached with the report. This part shall also contain under a separate heading well-justified proposal for future requirements of monitoring and audit in respect of the audited registered person;
- (vi) The sixth part shall be called "**Recommendations**" and shall contain solemn suggestions from the authorized officer or audit team for next actions about follow-up measures like adjudication, enforcement actions like posting of staff, way-outs for the earliest possible realization of the recoverable amounts of tax. Suggestions

for future guidance and facilitation to the registered person to ensure better and more productive compliance standards from him may be given in this part of the report.

(3) The aspects of the audit report, included in sub-regulation (2), shall be treated as minimum guidelines and the authorized officer or audit team, while writing the audit report, may, if needed or considered necessary, add other relevant and important views, material, information or data to make the report further informative and comprehensive.

**148. Distribution and follow-up of audit report.--** (1) The audit report shall be distributed along with its enclosures, if any, in such a way that two copies shall be retained by the authorized officer, in his office for future official use, one copy shall be sent to the Authority or Collector, as the case may be, and one copy shall be handed over to the competent adjudication officer ensuring that proposed draft of show-cause-notice is invariably attached therewith. One copy of the audit report shall also be given to the concerned registered person either through courier or otherwise.

(2) Nothing shall bar the authorized officer or audit team to consult or take guidance or advice from his seniors, other than adjudicating officer, before, during or after the audit on any factual, legal, procedural or audit-report-related question, issue or matter.

(3) The authorized officer or audit team, which has conducted the audit, shall be responsible, not in persona but in rem, to follow up the adjudication process and help the adjudicating officer to decide the case as quickly and judiciously as possible without biasedly or prejudicially influencing the adjudicating officer in the use of his own professional prudence in making *quasi-judicial* judgement in the case. The authorized officer or audit team shall also keep follow up at appeal stages and in courts if the registered person has gone for litigation prior to or after availing the remedies under the Act; provided that under no circumstances, registered person shall be discouraged from making tax payments during the currency of adjudication or litigation proceedings.

## **Part – II Special Audit**

**149. Application.--** The provisions of this Part shall apply to the registered persons who are subject to special audit in terms of section 38 of the Act.

**150. Special Audit.--** The Management Committee may cause special audit by a special auditor, of the records, tax invoices and monthly returns required to be maintained, issued or furnished by any registered person, or class or classes of registered persons under section 37 and 38 of the Act.

**151. Scope of special audit.--** The scope of the special audit shall be the expression of professional opinion with respect to the following, namely:--

(a) Whether the records, tax invoices and monthly returns have been maintained, issued or furnished correctly by the registered person; and

(b) Whether the monthly returns furnished by the registered person correctly reflect that—

- (i) all taxable supplies in the tax period as revealed by the records and tax invoices; and
- (ii) all input tax, output tax, and the net amount of sales tax payable or refundable, as the case may be, are in accordance with the provision of the Act and are duly substantiated by the records required to be maintained for the purpose.

**152. Form of audit report.--** The special auditor shall submit his audit report in the Form as specified in the terms of reference.

**153. Penalty.--** (1) In case of violation of this Part or any clause of the terms of reference, the payment of fee as specified therein shall be withheld forthwith, without *prejudice* to any action, that may be taken under the provisions of the Chartered Accountant Ordinance, 1961 (X of 1961), the Cost and Management Accountants Act, 1966 (XIV of 1966) and bye-laws made there under, or the Act.

(2) In case the payment has already been made in full or part thereof, to the special auditor, the same shall be returned within one week of issuance, by the Management Committee, of a demand notice in this regard.

## CHAPTER – VIII ALTERNATIVE DISPUTE RESOLUTION

**154. Application.--**The provisions of this chapter shall apply to all cases of dispute brought or specified for resolution under section 73 of the Act.

**155. Application for Alternative Dispute Resolution.--** Any registered person interested for resolution of any dispute under section 73 of the Act may submit a written application for alternative dispute resolution to the Management Committee, stating *inter alia*, the following namely:

- (i) The particulars of the case;
- (ii) The grounds on the basis of which a resolution of a dispute is being sought by the applicant duly supported with relevant documents;
- (iii) The extent or the amount of sales tax, default surcharge and penalties, which the applicant agrees to pay, if any;
- (iv) Details of amounts already paid, if any;
- (v) The particulars of the person who will represent the applicant.

**156. Appointment of Alternative Dispute Resolution Committee.--** (1) The Management Committee, after examination of the contents of an application by a registered person and facts stated therein and on satisfaction that a dispute deserves consideration for resolution for the removal of hardship under section 73 of the Act, may constitute Alternative Dispute Resolution Committee (hereinafter referred to in this Chapter as “ADRC”) from its notified ADR panel, for examination of the issues involved in the dispute and for taking other actions as provided under sub section (3) of section 73 of the Act.

(2) The Management Committee may appoint one of the members of the ADRC, other than a public servant, to be its Chairman.

(3) The Management Committee shall require the ADRC to submit its report within 90 days of its appointment in accordance with sub-section (4) of section 73 of the Act.

