

EXTRACT OF LAWS TO BE AMENDED IN
FINANCE BILL 2021

THE STAMP ACT, 1899
(Act II of 1899)

CHAPTER II
STAMP-DUTIES

27. The consideration (if any) and all other facts and circumstances affecting the chargeability of any instrument with duty, or the amount of the duty with which it is chargeable, shall be fully and truly set forth therein.

[27 A].(1) Where any instrument chargeable with ad valorem duty under clause (b) of Article 23 or clause (b) of Article 23 or clause (b) of Article 31 of Schedule I relates to land only or land with any building or structure thereon, the value of the land shall be calculated according to the valuation table notified by the Collector in respect of land situated in the area or locality concerned 5[—or as the Provincial Government may, from time to time, by notification in the official Gazette, determine].

(2) Where an instrument mentioned in sub-section (1) relates to land with building or structure thereon, it shall state the value of the land and the building or structure, separately, and the value of the building or structure so stated shall, subject to the provisions contained in this Act, be accepted.

(3) Where the value of land stated in an instrument to which sub-section (1) applies is more than the value fixed according to the valuation table, the value declared in the instrument shall be accepted as value for the purpose of duty.

(4) Where the value given in the valuation table notified under subsection (1), when applied to any land, appear to be excessive, the Commissioner may, on application made to him by the aggrieved person, determine its correct value and for that purpose the provisions of section 31 and section 32 shall apply mutatis mutandis.

SCHEDULE-1

Article No.	Description of Instrument	Proper Stamp
1	2	3
6(A)	Allotment Order or Transfer of Allotment Order issued by a developer, builder, co-operative Society, housing society or housing authority, or any other body or organization providing open plots dwelling houses or built up commercial premises; (i) in respect of residential open plots. (ii) in respect of commercial open plots.	Rupees [300] per Marla. Rupees [600] per Marla.
22(A)	CONTRACT, that is to say any instrument of the nature of memorandum of agreement, made or entered into by a contractor with Government, a Corporation, Local Body, Local Authority, Agency or Organization set up or controlled by the Federal or the Provincial Government. (a) to execute any work- (i) where the amount of contract does not exceed fifty thousand rupees; (ii) where the amount exceeds fifty thousand rupees but does not exceed five hundred thousand rupees;	Two hundred and fifty rupees. One thousand Two hundred and fifty rupees.

	<p>(iii) where the amount exceeds five hundred thousand rupees but does not exceed one million rupees;</p> <p>(iv) where the amount exceeds one million rupees but does not exceed five million rupees.</p> <p>(v) where the amount exceeds five million rupees.</p> <p>(b) To procure Stores and Materials.</p>	<p>One thousand Eight hundred and fifty rupees.</p> <p>Six thousand Two hundred and fifty rupees.</p> <p>Eighteen thousand seven hundred and fifty rupees.</p> <p>One rupee for every Rs. 100.00 or part thereof of the amount of the contract.</p>
53.	<p>RECEIPTS as defined by section 2(23) for any money or other property the amount or value of which exceeds twenty rupees.</p> <p>(a) where such amount does not exceed Rs. 2,000;</p> <p>(b) where such amount exceeds Rs.2,000 but does not exceed Rs. 10,000;</p> <p>(c) where such amount exceeds Rs. 10,000.</p> <p style="text-align: center;">EXEMPTIONS</p> <p>RECEIPT—</p> <p>(a) endorsed on or contained in any instrument duly stamped or any instrument exempted under the proviso to section 3 (instruments executed on behalf of the Government) or any cheque or bill of exchange payable on demand acknowledging the receipt of the consideration money therein expressed, or the receipt of any principal-money interest or annuity, or other periodical payment thereby secured;</p> <p>(b) for any payment of money without consideration;</p> <p>(c) for any payment of rent by a cultivator on account of land assessed to Government revenue;</p> <p>(d) for pay or allowances by non-commissioned or petty officer; soldiers, sailors airmen of the armed forces of Pakistan/ Pakistan military, naval or air forces when serving in such capacity, or by mounted police-constables;</p> <p>(e) given by holders of family certificates in cases where the person from whose pay or allowances the sum comprised in the receipt has been assigned as a noncommissioned or petty officer, soldier, sailor or airmen or any of the said forces and serving in such capacity;</p> <p>(f) for pensioners or allowances by persons receiving such pensions or allowances in respect of their services as such noncommissioned or petty officers, soldiers, sailors or airmen, and not serving the State in any other capacity;</p> <p>(g) given by a headman or lambaridar for land revenue or taxes collected by him;</p> <p>(h) given for money or securities for money deposited in the hands of any banker, to be accounted for:</p> <p>Provided that the same is not expressed to be received of, or by the hand of, any other than the person to whom the same is to be accounted for: Provided also that this exemption shall not extend to receipt or acknowledgment for any sum paid or deposited for, or upon a letter of allotment of a share, or in respect of a call upon any scrip or share of, or in, any incorporated company or other body corporate or such proposed or intended company or body or in respect of a debenture being a marketable security.</p> <p>See also POLICY OF INSURANCE [No.47-B (2)].</p>	<p>Two rupees</p> <p>Three rupees</p> <p>Seven rupees</p>

