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KHYBER PAKHTUNKHWA TAX MEMORANDUM 2025

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PREFACE

This Service Tax Memorandum summarizes crucial changes proposed in the Khyber Pakhtunkhwa Sales Tax on Services Act, 2022 through Finance Bill 2025. All such proposed changes through this Bill upon approval will be effective from 01 July 2025.

The Tax Memorandum contains the comments which represent our interpretation of the legislation. We, therefore, recommend that while considering their application to any particular case, reference be made to the specific wordings of the relevant statute(s).

The Memorandum can also be accessed on our website www.mooreshekhamufti.com

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Collection Agents

Section 2(m-i), Section 10(3)

Through the Finance Bills 2025 [the Bill], the definition of Collection Agents as provided at Clause (m-i) of Section 2 of the KPK Sales Tax on Services Act, 2022 [KPSTS Act] has been amended to include the words 'any other person' for the purpose of collection and deposit sales tax in provincial kitty. Currently, the banks and financial institutions are recognized as collection agents for the purpose of transferring money abroad are not having any responsibility of collection and deposit of sales tax in provincial kitty.

The proposed enhancement has now extended the scope of collection agents to all above persons to transfer payment abroad to non-resident service providers along with collection and depositing sales tax against specified services in the provincial kitty in terms of Section 10(3) of KPSTS Act. The Policy Board has been vested power to notify such collection agents for aforesaid purpose through Notification.

Service

Section 2(aaa)

The definition of 'service' is enhanced by way of insertion of words 'action, performance or provision of facility, amenity, utility or advantage' to be undertaken in any manner by service provider including digital or online platforms which results in execution of an assignment, development of a project, provision of a benefit, grant of right on performance of function.

The proposed definition has enhanced coverage of services to manifold activities as compared to existing definition of service. The proposed definition of service has also enlarged scope of service as are rendered through mechanic or digital mode.

Taxable Service

Sections 3 & 9

Through Finance Bill, Sections 3 and 9 have been amended to include every service subject to sales tax @ 15% [standard rate] except services listed at newly introduced First Schedule. This negative list ipso facto represents sales tax exemption on 30 services subject to terms and conditions as are listed in this Schedule. The list of such services is provided at **Annexure 'A'** to this Memorandum.

Presently, services mentioned in Second Schedule to the KPSTS Act are subject to service sales tax at the rate of fifteen percent or higher or reduced or fixed sales tax. The services listed in existing Second Schedule, prior to 01 July 2025, would be taxable unless provided in the proposed First Schedule.

The legislature by way of amendment in Second Schedule has introduced 37 services which would now be taxed at reduced or higher of fixed sales tax subject to conditions specified therein. Brief summary of such services is provided at **Annexure 'B'** to this Memorandum.

Through another amendment in sub-section (4) of Section 3, the Management Committee has been empowered to specify or amend HS Code or CPC Codes or any other Code which include classification of any service(s) without effecting taxability of any service. The aforesaid negative list and Central Product Classification (CPC) encoding system has been adopted by Sindh province.



Economic Activity

Section 5

The term 'economic activity' is an integral element for charging of tax for rendition of services. No sales tax is attracted on service provided element of economic activity is missing in rendering of a service. Presently, sub-section (3) of Section 5 excludes activities of an employee providing services to an employer from economic activity.

By virtue of amendment at sub-section (3) of Section 5, activities of an employee for which any fee or commission is earned by him from the employer has been termed to fall in the ambit of economic activity. Because of this budgetary measure, any fee or commission earned by an employee except his salary and allowances is recognized in the ambit of economic activity, would be subject to sales tax w.e.f. 01 July 2025.

Further, the scope of economic activity has also been enhanced by way of insertion of a proviso at sub-section (1) of Section 5 enunciating that activities of those employees would fall outside ambit of economic activity provided they do have direct relationship under employment contract with employer. In other words, services of contractual employees hired through contractors or third party would fall in the ambit of economic activity.