**157. Working of the Committee.--** The ADRC shall hold all its meetings at Authority office or at any other venue to be decided by the Management Committee. The Chairman of the ADRC shall be responsible for deciding the procedure to be followed by the committee which may, *inter alia*, include the following—

- (i) to specify date and time for conducting proceeding by the ADRC;
- (ii) to supervise the proceedings and ensure maintenance of record of proceedings of the ADRC;
- (iii) to issue notices by courier, registered post or electronic mail to the applicant;
- (iv) to requisition and procure relevant records or witnesses from the field office or other concerned quarters;
- (v) to ensure attendance of all concerned;
- (vi) to co-opt any other technical, professional or legal expert or tax consultant;
- (vii) to consolidate recommendations of the ADRC and submission of the conclusive report to the Management Committee; and
- (viii) for any other matter covered under this Chapter.

**158. Recommendations of the Committee.--** (1) The ADRC may determine the issue and may thereafter seek further information or data or expert opinion or make or cause to be made such inquiries or audit as it may deem fit. The ADRC shall formulate its recommendations in respect of any matter mentioned in the sub-section (1) of section 73 of the Act.

(2) The chairman of the ADRC shall send a copy of the recommendations of the committee to the Management Committee, and the applicant.

**159. Reconsideration by the ADRC.--** (1) The Management Committee of its own motion or on the request of the applicant may refer back the recommendation of the ADRC for rectification of any obvious error or for reconsideration of the facts not considered earlier.

(2) The ADRC after rectification of the error or reconsideration of the facts as aforesaid shall furnish to the Management Committee its fresh or amended recommendations within such period, as may be specified by the Management Committee.

**160. Decision of the Management Committee.--** (1) The Management Committee, after examination of the recommendations of the ADRC shall finally decide the dispute and make such orders, as it may deem fit for the resolution of the dispute under intimation to the applicant.

(2) On receipt of the Management Committee's order as aforesaid, the concerned field officer shall implement the order issued by the Management Committee in the manner provided for in sub-section (6) of section 73 of the Act.

(3) A complete record of all proceedings of the cases dealt with under the alternate dispute resolution scheme shall be maintained by the concerned field officer who shall also ensure that proper arrangements are made for the purpose of maintaining such records in appropriate manner.

## **CHAPTER - IX**

### **ADJUDICATION, APPEALS AND ALLIED MATTERS**

**161. Electronic adjudication.—**Where any registered person for any *bona fide* reason, requests for hearing of his case through video link or any other form of e-hearing, the request may be accepted, if deemed fit and proper by the Adjudicating Officer.

**162. Quasi-Judicial proceedings.—**The proceedings before the Adjudicating Officer shall be treated as *quasi-judicial* in nature.

**163. Rationale of penalties.—**The Adjudicating authorities may waive of or reduce the quantum of penalty if satisfied that the default was unintentional and there was sufficient cause which prevented the taxpayer to discharge any tax liability.

**164. Adjudication orders.—**The Adjudicating Officer shall issue a speaking order and communicate it to the taxpayer in accordance with the service provisions as stipulated under section 84 of the Act.

**165. Transfer of cases.—**(1) The Collector may, of his own accord, or on the application of the registered person or the Authority, by recording reasons in writing, transfer a case from one Adjudicating Officer to another officer in the interest of justice.

(2) The Adjudication Officer to whom the case is transferred may, either resume the proceedings from the stage where it was immediately before such transfer, or start proceedings afresh, after affording an opportunity of hearing to the taxpayer before issuance of the final order:

Provided that in any case the time schedule for adjudication of the case shall remain the same.

**166. Appeal to Collector (Appeals).--** An appeal in Form KPSTS-C(A) shall be filed as specified under section 66 of the Act.

**167. Signatory of pleadings.--** The Form of appeal and the verifications, as per Form KPSTS-C(A) shall be signed by:

- (i) in case the appellant is an individual or a sole proprietor, by the individual or the sole proprietor himself;
- (ii) in case the appellant is a firm or an association of persons, the managing partner or the partner duly authorized by the firm or a member authorized by the partners of association of persons; and
- (iii) in case the appellant is a company, by the managing director or the authorized director or the secretary or an employee of the company, duly authorized in this behalf through a resolution of the board of directors of the company.

**168. Acknowledgment of appeal.--** An Officer of the Authority, as may be authorized by the Collector (Appeals), in this behalf, shall ascribe, on the appeal (Form KPSTS-C(A)/Ackn, the Appeal No. and the date of its receipt, as per the Serial No. in the appeal register maintained in the office of Collector (Appeals) as and acknowledgment of appeal, and shall put his signature and the signature date on the Form KPSTS-C(A)/Ackn.

**169. Duplicate copy of the appeal.--** A duplicate copy of the paper book of the appeal, complete in all respect, shall be provided by the appellant or his authorized representative to the respondent(s).

**170. Documents to accompany the memorandum of appeal.--** The appeal shall be in the form of the paper book comprising of the annexures of the memorandum of appeal, prepared as per the Form KPSTS-C(A), and shall, *inter-alia*, annex the following documents:

- (i) Index of appeal, showing page number of pleadings, documents of appeal and the annexures thereof;
- (ii) certified copy of the order-in-original/decision appealed against;
- (iii) copy of the show cause notice or any other notice relevant to the order/decision passed by the Adjudicating Officer or the Assessing Officer of the Authority;
- (iv) recovery notice, if any, issued under section 74 of the Act;
- (v) Letter of Authorization, in Form KPSTS-C(A)/PoA as attached to these Regulations, read with sections 76 or 79 of the Act;
- (vi) the original of the computerized payment receipt (CPR) relating to the fee prescribed under subsection (3) of section 66 of the Act;

- (vii) copies of the judgments of the Courts or Appellant Tribunals, relied upon by the appellant in his memorandum of appeal;
- (viii) application, if any, praying for ad-interim order under sub-section (4) of the section 67 of the Act, or the evidence of payment of the amount prescribed in section 72 of the Act or the amount prescribed in the proviso to sub-section (1) of section 74 of the Act;
- (ix) application, if any, under sub-section (4) of section 66 of the Act, praying for admission of the appeal if filed after the expiration of the specified period;
- (x) any other application, required to be filed by the appellant under the provisions of the Act or these regulations; and
- (xi) a certificate, signed by the appellant or his authorized representative, to the effect that a copy of the paper book of the appeal has been provided to the respondent(s).

