



## KHYBER PAKHTUNKHWA

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GOVERNMENT OF THE KHYBER PAKHTUNKHWA  
FINANCE DEPARTMENT.

### NOTIFICATION

Peshawar Dated, the 13<sup>th</sup> May, 2026.

No. BO(RES-II) FD/3-4/2026. In exercise of the powers conferred by section 12 of the Khyber Pakhtunkhwa Sales Tax on Services Act, 2022 (Khyber Pakhtunkhwa Act No. XIX of 2022), the Government of Khyber Pakhtunkhwa is pleased to declare that in the First Schedule and Second Schedule, the following amendments shall be made, namely:

### AMENDMENTS

1. In the First Schedule,-

(a) against Serial No. 2, in Column No. 3, under the heading "Conditions for Exemption", for the existing entry, the following shall be substituted, namely:

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| (i)  | All healthcare related services provided to patients under the Sehat Sahulat Program (Sehat Card) or health services rendered by Government-owned or controlled hospitals including health care services as are provided through Institution-Based Private Practice (IBPP) or similar arrangements; and |
| (ii) | The services to the extent of cosmetic treatment of burns or burned body parts provided by private health care centers, hospitals or similar institutions.";  |

(b) against Serial No. 26, in Column No. 3, under the heading "Conditions for Exemption", for the existing entry, the following shall be substituted, namely:

"Education services provided by schools, colleges, and universities including tuition fees charged to students and the services of teachers, including visiting teachers or faculty, provided to such institutions.";
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(c) after Serial No. 30, the following new entries shall be inserted, in the respective Columns, namely:

31.	Rental or leasing services involving own or leased property.	<p>(i) Renting of immovable property by a religious body to another religious body;</p> <p>(ii) renting of vacant land or premises solely used for agriculture, aquaculture, farming, forestry or animal husbandry purposes;</p> <p>(iii) the renting of buildings solely utilized for residential purposes and designated for non-commercial usage:</p> <p>Provided that all such services shall be taxable where they are rendered in connection with -</p> <p>(i) short-term arrangements including but not limited to vacation homes or serviced apartments; and</p> <p>(ii) the renting of apartments or flats located within high-rise buildings, where such buildings are managed, controlled, secured or maintained by the owner or any person acting on the behalf of the owner.</p> <p>(iv) renting of buildings solely used as hostels and boarding homes of a recognized educational institution.</p> <p>(v) renting of property to Government or public sector entities for public welfare projects only</p> <p>(vi) renting of buildings for orphanages or shelters run by registered non-profits organizations.</p> <p>(vii) renting of commercial shops, offices or business premises having covered area less than or equal to 350 square feet.</p>
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		<p><b>Explanation:</b> For the purpose of this entry, the expression "high-rise building" means a building having six or more floors including basements.</p>
32.	Exported Specialized information technology and Financial Services.	<p>Services related to the licensing of rights to use computer software, including services related to information technology design, development, consulting or support services, when exported and delivered to foreign countries, subject to the condition that payment for such services is received in foreign exchange through authorized banking channels into the business bank account of the registered person exporting the services and is reported to the State Bank of Pakistan in accordance with its prescribed procedures.</p>
33.	Insurance Services.	<p>(i) Insurance services provided to the extent of marine insurance for export and crop insurance service.</p> <p>(ii) Life insurance, other than group life insurance, of individuals for insurance policy coverage of upto five hundred thousand rupees</p> <p>(iii) Health insurance services, other than group health insurance services, provided or rendered to individuals.</p>
34.	Services provided by persons engaged in contractual execution of works or furnishing supplies.	<p>Only to the extent of services related to the contracts involving supplies and printing of Islamic Literature books, text books or syllabus oriented books.</p>
35.	Fumigation services.	<p>(a) Public health fumigation services; and</p> <p>(b) Agricultural fumigation services.</p> <p><b>Explanation:</b> For the purposes of this entry "Public health fumigation services" means fumigation services undertaken provided or rendered by the Federal Government, any Provincial Government, any Local Government, or Cantonment Boards for the prevention or control of diseases, pests, or vectors affecting public health, including but not limited to mosquito control, disinfection of public spaces, and similar activities carried out in the interest of public welfare and</p>