Another proviso has also been added at Section 5 envisaging the activity of an employee hired by the employer to perform certain activities for any other person would be treated as economic activity. As per our understanding, the legislature has made an attempt to bring into tax net salary component of manpower / labour which was otherwise declared by High Courts not subject to sales tax for the reason considering the fact such activity falls outside the ambit of economic activity .

It is notable to mention that similar amendments were also introduced in previous years under Sindh Sales Tax on Services Act, 2011.

Power to Amend the Schedules

Section 12

Presently, Section 12 empowers the Government to amend, delete or add any entry to the Second Schedule. The Finance Bill has now further empowered the Government to make amendment at First Schedule in the manner as has been earlier vested in case of Second Schedule.

The proposed amendment has now given more powers to the Government to declare any service exempt from levy of sales tax which is otherwise exclusive prerogative of provincial legislature upto 30 June 2025.

Input Tax Credit Not Allowed

Section 17

Presently, Clause (c) of Section 17 disallows input tax credit to registered person on procurement of services where the payment against an invoice exceeding value of Rs.50,000 [inclusive of sales tax] is made other than banking instrument to the service provider. In other words, no input tax restriction was in place for registered person against one or more transactions involving invoice value up to Rs.50,000 irrespective of the fact invoice payment is made through banking channel or otherwise to service provider.



By way of amendment in above-mentioned Clause (c), input tax will be disallowed to registered person where value of service including sales tax exceeds Rs.50,000 during a tax period in connection with one or more transactions for the same service provider to whom payment is not made through banking instruments.

This is not a beneficial amendment for taxpayer considering the fact that the registered person was earlier allowed to take benefit of input tax adjustment provided invoice value upto Rs.50,000 including sales tax in case of more than one transactions / invoices issued by same person during tax period. This facility has been withdrawn by the proposed amendment.

Records

Section 35

A registered person, is now required to maintain record of services provided in other provinces and areas in such form and manner that it must be reconciled with sales tax liability in KPK Province.

Consequent to the aforesaid amendment, now the revenue officer may demand records of services provided in other province(s) and areas to reconcile the revenue with tax liability in the Province under the KPSTS Act to determine short payment of tax (if any).

Contrary to above position, the registered person is required to maintain record exclusively in respect of services rendered or acquired in province of KPK. The proposed amendment introduced for maintenance and provision of record for other than KPK tax jurisdictions is not supported by any governing clause in relation to data security are guaranteed at Right of Access Information Act, 2017.

Return Filing and Revision

Section 39(1)&(6)

Through insertion of word 'e-file' at Section 39, a registered person is now compulsorily required to file the sales tax return electronically. Further, time period for filing of revised sales tax return has been curtailed to 120 days from 180 days.

Appellate Forum for contesting the Assessment Order of the Authority's officer

Section 66, 70A

The Bill has proposed to insert a new Section 70A requiring an aggrieved person other than tax department to file appeal before competent authority against an assessment order based on pecuniary limit provided below:

Appellate Authority	Pecuniary Limit of Appeal Filing
Collector – Appeals	Assessment of Tax upto Rs.5 million
Appellate Tribunal	Assessment of Tax Exceeding Rs.5 million

The aforesaid amendment would result in single-tier appeal system in case of assessment order exceeding tax demand Rs.5 million. In such case, the aggrieved person would directly file appeal before Appellate Tribunal instead of Collector-Appeals. However, the assessment order having tax demand of upto Rs.5 million will be appealable before Collector-Appeals.

The Bill also proposes that all pending appeals before the Commissioner-Appeals involving tax demand exceeding Rs.5 million, shall stand transferred to the Appellate Tribunal upto 10



July 2025 which shall decide all transferred appeals within six months from the date of such transfer.

Recovery of Tax

Section 74

The Bill proposes that recovery of tax demand may not be made without prior approval of the Collector or any other officer authorized by him. Prior to such amendment, the officer may exercise recovery drive unilaterally without any approval.