**171. Appeals to include whole claim.--**(1) The appeal is required to include whole claim and grounds in the Form prescribed as Form KPSTS-C(A) to these regulations.

(2) In case the appellant desires to include any new or additional grounds after filing of the appeal, he shall make an application in terms of the provisions of sub-section (3) of section 67 of the Act. The said application shall, *inter-alia*, state the reasons, circumstances and justification for inclusion of new or additional grounds and shall also explain the reasons why such grounds were not taken by the appellant while filing the appeal:

Provided that no such application shall be entertained by the Collector (Appeals) after final hearing when an appeal is reserved for the Order by the said Collector (Appeals).

(3) The Collector (Appeals) may allow or disallow, in part or in full, the inclusion of such grounds after hearing the parties.

**172. Hearing and proceeding of appeal.--** (1) On receipt of the appeal, it shall be pursued for objections, if any, in terms of the relevant provisions of the law and the rules and an objection memo, where deemed appropriate, shall be prepared and placed in the file of the office of the Collector (Appeals).

(2) An Officer/official of the office of the Collector (Appeals), as may be authorized in this behalf by the Collector (Appeals), shall prepare and sign the notices and other correspondences in relation to the appeal.

(3) Within 10 days from the date of preference of appeal, the appellant shall be issued a pre-admission notice requiring the appellant to remove the office objections, if any:

Provided that if the pre-admission notice has not been served within the time specified above, the office of the Collector (Appeals) may serve such notice on any date before the first hearing of the appeal.

(4) The appeal shall be admitted after removal of the objections within such period as may be allowed by the Collector (Appeals).

(5) After removal of the office objections or in the absence of any office objection, the appeal shall be fixed for regular hearing through a notice to be served on the appellant or the appellant's authorized representative (if any) and the respondent(s). The hearing notice shall, *inter-alia*, indicate the date, time and place of hearing:

Provided that no such notice shall be required to be issued or served if the Collector (Appeals), during the hearing proceedings, has fixed the next date and venue of hearing and has duly recorded the same in the file of the appeal and the same is duly signed or acknowledged by the parties or the authorized representative of the appellant or the departmental representative of the respondent(s).

(6) The Collector (Appeals) may, if he so desires, require the respondent(s) to file para-wise comments before hearing or before disposal of the appeal.

(7) The diary shall be maintained on the order sheet in the file of the appeal wherein the presence or the absence of the parties shall be recorded in relation to every date of the hearing.

**173. Filing and disposal of application for ad-interim orders.--** (1) The appellant or his authorized representative, if desirous of urgent hearing of the application for stay of recovery of the dues adjudged or assessed, shall submit urgent hearing application for orders along with the application under sub-section (4) of section 67 of the Act.

(2) The Collector (Appeals) shall fix such application for hearing urgently within a day or two for an appropriate order:

Provided that where the hearing of the application has been conducted without notice to the respondent(s), the Collector (Appeals) shall serve the notice of hearing to the respondent(s) by fixing the appeal within a period of 15 days in terms of the provisions of sub-section (4) of section 67 of the Act followed by hearing of the parties, including the respondent(s), for variance or the confirmation of the said stay order in terms of the aforesaid provisions.

**174. E-hearing of appeals.--**( 1) E-hearing of appeals may be conducted in relation to the appeals of the registered persons or the appellants who have requested in writing for this facility.

(2) The e-hearing may be conducted by means of a software duly installed on the computer of the Collector (Appeals) as well as the computer of the officer of the regional office of the Authority having jurisdiction in this regard.

(3) The appeal, requiring e-hearing, shall be filed under sections 66 of the Act in the same manner as prescribed in these regulations, and a copy thereof shall be supplied to the officer of the Authority having jurisdiction in the concerned regional office of the Authority.

(4) The office of the Collector (Appeals) shall proceed with the appeal in the same manner as prescribed in these regulations and dates of hearing shall be fixed accordingly.

(5) The registered person or the appellant or his duly authorized representative and also respondent(s) and the Officer of the Authority of the regional office having jurisdiction shall be present in the regional office of the Authority on the date and at the time fixed for such hearing.

(6) The officer of the Authority having jurisdiction in the regional office shall coordinate for establishing a link for live call through the authorized software and for conducting the e-hearing by the Collector (Appeals).

(7) All the documents which are called or required on which the registered person relies shall be dispatched to the office of Collector (Appeals) at Peshawar for the record and perusal and a copy thereof shall also be supplied to the officer of the Authority having jurisdiction in the regional office.

(8) All the proceedings shall be recorded by way of the authorized software and the record shall be kept on the file of appeal.

(9) The directions or orders to be issued by the Collector (Appeals) or any submissions to be made by the parties shall also be recorded in the text form and the same shall also be recorded in the file of appeal in the office of the Collector (Appeals).