		"Agricultural fumigation services" means fumigation services specifically applied to agricultural lands, crops, stored produce, or related facilities for the purpose of pest control, soil treatment, or preservation of agricultural output."
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2. In the Second Schedule, in Part-II, under the heading "Tax Rates below Standard Rate",-

(a) against Serial No. 2, in Column No. 4, for the proviso, under clause (iii), the following shall be substituted, namely:

"Provided that for clause (ii) and (iii) Six Percent (06%) rate shall be applicable where payment against restaurant and hotel services is received through debit, credit or prepaid cards, mobile wallets or QR scanning including online payments through banking channel in the declared business bank accounts subject to the condition that no input tax adjustment or refund shall be admissible.";

(b) against Serial No. 3, in Column No. 4, for the existing entry, the following shall be substituted, namely:

"Two percent (02%), without any input tax adjustment, shall be charged on all health-related services, including but not limited to consultation fee, admission fee, hospitalization charges (bed/room), diagnostic and pathological services, medical procedures, surgical services, nursing care, physiotherapy, rehabilitation, and any ancillary or allied medical services.";

(c) against Serial No. 9, in Column No. 2, in clause (a), after sub-clause (vi), the following new sub-clause shall be added, namely:

"(vii) Bus station services.";

(d) against Serial No. 10, in Column No. 2, after clause (f), the following new clause shall be added, namely:

"(g) Research and development services.";

(e) against Serial No. 10, in Column No. 4, under the heading "rate of tax", against entry at clause (g), in Column 2, as so added, the following shall be inserted, namely:

"five percent (05%), without any input tax adjustment.";

(f) against Serial No. 12, in Column No. 2, after clause (j), the following clauses shall be added, namely:

"(k) information technology infrastructure and network management services;  
(l) information technology design and development services for applications;"

- (m) information technology design and development services for networks and systems;
- (n) Licensing services or the right to use computer software and databases;
- (o) Online Contents.”;

(g) against Serial No. 25, in Column No. 4, for the existing entry, the following shall be substituted, namely:

“two percent (02%), without any input tax adjustment.”;

(h) after Serial No. 37, the following new entries shall be inserted, in the respective Columns, namely:

38.	Rental or leasing services involving own or leased property  Real estate services involving Own or leased property including rental or leasing services involving Own or leased property Leasing or rental services concerning other goods operator  (Renting services in respect of meters installed to track consumption including electricity, gas, water).		Three percent (03%), without any input tax adjustment.
39.	Transport services via pipeline.		Five percent (05%), without any input tax adjustment.
40.	Foreign exchange services.		Three percent (03%), without any input tax adjustment.

41.	Motor vehicle insurance services.		Three percent (03%), without any input tax adjustment.
42.	Licensing services for the right to use intellectual property and similar products.		Five percent (05%), without any input tax adjustment.
43.	Publishing and reproduction services.		Five percent (05%), without any input tax adjustment.
44.	Annual Developmental Projects.	<p>All projects whether related to construction or otherwise as are funded or budgeted through Annual Developmental Program Schemes shall be charged to tax at the rate of 4% on all such projects as or approved after 1<sup>st</sup> July, 2025.</p> <p>Provided that social welfare projects which are specifically designed or intended for poverty alleviation, women and child welfare, support for persons with disabilities, skill development and employment generation, distribution of food, ration or cash assistance to needy families, and establishment or operation of shelter homes for orphans, widows or the elderly, shall be exempt from the levy and application of any tax.</p>	Four percent (04%), without any input tax adjustment.

**SECRETARY TO  
GOVERNMENT OF THE KHYBER PAKHTUNKHWA  
FINANCE DEPARTMENT.**

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