Sharing of Taxpayers' Information

Section 83(4)

A new proviso at sub-section (4) of Section 83 is inserted empowering the Authority to share electronic data of tax returns of the taxpayers with FBR and provincial tax authorities on a reciprocal or multilateral basis subject to such limitations and conditions to be specified by the Authority.



Annexure-A
FIRST SCHEDULE

New Services for Exemption

Serial No.	Description	Conditions (if any)
11	Coastal and Transoceanic water transport services of freight.	Nil
12	Water distribution through mains (underground network of pipes) on own account, including distribution of steam, hot water, and air-conditioning supply	Such services are exempt if rendered on own account. Taxable if such distribution is made through subsidiaries or third-party arrangements
13	Central Banking Services provided by State Bank of Pakistan	The services as a core regulatory function performed by SBP
14	Basic Research Services in physical sciences, chemistry, biology and biotechnology	Academic research and not on commercial basis
15	Veterinary services	Provided by Government owned or regulated bodies
16	Library Services	-
17	Government Public Services, Public Administrative Services and administrative services as provided by Federal, Provincial or local Governments	Services provided in public interest
18	Service furnished by trade unions provided	Provided without any charges or fees
19	Religious services, services by political organizations, human rights organizations, environmental advocacy groups, other special group and associations	Provided without profit motive and in the public interest
20	Services of performing artists to reflect cultural and societal values and for public benefit	However, Services in live concerts, stage shows, dramas or similar commercial entertainment events are taxable.
21	Services provided by museum, zoological or botanical garden service and nature reserve services	Provided for preservation of national heritage and natural resources



Serial No.	Description	Conditions (if any)
22	Funeral, burial, crematorium, or mortuary services provided by funeral homes, crematoria, cemeteries or similar entities	-
23	Domestic household help services as provided in personal capacity	Services provided without involvement of agent or any intermediary
24	Services provided by extraterritorial organizations and bodies including services provided by foreign diplomatic missions	Only non-market and non-commercial functions aimed at fostering global cooperation and addressing transnational challenges
25	Access to a road or bridge on payment of toll charges	-
26	Education Services provided by schools, colleges and universities	-
27	Services provided by Members of Parliament and Provincial Assemblies	Provided on non-commercial basis, without intention to furtherance of personal business.
28	Professional work for cutting, sewing, fitting, altering or repairing of clothes to meet individual specifications (excluding Fashion Designer)	-
29	Repair, maintenance and restoration of footwear and related leather good and accessories	-
30	Services provided by individuals such as laborers, electricians, carpenters, painters, or similar services provided directly to households or religious centers	Provided such services are in their individual's capacity for domestic or non-commercial use which are not utilized for furtherance of the business or to serve commercial interests of the service recipients



Annexure-A
FIRST SCHEDULE

Exemption of Sales Tax vis-à-vis Proposed First Schedule and Existing Law

Serial No.	Description	Conditions	Changes (if any) Proposed and Existing Law
1	Room or Unit Accommodations Services for Students	Provided by hostels exclusively meant for accommodation and allied facilities for students	Unchanged
2	Services provided by Health Care Centers, hospitals and similar institutions for cosmetic treatment of burns or burned body	For cosmetic treatment of burns or burned body parts	Unchanged
7	Airport operation services provided by Civil Aviation Authority	Service provided as a regulator by CAA	Unchanged

Change in Exemption Conditions viz a viz Proposed First Schedule and Existing Law

Serial No.	Proposed Services Description	Existing Services Description	Change in Condition Proposed and Existing Law
3	<p>Hairdressing and Barbers' Services</p> <p>Conditions: Provided by small-sized traditional barber shops with shop area not exceeding 150 square feet and without air-conditioning facilities at business premises.</p>	<p>Service provided by conventional or traditional barber shop</p> <p>Conditions: Not engaged in rendering any high-end beautician or cosmetic services</p>	Change in scope of services in relation to area and facilities in shop
4	<p>Services provided by small size traditional style stand-alone launderers and dry cleaners</p> <p>Condition: Provided it operates independently and are not part of any broader</p>	<p>Services provided by small-sized traditional style stand-alone launderers and dry cleaners</p> <p>Condition: Provided it is operating without any branded or registered</p>	Condition of not being part of any broader retail, commercial, or multi-