(10) Notwithstanding anything contained in the sub-regulation (1) to (9) of this Regulation, the Collector (Appeals) may, at his own discretion, instead of conducting the e-hearing, call both the parties for hearing at Peshawar office if, in his opinion, he thinks it fit and appropriate under the circumstances of the case.

**175. Seal of the Collector (Appeals).--** (1) There shall be an office seal and stamp of the Collector (Appeals) on which shall be ascribed his name and insignia.

(2) The seal shall remain in the custody of the officer of the Authority authorized by the Collector (Appeals) in this behalf and shall be affixed on every page of the order passed by the Collector (Appeals).

**176. Miscellaneous.--** For carrying out the purposes of this chapter, the Collector (Appeals) may prescribe procedures and guidelines for the information of and for compliance by the officers of the Authority and the appellants and their authorized representatives.

**177. Appeal to the Appellate Tribunal.--** An appeal before the Appellate Tribunal shall be filed in the manner prescribed under the Khyber Pakhtunkhwa Appellate Tribunal (of Sales Tax on Services) Rules, 2023.

**178. Reference to the High Court.--** Reference to the High Court in Form KPSTS-TR/PHC shall be filed as specified in section 71 of the Act.

**CHAPTER – X  
E-SERVICE OF COMMUNICATIONS**

**179. E-service of communications.--** The officer of the Authority may, where deemed fit and appropriate, serve any communication including a notification, notice, show cause notice, requisition, decision, assessment or order, upon any registered person, electronically through email address or whatsapp as recorded by the registered person in the registration application.

**CHAPTER – XI  
ELECTRONIC INTERMEDIARIES**

**PART-I**

**A. SERVICES PROVIDED BY ELECTRONIC INTERMEDIARIES**

**180. Application.—** Provisions of this Part shall apply to the services provided by e-intermediaries appointed by the Management Committee under section 80 of the Act to electronically file return and such other documents as may be prescribed from time to time, on behalf of a person registered under section 29 of the Act.

**181. Registration.--** Every such e-intermediaries, shall register himself/itself under section 29 of the Act, read with the provisions of Chapter-II of these regulations.

**182. Value of services.--** The value of taxable services for the purpose of levy of sales tax shall be the gross amount charged for the services provided or rendered.

**183. Payment of tax and filing of return.--** Every such person shall e-file his tax return in the prescribed manner and shall also e-deposit the tax by the prescribed due dates in the manner prescribed in the Act and the regulations.

**184. Book keeping.--** Every such person shall maintain the records as prescribed in section 35 of the Act and sub-regulation (3) of regulation 40 of these regulations.

**PART-II  
B. APPOINTMENT OF ELECTRONIC INTERMEDIARIES**

**185. Application.—** Provisions of this Part shall apply to the persons appointed as e-intermediaries by the Management Committee under section 80 of the Act to electronically file return and such other documents as may be prescribed from time to time, on behalf of a person registered under section 29 of the Act.

**186. Appointment of e-intermediary.--** (1) A person having professional experience in the relevant field of providing taxation service desirous of being appointed as e-intermediary, shall apply to the Management Committee or any Officer authorized by it:

Provided that the words "professional experience" shall mean qualification and experience as a registered person:

- (i) providing or rendering the services of an accountant;
- (ii) providing or rendering the services of legal practitioners and consultants;
- (iii) who is an income tax practitioner registered with a tax bar affiliated with All Pakistan Tax Bar Association and providing or rendering the services of a tax consultant; or
- (iv) as may be approved by the Management Committee.

(2) The e-declaration Administrator, after receipt of application for appointment of an e-intermediary, and after verification, as aforesaid, shall forward the application along with his specific recommendation to the Management Committee or to the officer of the Authority authorized in this behalf for appointment of the applicant as e-intermediary.

(3) The Management Committee, after receipt of the recommendations from the e-declaration Administrator, may appoint the applicant as an e-intermediary and issue him a unique user identifier, subject to such conditions, restrictions and limitations as may be prescribed:

Provided that the Management Committee may refuse to entertain an application for appointment of as e-intermediary for reasons to be recorded and conveyed in writing.

(4) In case of any change in the particulars or information provided by the e-intermediary in the application for registration, he shall immediately inform the concerned e-declaration Administrator about such change.

**187. Cancellation of appointment.--** (1) Where the Management Committee is satisfied that the e-intermediary has:

- (i) failed to comply with any of the conditions prescribed by the Management Committee; or
- (ii) acted in contravention of any of the provisions of the Act or these regulations; or
- (iii) failed to take adequate measures for security and confidentiality of the Unique User Identifier; or
- (iv) been convicted in an offence under the Act or any other law for the time being in force;

the Management Committee may cancel the appointment of such e-intermediary after affording him an opportunity of being heard.

(2) Pending consideration whether the appointment of the e-intermediary be cancelled under sub-rule (1), the Management Committee may suspend the appointment.

(3) An e-intermediary who intends to surrender his appointment, shall file an application to this effect to the Management Committee.

(4) The Management Committee may, on receipt of an application referred to in sub-regulation (3), cancel the appointment of the e-intermediary after necessary inquiry, as it may deem proper to conduct.

## **CHAPTER – XII**

### **COMPUTERIZED SYSTEM**

**188. Mechanism for access to the system.--** The Management Committee shall develop mechanism for access of the registered persons to the system, in order to facilitate them in meeting their tax obligations. Procedure regarding access control and determination of the activities of the authorized users in this regard is provided hereinafter.