Serial No.	Proposed Services Description	Existing Services Description	Change in Condition Proposed and Existing Law
	retail, commercial, or multi-service establishment and utilizing vintage or non-computerized machinery to maintain their conventional mode of service	business name and without the involvement or use of any electrical or mechanical apparatus, equipment or machinery for washing.	service establishment introduced
5	Tour Operator Services related to Hajj Provided by Federal or Provincial Government departments	Full exemption in case of performance of <i>Hajj</i> and <i>Umrah</i> .	Exemption to all tour operators for Hajj and Umrah has been abolished and remained intact to Federal and Provincial Governments in respect of Hajj
6	Toll Manufacturing Services which are provided as part of commercial or industrial operations	Exemption is limited to textbook printing on a contract printing basis, meant for free distribution to the students by or through the Government	Scope of exemption extended to the toll manufacturing services in full
10	Inter-city, intra-provincial and inter-provincial passenger transportation services Provided such transportation provided through Vehicle having engine capacity below 660cc which are not provided or facilitated through any online or digital platform.	Intra-city passenger transportation was not subject to sales tax. However, inter-provincial and intra-provincial transportation of goods are subject to sales tax @5% with a reduction of 50% tax in case of interprovincial transportation services.	Criteria for exemption on transportation of person by road has been confined to engine capacity of the vehicle i.e., 600cc.

Services Exempt under the Proposed First Schedule - Taxable under Existing Law

Serial No.	Proposed Services	Existing Law
8	Wholesale Trade Services in relation to agricultural products, food items, textile and clothing, household goods, consumer goods, construction materials, industrial and chemical products, and plant and machinery. Subject to condition that value of service is determined based on commission.	Services of distribution agent subject to KPK sales tax @ 8% without adjustment of input tax listed at serial No. 5 of the Second Schedule.



Serial No.	Proposed Services	Existing Law
9	Retail Trade Services in relation to agricultural products, food items, textile and clothing, household goods, consumer goods, construction materials, industrial and chemical products, and plant and machinery. Subject to condition that value of service is determined based on commission.	Services of commission agent subject to KPK sales tax @ 8% without adjustment of input tax listed at serial No. 5 of the Second Schedule



Annexure-B
SECOND SCHEDULE

Service Description or Rate of Tax viz a viz Proposed and Existing Second Schedule

Sr. No.	Proposed Services Description	Sales Tax	Existing Services Description	Sales Tax	Change (if any) Remarks
2	Non-corporate hostels and messes sales tax	5%	Both corporate & non-corporate Hotels	5%	Corporate hostels sales tax @ 15%. Messes also subject to sales tax.
	Local non-corporate stand-alone hotels, including guest houses, lodges, restaurants, if payment is made in cash.	10%	Local non-corporate stand-alone hotels including guest houses, lodges) Installation and working of RIMS at all restaurants	6%	RIMS installation is now mandatory. Increase in sales tax from 6% to 10% for non-corporate standalone hotels, restaurants, etc., receiving cash payment
	Local corporate and non-corporate hotels including guest-houses receiving payment against the service through cards and digital payment modes.	6%			
	Service of club operate in commercial mode and manner, if cash payment is made by the service recipient.	10%	Non-corporate Clubs subject to installation and working of RIMS	6%	The rate of sales tax for corporate clubs receiving payment in cash was reduced to 10% from 15%
	Rate of tax, if payment is being	6%			