**189. Authorization.--** (1) A person desirous to be authorized as user of the system, or to perform certain functions on the system or for having access to the information it contains, may apply to the Management Committee of the Authority by visiting the web portal <https://e.kpra.kp.gov.pk>.

(2) The application will be scrutinized on the basis of information provided by the applicant, and the Management Committee may either, subject to such conditions or restrictions as it may impose, grant authorization, or refuse the application after giving the applicant an opportunity of being heard through an officer of the Authority nominated in this behalf.

(3) No person shall have or attempt to have an access to the system for transmission to or receipt of information unless so authorized as aforesaid.

**190. Unique User Identifier.--** (1) Every person authorized as user of the system shall be allotted a “Unique User Identifier”, hereinafter described as "UUI", for his identification in relation to his access to the system for transmission to or receipt of relevant information there from.

(2) Such authorized person shall comply with the access management policy of the Authority and shall not share UUI with any other person, fully realizing his responsibility regarding user Identification and password.

**191. Access to the system.--** (1) Subject to the conditions and restrictions as may be imposed by the Management Committee to ensure that only legitimate users enjoy access to the system, the authorized user shall access the system for transmission to or receipt of relevant information only there from.

(2) The Management Committee may, at any time, impose any additional conditions upon any authorized user or class of authorized users for accessing the system or to maintain confidentiality or security in terms of protection of the system resources against in-appropriate or un-authorized access and use of information.

(3) The Management Committee may require an authorized user or class of authorized users, including their accredited agents, to use any additional electronic security including digital certification for electronic filing of Return or any other declarations or documents in a secure manner.

**192. Responsibility of the user.--** (1) Every person authorized to use or interact with the system shall be responsible for such use or interaction only to the extent authorized by the Management Committee and shall comply with its policies and this Regulation. Each such user shall be solely responsible for the usage incurred through his account.

(2) After issuance by the Management Committee, the authorized user shall be responsible for security and confidentiality of the 'UUI' allotted to him. Any information once transmitted through a given 'UUI', shall constitute sufficient evidence regarding transmission of information by the authorized user, to whom such 'UUI' has been issued.

**193. Protection of business information.--** Every user of the system shall comply with the safeguards and precautions to prevent unauthorized access and to ensure that information or data relating to any registered person is not provided or shared with any unauthorized person and that the access control or its configuration shall not result in unauthorized leakage of permissions and unintended access.

**194. Exchange of information between registered persons.--** A registered person may allow the person authorized to use or interact with the system to share his business information with any other person with prior intimation to the Management Committee and only through an effective access management policy regarding sharing of information.

**195. Information to Associations.--** The Management Committee may share any information or data stored in or retrievable from the system with any representative trade body/association of trade, business or industry for the purpose of helping out the Management Committee in formulation of its policies and effectively carrying out its functions under the laws administered by the Authority.

**196. Cancellation of authorization.--** Where the Management Committee is satisfied that any authorized user of the system has failed to comply with any of the conditions or

restrictions imposed by the Authority; or acted in contravention of any of the provisions of the Act or the rules and regulations made there under; or has failed to take adequate measures to ensure security and confidentiality of the 'UUI'; or has been convicted for an offence under the Act or any other law for the time being in force; it may cancel the authorization of such user after affording him an opportunity of being heard. Pending consideration of the matter, the Authority may suspend the authorization.

**197. Recording of transmissions.--**The Management Committee shall keep logs of record of each transmission sent to or received from an authorized user, for a period of five years from the date of such transmission or receipt.

**198. Scrutiny of records.--** An authorized officer of the Authority may examine the records maintained by an authorized user, whether electronically or otherwise, in relation to a specific transaction or the system as a whole in order to verify the adequacy, security or integrity of the system and processes thereof or of the media on which such records are created, maintained and stored and may advise suitable actions to be taken by such user for proper maintenance of the records.

### **CHAPTER – XIII** **INVOICE MANAGEMENT AND REPORTING SYSTEM**

**199. Applicability. --** Provisions of this chapter shall apply those registered persons where the *Invoice Management and Reporting System* (abbreviated as IMRS) of the Authority is installed.

(2) The following services hereinafter referred to as “specified services” are covered under this chapter:

- (i) Services provided or rendered by restaurants and caterers;
- (ii) Services provided or rendered by hotels, guest houses wedding or marriage halls; and
- (iii) Services provided or rendered by beauty parlours.

**200. Commencement. --** Provisions of this chapter shall, subject to saving given in regulation 215, come into force at once.

**201. Inspection or verification for IMRS application. --** (1) Every specified service provider in respect of which the Authority, the Collector or any other officer authorized in this behalf, has decided to apply IMRS along with nominated officials, if any, shall:

- (i) be issued a notice or intimation giving reasonable time for allowing full access to the designated officer or officials of the Authority for the purpose of inspection or the verification of the existing system of the restaurant

about the recording of sales or issuing of invoices at its all outlets or branches including franchisee points, if any; and

- (ii) allow such access and disclose all the details, features and dimensions of the system to the officer or officials of the Authority with a view to facilitate them in the conduct and completion of the said inspection or verification.

(2) Where required, the Management Committee or as the case may be, the Collector may make or cause to be made such other probe or inquiry as may be necessary to decide about the installation of IMRS at the premises of any specified service provider.

**202. Installation of hardware or software.** -- (1) After the completion of action under regulation 214, the officer or officials shall prepare a brief report suggesting the nature of device and software etc., to be installed or added in the system of any specified service provider.

(2) On the basis of report under sub-regulation (1), the proposed installation shall be authorized whereafter the installation shall be carried out and completed by the officer or officials within such time period as may be agreed with the management of specified service provider, provided that in no case the time period in this regard shall exceed fifteen days.

(3) While conducting installation under this regulation, the officer or officials shall give due consideration and take due care for the protection and safety of the specified service provider own system without compromising the purpose for which the installation is being or intended to be made.

(4) Where any change, modification, adjustment or addition is required to be made in the already installed software of the specified service provider for the purpose of integration with IMRS, it will be obligatory for the specified service provider to make such change, modification, adjustment or addition within such time as may be allowed by the Management Committee or the Collector as the case may be.

**203. Conducting video vigilance etc.** -- (1) While covering any specified service provider under IMRS, the Management Committee or as the case may be, the Collector may either on its or his own or otherwise direct to install and use such other additional, ancillary, auxiliary or supplementary electrical and electronic systems, equipment, devices or instruments in such manner as may be deemed necessary for real time or other video vigilance of the business activities of a specified service provider involving provision of taxable services, occupancy of sitting space, visits or headcount of customers, recording of sales and regularity of the issuing of invoices etc.

(2) The surveillance conducted for the purpose of ascertaining the quantum of business in a restaurant shall in no way be used to violate or encroach upon the privacy of the customers visiting such a place.

**204. Arrangements for invoicing hardware system.** - (1) where any specified service provider is selected for IMRS does not already have hardware system for the recording or issuing of invoices, the Management Committee or as the case may be, the Collector may direct such restaurant to purchase, acquire and install such system of the required specifications along with software facility within such time as may be specified.

(2) Every specified service provider, to whom direction has been given under sub-regulation (1), shall be under obligation to comply with the direction.

(3) A specified service provider who has acquired and installed any hardware system under this regulation, shall, being a registered person, be entitled to adjust input tax paid on such system against the output tax payable by such specified service provider on its taxable services provided that no such adjustment shall be admissible to a specified service provider who is paying tax on a rate lower than the standard rate of tax.

**205. Provision of information and documents etc.** -- Every specified service provider shall, where so required either by the Management Committee or as the case may be, the Collector or any other officer authorized in this behalf, provide information about its existing system and furnish documents including price list or service charges, menu, room rent etc., if required, in such manner as may be specified.

**206. Readjustment of invoice-format.** -- (1) The Management Committee, or as the case may be, the Collector or other officer authorized in this behalf, may require any specified service provider to include such additional or extra information including name, CNIC number and contact number etc. about the customers in the invoices to be issued through the system covered under IMRS.

(2) A specified service provider located in or working in conjunction with a hotel may issue composite invoices for both hotel and restaurant services provided to the same customers.

**207. Restriction on issuing invoices other than through system.** -- The specified service provider, operating under IMRS, shall not issue any invoice other than the invoices issued or issuable through the system allowed or installed to be used under the arrangements of IMRS.

**208. Security of the hardware and software used in or for the system.** -- (1) The specified service provider covered under IMRS shall ensure full security, protection and safety of the hardware and software system installed or used for the purposes of IMRS under this chapter.

(2) The Management Committee or as the case may be, the Collector, may take such measures including formal undertaking or guarantee from the specified service provider, as may be deemed proper or necessary, to secure and maintain the required level of security and safety of the hardware and software system installed or used for IMRS.

**209. Surprise or random checks or inspections.** -- The officer of the Authority having jurisdiction in this behalf may, conduct a surprise or random check or otherwise inspect the IMRS - covered system of any specified service provider in order to ensure the propriety or accuracy of its application, usage, protection, safety, integrity, operation or working including generation of invoices through it.

**210. Reporting and treatment of system's fault etc.** -- (1) In a situation, where a system covered under IMRS, has either stopped working or is creating or facing problems in generating invoices or otherwise impacting the transmission of complete and correct invoices or other data to the Authority's computerized system, the fact or event of such situation shall be reported to the Management Committee or the Collector within twenty-four hours of the accrual of such situation.

(2) The Management Committee or the Collector shall take immediate necessary measures to fix the problem as urgently as possible and the expenses, if any, in respect of repair, replacement or substitution of any hardware item (including software) shall be borne by the specified service provider and no claim, whatsoever, in this regard shall be made to or admissible from the Management Committee.

(3) Details of all invoices issued manually or otherwise during the period of operational inability or disability of the system to generate invoices required to be issued under IMRS shall be reported to the Management Committee or the Collector within one week of the fixing or correction of the system's problem or fault and tax in respect of such invoices shall be paid as per law provided that the Management Committee or the Collector may direct such enquiry or verification as to the reporting of sales of such period as may be deemed proper or necessary.

**211. Deliberate or Intentional damage to or intervention in the system.--** (1) Where any person has deliberately or intentionally done or caused any damage to the system disabling it or making or rendering it unfit to issue correct and proper invoices or otherwise intervenes with the system to issue incorrect or wrong invoices for the purpose of IMRS, he shall be liable to penalties and prosecution for tax fraud under Section 53 of the Act.

*Explanation:* For the purpose of this sub-regulation or any other relevant provision of this chapter, intervention includes tampering or otherwise disabling and all cognate or ancillary words or expression shall be construed accordingly.