Sr. No.	Proposed Services Description	Sales Tax	Existing Services Description	Sales Tax	Change (if any) Remarks
	made through cards and digital payments.				
	Traditional non-corporate restaurants such as dhaba or hut type, road/street side non-AC restaurants, accommodation facilities like sarrayae in vicinity of railway or bus station with charges not exceeding Rs.300 per bed	10%	Traditional non-corporate restaurants such as dhaba or hut type, road/street side non-AC restaurants, accommodation facilities like sarrayae in vicinity of railway or bus station with charges not exceeding Rs.300 per bed	2%	No other change except rate of tax increased from 2% to 10%
	Marriage Halls:		Marriage Halls:		
	Category-A: Hall having capacity of 500 or above person	Rs.50,000 per function	Category-A: Hall having capacity of 500 or above persons	Rs.25,000 per function	Increase of Tax upto Rs.25,000 per function
	Category-B: Hall having capacity of 300 to 500 persons located in municipality - Rs.20,000 per function	Rs.20,000 per function	Category-B: Hall having capacity of 300 to 500 persons located in municipality	Rs.15,000 per function	Increase of Tax upto Rs.5,000 per function.
	Category-C: Hall having capacity of less than 300 persons	Rs.10,000 per function	Category-C: Hall having capacity of less than 300 persons	Rs.10,000 per function	No Change
	Rate of tax for marriage halls not opting above fixed tax	15%	Rate of tax for marriage halls not opted for fixed tax	11%	Marriage halls not opting for fix taxation has been increased from 11% to 15%.



Sr. No.	Proposed Services Description	Sales Tax	Existing Services Description	Sales Tax	Change (if any) Remarks
	Stand-alone caterers	5%	Stand-alone caterers	10%	Decrease in sales tax from 10% to 5%
	Non-corporate hotels located in tourist spots of Galiyat and Kaghan Valley	10% cash payment or 6% card or digital mode	Non-corporate hotels located in tourist spots of Galiyat and Kaghan Valley	5%	Increase in sales tax from 5% to 10% in case of cash payment
6	Services provided by shipping agent, freight forwarder, custom agent, travel agent, tour operator, share transfer agent; business support services, labor and manpower supply services, commission agent, distribution agent, and similar other persons engaged in business transaction or activity against commission or similar charges as provided by corporate entities	15%	Services provided by shipping agent, freight forwarder, custom agent, travel agent, tour operator, share transfer agent; business support services, labor and manpower supply services, commission agent, distribution agent, and similar other persons engaged in business transaction or activity against commission or similar charges as provided by corporate entities	Various reduced rates are available against each of the services	Rate of sales tax increased to 15% from various reduced rates for service provider as corporate entity
8	Service in matter of sales, purchase, rent or hire as provided by non-corporate Authorized Automobile dealers	2%	Service in matter of sales, purchase, rent or hire as provided by corporate Authorized Automobile dealers	15%	Rate of sales tax decreased to 2% from 15% for service provider as corporate entity
9	Services provided by following non-corporate specialized workshops:		Services provided by the following non-corporate specialized workshops:		
	Auto workshops	5%	Auto workshops	2%	Sales Tax rate increased from 2% to 5%



Sr. No.	Proposed Services Description	Sales Tax	Existing Services Description	Sales Tax	Change (if any) Remarks
	workshop for construction, earth moving, or other similar heavy duty or special purpose machinery	5%	workshop for construction, earth moving, or other similar heavy duty or special purpose machinery	2%	Sales Tax rate increased from 2% to 5%
	Workshop for electric, electrical or electronic machinery, equipment, appliances and allied equipment and appliances	5%	Workshop for electric, electrical or electronic machinery, equipment, appliances and allied equipment and appliances.	2%	Sales Tax rate increased from 2% to 5%
	Workshop for repair or maintenance of aircrafts, helicopters and other flying objects.	5%	Workshop for repair or maintenance of aircrafts, helicopters and other flying objects.	2%	Sales Tax rate increased from 2% to 5%
	Car washing (including compounding and polishing, etc.) or similar service stations.	5%	Car washing (including compounding and polishing, etc) or similar service stations.	2%	Sales Tax rate increased from 2% to 5%
	Other workshops or workshop type businesses	5%	Other workshops or workshop type businesses	2%	Sales Tax rate increased from 2% to 5%
	Services provided by stand-alone car wash (car wash station) services	2%	Services provided by stand-alone car wash (car wash station) services	1%	Sales Tax rate increased from 1% to 2%
	Services provided by specialized workshops having corporate status	15%	Services provided by specialized workshops having corporate status	Various reduced rates against various categories of workshops	The rate of sales tax increased to 15% from various reduced rates for the service provider as a corporate entity