(2) All other violations of any of the provisions of this Regulation shall be deemed to be obstruction in the performance of official duties by the officers of the Authority.

*Explanation:* For the purpose of this sub-regulation, obstruction in the work of any other agency authorized by the government or the Authority or their officials for the purpose of IMRS shall be treated as obstruction in the work of officers of the Authority.

**212. Facilitation through training etc.** -- Where considered necessary, the owners or employees of the specified service providers covered under IMRS, may be trained or otherwise be given initial operational help by the Authority or otherwise so as to enable them to operate the IMRS' system correctly and fairly.

**213. Miscellaneous provisions.** -- (1) Where any specified service provider is found or suspected to have committed any violation or violations of this chapter, the Management Committee or as the case may be, the Collector may depute and post at the premises of such specified service provider any employee (official) of the Authority to himself operate the IMRS system for such time or period as may be deemed necessary and it will be obligatory for the specified service provider to meet the official requirements of such official necessary to enable him to operate the system in person provided that nothing will bar the Management Committee or the Collector to post more than one employee at the premises of any specified service provider at a time.

*Explanation.* Deputation and posting of such official or officials shall be deemed as posting in terms of section 63 of the Act.

(2) The Management Committee, may at any time make any changes, adjustments or alterations in the software or hardware of IMRS operating in any one or more specified service providers or in any class of specified service providers either for the purposes of its improvement, upgradation or otherwise.

(3) Any specified service provider may request the Management Committee for installation of IMRS system on voluntary basis.

(4) The Director General shall take all such measures as are necessary to ensure immediate successful implementation and fast progressive application of the modern effective tax administration method aimed at promoting voluntary tax compliance so that sustainable revenue gains therefrom are optimized.

**214. Application of the scheme to other businesses.** -- With such adjustments as it may deem necessary, the Management Committee may apply the IMRS scheme provided under this chapter to any other business or class of businesses providing taxable services of other description or descriptions and in every such case, all provisions of this Regulation shall mutatis mutandis apply.

**215. Savings.** -- The actions and measures already initiated or taken by the Management Committee towards implementation of the invoice management system covered under this Regulation shall be construed, deemed and treated as having been initiated or, as the case may be taken under this chapter regardless whether such actions or measures have been completed or not.

#### **CHAPTER – XIV TAXPAYER’S AUTHORIZED REPRESENTATIVES**

**216. Persons authorized to represent a taxpayer.**-- A Tax Practitioner registered under Income tax rules, Sales tax rules, Customs Act, an advocate enrolled with the Pakistan Bar Council under the Legal Practitioners and Bar Councils Act, 1973 and an Accountant as defined under clause (a) of section 2 of the Act, shall, on being given authority or power of attorney in the specified manner under these regulations (Form), may represent a taxpayer and may appear on his behalf before the Management Committee or the Appellate Tribunal or the Collector (Appeals) or any adjudicating officer of the Authority:

Provided that no such person shall be entitled to represent a taxpayer for a period of one year from the date of his retirement or resignation, or in a case in which he had made, or approved, as the case may be, any order under the relevant Acts.

**217. Disqualifications.**-- The following persons shall not be entitled to represent a taxpayer under this Chapter:--

- (i) any person who has been convicted as a result of any criminal proceedings under any law for the time being in force in Pakistan;
- (ii) a person who has been dismissed or compulsorily retired from service;
- (iii) a person who is an undischarged insolvent;
- (iv) a person who has been found guilty of misconduct; and
- (v) a person who is not registered as a legal practitioner and consultant or as an accountant or auditor or as tax consultant in terms of the provisions of section 29 of the Act, read with the provisions of Chapter-II of these regulations.

**FORMS**

[.]

**KPSTS-CRN**

**Appeal before the Collector (Appeals)**  
**(Under section 66 of the Khyber Pakhtunkhwa Sales Tax on Services Act, 2022)**  
[See regulation 165]

**Name(s) of Appellant(s):**

**Status:**

Individual

Association of Persons

Company

**Postal Address:**

**Email Address:**

**NTN:**

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**KNTN:**

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Amount of tax payable on the basis of Return(s) filed for the impugned tax period.

**Whether Paid**

Yes  No

**Details of Payment (If paid):**

**Amount:**

**Date of Payment:**

**Name of Representative(s) (If any):**

**(Annex – Authority/Power of Attorney)**

**Tax period(s) (Please specify):**

**Name(s) of Respondent(s):**

**Address at which notice is to be sent to respondent(s):**

**Officer who passed the impugned order:**

**Date of impugned order:**

**Nature of Dispute (Attach copy of impugned order):**

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**Tax Assessed:**

**Whether Appeal is within time:**      Yes       No     

**If not within time, is application for condonation of delay attached?**      Yes.      No      

**Grounds of Appeal in brief (Attach extra sheet, if need be):**

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**Prayer in Appeal (Attach extra sheet, if need be):**

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\_\_\_\_\_  
Signature of Appellant or Representative

**Appeal before Collector (Appeals)**  
**(Under section 66 of the Khyber Pakhtunkhwa Sales Tax on Services Act, 2022)**

**VERIFICATION**

I \_\_\_\_\_ S/o \_\_\_\_\_ the  
Proprietor /Partner/Managing director of M/s \_\_\_\_\_ the  
appellant solemnly affirms and declare on oath that:

1. whatever has been stated above is true and correct to the best of my knowledge and belief;
2. I am competent to file the appeal in my capacity as \_\_\_\_\_ ; and
3. a true copy of this appeal has been sent by Registered Post/AD/ Courier Services or delivered to the concerned respondents in person.