Sr. No.	Proposed Services Description	Sales Tax	Existing Services Description	Sales Tax	Change (if any) Remarks
10	Services provided by corporate Security agencies, credit rating agencies, project planning agencies, market research agencies, private detective or intelligence service providing agencies, and other similar agencies	15%	Services provided by corporate Security agencies, credit rating agencies, project planning agencies, market research agencies, private detective or intelligence service providing agencies, and other similar agencies	10%	The rate of sales tax increased to 15% from 10%
11	Government-funded construction projects, including ADP/PSDP funded projects and the construction of Hydropower projects (<i>approved or initiated after 01 July 2025</i>)	4%	Government funded construction projects, including ADP/PSDP funded projects and the construction of Hydropower projects	2%	Sales Tax Rate increased from 2% to 4%
12	Digital or IT-based services in whatever form or manner or under whatever arrangement <i>Note: Proposed to include cloud-based content streaming or live streaming platforms such as Netflix, Spotify, YouTube, Amazon Prime Video, etc.</i>	5%	Digital or IT-based services in whatever form or manner or under whatever arrangement	2%	Sales Tax Rate increased from 2% to 5%
14	Airport Services provided by corporate entities	15%	Airport Services provided by corporate entities	10%	Sales Tax rate increased from 10% to 15%
15	Dry port services including operation of a dry port or other services provided at or in respect of dry port by corporate entities	15%	Dry port services including operation of a dry port or other services provided at or in respect of dry port by corporate entities	10%	Sales Tax rate increased from 10% to 15%



Sr. No.	Proposed Services Description	Sales Tax	Existing Services Description	Sales Tax	Change (if any) Remarks
18	Event Management Services provided by corporate entities – Taxable	15%	Event Management Services provided by corporate entities	10%	Sales Tax rate increased from 10% to 15%
19	Exhibition, convention or carnival services and allied services provided by corporate	15%	Exhibition, convention or carnival services and allied services provided by corporate entities	5%	Sales Tax rate increased from 5% to 15%
20	Services provided by Cable TV Operator (other than internet-based TV services, taxable under telecommunication services)	5%	Services provided by Cable TV Operator (other than internet-based TV services, tax under telecommunication services)	2%	Sales Tax rate increased from 2% to 5%
22	Storage and warehousing services, including public bounded warehousing by corporate entities	15%	Storage and warehousing services, including public bounded warehousing by corporate entities	10%	Sales Tax rate increased from 10% to 15%
	Cold Storage services for agricultural produce, regardless of corporate status of service provider	10%	Cold Storage services for agricultural produce, regardless of corporate status of service provider	2%	Sales Tax rate increased from 2% to 10%
25	Services provided by private laboratories, scientific laboratories, mechanical laboratories, chemical laboratories, electrical or electronics laboratories, pathological laboratories, Forensic laboratories medical diagnostic	5%	Services provided by private laboratories, scientific laboratories, mechanical laboratories, chemical laboratories, electrical or electronics laboratories, pathological laboratories,	10%	Sales Tax rate decreased from 10% to 5%