**Signature of Appellant or Representative:**

\_\_\_\_\_

**Name (In Capital letters):**

\_\_\_\_\_

**NIC number of person signing the Appeal:**

\_\_\_\_\_

**Note:** The form of appeal and verification form appended thereto shall be signed:

- a) In case of an individual, by the individual himself;
- b) In case of a company, by the principal officer; and
- c) In case of Association of Partners, by member/partner.

**Appeal before Collector (Appeals)**  
**(Under section 66 of the Khyber Pakhtunkhwa Sales Tax on Services Act, 2022)**

**INDEX OF ATTACHMENTS**

<b>S. No.</b>	<b>Description of Document</b>	<b>Annexure</b>	<b>Page Nos</b>	
			<b>From</b>	<b>To</b>
		A		
		B		
		C		
		D		
		E		
		F		

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**Signed (Appellant)**

**Appeal before Collector (Appeals)**  
**(Under section 66 of the Khyber Pakhtunkhwa Sales Tax on Services Act, 2022)**

**Appeal Acknowledgement Receipt**

**Name of Appellant:**

**Appeal Number:**

**NTN:**

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**KNTN:**

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**Title of Appeal:**

**Date of Receipt of Appeal:**

\_\_\_\_\_  
**Signature of Receiving Officer/Official**

**Letter of Authorization/Power of Attorney**

I, \_\_\_\_\_ S/o \_\_\_\_\_,  
(full name) (Father's name)

holder of CNIC No. \_\_\_\_\_ and NTN \_\_\_\_\_ do hereby declare that:--

(1) I am the \_\_\_\_\_ in M/s. \_\_\_\_\_  
(designation) (business name)

(NTN \_\_\_\_\_) having its office /head office/ registered office  
at \_\_\_\_\_  
(full address)

(2) I am fully competent and duly authorized by the said M/s. \_\_\_\_\_ to sign  
and submit this letter of authorization on behalf of the said  
M/s. \_\_\_\_\_.

(3) I do hereby authorize Mr./Ms./Messer. \_\_\_\_\_ holder or KP  
Sales Tax Registration Number: KNTN: \_\_\_\_\_ to represent before the KPRA/Appellate  
Tribunal/Collector (Appeals)/Deputy Collector/Assistant Collector on behalf of the said  
M/s. \_\_\_\_\_ for representing their case (give notice / SCN / appeal/letter  
reference number) and for appearing for hearing on \_\_\_\_\_/till the decision of the case  
(cross out whichever is not applicable) or till the withdrawal of this authorization, whichever  
is earlier.

I also affirm and certify that the authorized person fulfills the conditions of an authorized  
representative under Chapter-XV of the Khyber Pakhtunkhwa Sales Tax on Services  
Regulations, 2023

Signature. \_\_\_\_\_ Date \_\_\_\_\_ Name. \_\_\_\_\_

CNIC No. \_\_\_\_\_ Tele. No. \_\_\_\_\_ Cell Phone No. \_\_\_\_\_

Company/Firm/

Service Provider's

Official Stamp \_\_\_\_\_.

**REFERENCE TO THE HIGH COURT**  
**(Under Section 69 of the Khyber Pakhtunkhwa Sales Tax on Services Act, 2022)**

Before the Hon'ble Peshawar High Court

KPST Reference No. \_\_\_\_\_ of \_\_\_\_\_

In re:

1. Applicant(s) V/S Respondent(s)  
\_\_\_\_\_ Signed (Appellant)

2. Forum, Number & Title of appeal which gave rise to the reference:

3. The date the order was served/communicated:

4. State Brief facts of the case (Attach extra sheet, if need be)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. That the following questions of law arise out of the order of Tribunal (Attach extra sheets, if need be):

- i. \_\_\_\_\_
- ii. \_\_\_\_\_

\_\_\_\_\_ Signed (Appellant)

Dated: \_\_\_\_\_

**Note Below:**

- 1. Application shall be in triplicate.
- 2. Application shall be accompanied by a fee of Rs. 1000, except when filed by Collector or Management Committee, to be deposited to NBP (Appeals head of a/c) in terms of section 71(9) of the Act

**Certificate**

Certified that no other similar reference has earlier been filed before this Hon'ble Court.

Date: \_\_\_\_\_

\_\_\_\_\_ Signed by Appellant or Authorized Representative

**REFERENCE TO THE HIGH COURT**  
**(Under Section 69 of the Khyber Pakhtunkhwa Sales Tax on Services Act, 2022)**

**INDEX OF ATTACHMENTS**

<b>S. No.</b>	<b>Description of Document</b>	<b>Annex</b>	<b>Pages (From - To)</b>

Date: \_\_\_\_\_

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**REFERENCE TO THE HIGH COURT**  
**(Under Section 69 of the Khyber Pakhtunkhwa Sales Tax on Services Act, 2022)**

**AFFIDAVIT**

I, \_\_\_\_\_ s/d/o \_\_\_\_\_ do hereby solemnly affirm and declare on oath that the contents of this reference are true and correct to the best of my knowledge and belief and that nothing has been concealed from this Hon'ble Court.

\_\_\_\_\_ Signed (Appellant)

**Date:** \_\_\_\_\_

**Identified by** \_\_\_\_\_

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\_\_\_\_\_  
**Deponent**