Sr. No.	Proposed Services Description	Sales Tax	Existing Services Description	Sales Tax	Change (if any) Remarks
	laboratories including technical services relating to X-rays, CT-Scan, MR Imaging (MRI), ultrasound, echo etc., or other such laboratories		Forensic laboratories medical diagnostic laboratories including technical services relating to X-rays, CT-Scan, MR Imaging (MRI), ultrasound, echo etc., or other such laboratories		
31	Quality assurance, quality control, quality inspection and quality certification provided by corporate entities	15%	Quality assurance, quality control, quality inspection and quality certification provided by corporate entities	2%	Sales Tax rate increased from 2% to 15%
34	Online Market Place (OMP) including online platform or portal services including online booking and reservation services by whatever name called (other than ride- hailing or ride- hail services	5%	Online Market Place (OMP) including online platform or portal services including online booking and reservation services by whatever name called (other than ride- hailing or ride- hail services	2%	Sales Tax rate increased from 2% to 5%
35	Services of installation, erection, commissioning of any industrial, mechanical or electrical plant, machinery or equipment (excluding installation of domestic equipment etc. for residential use) by corporate entity	15%	Services of installation, erection, commissioning of any industrial, mechanical or electrical plant, machinery or equipment (excluding installation of domestic equipment etc. for residential use) by corporate entity	2%	Sales Tax rate increased from 2% to 15%



No Change in Services Description & Tax Rate viz a viz Proposed and Existing Second Schedule

Sr.	Taxable Services	Conditions
3	Services Provided by Health Care Centers etc. in Private Sector	5% of the charges including fixed charges (if any), provided per day room or bed charges exceed Rs.10,000.
4	Service provided by beauty parlors, beauty clinics, health care centers, cosmetic and plastic surgery centers, hair transplant center, Health Club, physical fitness center, pedicure / manicure centers, hair dressers and barbers, swimming pools and similar establishments	Taxable @ 5% without input tax adjustment
5	Medium-sized stand-alone launderers and dry cleaners using non-conventional mode of service through computerized machinery.	Taxable @ 2% without input tax adjustment Provided it is not operating under a chain business providing hotel or other accommodation services.
6	Services provided by the non-corporate person authorized to transact or deal with business on behalf of others, such as shipping agents, stock brokers, share transfer agents, asset management agents, tour operators, travel agents, commission agents, and distribution agents engaged in business transactions or activities against commission or similar charges.	Taxable @ 8% without input tax adjustment
	Business Support Service provided by non-corporate person	Taxable @ 5% without input tax adjustment
	Custom Agent	Fixed rate of Rs.3,000 per GD
7	All types of Advertisements except on or through print media.	Taxable @ 10% without input tax adjustment
	Advertisement on print Media	Taxable @ 2% without input tax adjustment
8	Following services provided by non-corporate entities in matters of sales, purchase, rent or hire (other than rent a car) under any arrangement with client or principal: a) Property dealer or agent b) Car or other automobile dealers c) Dealer of electronic equipment, appliances plant and machinery,	Taxable @ 2% without input tax adjustment



Sr.	Taxable Services	Conditions
	construction machinery and similar capital goods d) Dealers of second-hand goods e) Renting of plant, machinery including construction machinery and other equipment.	
	Services provided by corporate authorized automobile dealer	Taxable @ 15%
9	Services provided by non-corporate authorized automobile dealer's workshop	Taxable @ 10% without input tax adjustment
	Services provided by non-corporate Industrial workshops	Taxable @ 5% without input tax adjustment
10	Services provided by non-corporate specialized agencies: Security agencies, credit rating agencies, project planning agencies, market research agencies, private detective or intelligence service providing agencies, and other similar agencies	Taxable @ 10% without input tax adjustment
11	Construction services, electro-mechanical works, turnkey and EPC projects and similar construction works, Services provided by architects and civil engineers, town developers and planners, services of contractors for allied works such as electrical, mechanical, plumbing, gas fitting and other finishing works, Other similar or allied services	Taxable @ 5% without input tax adjustment
	Land Development	Taxable @ Rs.100 per Sq. Yard of total developed area (Other than area for schools, medical dispensaries, masjid, graveyard, parks and public toilets meant for common use of public)
	Commercial construction of residential building, flats, commercial plaza or complex	Taxable @ Rs.50 per Sq. Feet of covered Area (Other than area for schools, medical dispensaries, masjid, graveyard, and public toilets meant for common use of public at large)
13	License fee, lease, and royalty payment received by the Government Department / Authority and lessees or licensees in respect of oil, gas or mining sector	Taxable @ 2% without input tax adjustment
14	Airport Services provided by non-corporate entities	Taxable @ 10% without input tax adjustment



Sr.	Taxable Services	Conditions
15	Dry port services including operation of a dry port or other services provided at or in respect of dry port by non-corporate entities	Taxable @ 10% without input tax adjustment
16	Services provided by practitioners, professionals, consultants and advisors in the fields of HR, Veterinary services, Finance, Accounting, Tax, Business Planning, Software or IT based system development and other similar fields	Taxable @ 5% without input tax adjustment
	Service provided Medical, dental and legal professional, practitioner and consultants	Taxable @ 2% without input tax adjustment
	Fixed Tax for Consultant and practitioner of legal professional at the time of filing of case, appeal or petition	Rs.300/- per case
17	Film or Drama Production, telecasting or broadcasting services (other than TV cable operators), Video or sound recording services, photographic services, and other similar or allied services.	Taxable @ 2% without input tax adjustment
18	Event Management Services provided by non-corporate entities	Taxable @ 10% without input tax adjustment
19	Exhibition, convention or carnival services and allied services provided by non-corporate entities	Taxable @ 5% without input tax adjustment
21	Services provided by call centers	Taxable @ 2% without input tax adjustment
22	Storage and warehousing services, including public bounded warehousing by non-corporate entities	Taxable @ 10% without input tax adjustment
23	Container Terminal Services	Taxable @ 10% without input tax adjustment
24	Inter-provincial and intra-provincial transportation of persons through road passenger transportation	Taxable @5% with a reduction of 50% tax in case of interprovincial transportation services
26	Valuation or assessment services, including eligibility and competency testing	Taxable @ 5% without input tax adjustment
27	The following services as provided by Pakistan Railway: a) Courier services in relation to the speedy, fast, quick or urgent mail, parcel or cargo services provided; and b) services provided for inland carriage of goods against freight or carriage charges.	Taxable @ 2% without input tax adjustment



Sr.	Taxable Services	Conditions
28	Services provided by under writer including sponsorship services	Taxable @ 2% without input tax adjustment
29	Services provided by indenters or similar intermediaries	Taxable @ 2% without input tax adjustment
30	Service provided or rendered by Auctioneers	Taxable @ 2% without input tax adjustment
31	Quality assurance, quality control, quality inspection and quality certification provided by non-corporate entities	Taxable @ 2% without input tax adjustment
32	Rent-e-car or Rent-a-cab services	Taxable @ 5% without input tax adjustment
33	Ride-Hailing Services	Taxable @ 5% without input tax adjustment
35	Services of installation, erection, commissioning of any industrial, mechanical or electrical plant, machinery or equipment (excluding installation of domestic equipment etc. for residential use) by non-corporate entity	Taxable @ 2% without input tax adjustment

Services Earlier Exempt or Non-Taxable now Taxable at Reduced Rate under Proposed Second Schedule

Sr.	Taxable Services	Sales Tax & Other Details (Conditions)
6	Services of travel agents for the arrangement of performance of Hajj and Umrah	For Umrah - Rs.5,000 per person age between 13 to 60 years. For Hajj - Taxable @ Rs.10,000 per person between age of 13 and 60 years
24	Intercity transportation or carriage of persons by road passenger transportation	Taxable @ 5% without input tax adjustment
36	Apartment/Flats maintenance fee or charges, including House Management, Real Estate Management Services of Rent Collection.	Taxable @ 5% without input tax adjustment
37	Parking, Towing, and Valet Services are provided either on a contractual basis or directly to customers.	Taxable @ 5% without input tax adjustment



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