THE REGISTRATION ACT, 1908

(ACT NO. XVI OF 1908)

PART II OF THE REGISTRATION-ESTABLISHMENT

Register-books and fire-proof boxes and fire-proof boxes

16. (1) The Government shall provide for the office of every registering officer the books necessary for the purposes of this Act.

(2) The books so provided shall contain the forms from time to time prescribed by the Inspector-General with the sanction of the Government, and the pages of such books shall be consecutively numbered in print, and the number of pages in each book shall be certified on the title-page by the officer by whom such books are issued.

(3) The Government shall supply the office of every Registrar with a fire-proof box, and shall in each district make suitable provision for the safe custody of the records connected with the registration of documents in such district.

PART III OF REGISTRABLE DOCUMENTS

Documents of which registration is compulsory

17. (1) The following documents shall be registered, if the property to which they relate is situate in a district in which, and if they have been executed on or after the date on which, this Act came or comes into force, namely:-

- (a) instruments of gift of immoveable property;
- (aa) declaration of heba under the Muslim Personal Law (Shariat);
- (b) other non-testamentary instruments which purport or operate to create, declare, assign, limit or extinguish, whether in present or in future, any right, title or interest, whether vested or contingent, to or in immoveable property;

Explanation - In the case of an assignment of a mortgage the consideration for the deed of assignment shall be deemed to be the value for registration.

- (c) Non-testamentary instruments (other than the acknowledgment of a receipt or payment made in respect of any transaction to which an instrument registered under clause (a) relates) which acknowledge the receipt or payment of any consideration on account of the creation, declaration, assignment, limitation or extinction of any such right, title or interest; and
- (cc) instrument of mortgage referred to in section 59 of the Transfer of Property Act, 1882;
- (d) leases of immoveable property from year to year, or for any term exceeding one year, or reserving a yearly rent;

- (e) non-testamentary instruments transferring or assigning any decree or order of a Court or any award when such decree or order or award purports or operates to create, declare, assign, limit or extinguish, whether in present or in future, any right, title or interest, whether vested or contingent, 11[* * *] to or in immoveable property;
- (f) instrument of partition of immoveable property effected by persons upon inheritance according to their respective personal laws;
- (g) instrument of sale in pursuance of an order of the Court under section 96 of the State Acquisition and Tenancy Act, 1950];

Provided that the Government may, by order published in the official Gazette, exempt from the operation of this sub-section any leases executed in any district, or part of a district, the terms granted by which do not exceed five years and the annual rents reserved by which do not exceed fifty taka.

(2) Nothing in clauses (b) and (c) of sub-section (1) applies to-

- (i) any composition deed; or
- (ii) any instrument relating to shares in a Joint Stock Company, notwithstanding that the assets of such Company consist in whole or in part of immoveable property; or
- (iii) any debenture issued by any such Company and not creating, declaring, assigning, limiting or extinguishing any right, title or interest, to or in immoveable property except in so far as it entitles the holder to the security afforded by a registered instrument whereby the Company has mortgaged, conveyed or otherwise transferred the whole or part of its immoveable property or any interest therein to trustees upon trust for the benefit of the holders of such debentures; or
- (iv) any endorsement upon or transfer of any debenture issued by any such Company; or
- (v) any document not itself creating, declaring, assigning, limiting or extinguishing any right, title or interest to or in immoveable property, but merely creating a right to obtain another document which will, when executed, create, declare, assign, limit or extinguish any such right, title or interest; or
- (vi) any decree or order of a Court except a decree or order expressed to be made on a compromise and comprising immoveable property other than that which is the subject matter of the suit or proceeding; or
- (vii) any grant of immoveable property by the Government; or
- (viii) any instrument of partition made by a Revenue-officer; or
- (ix) any order granting a loan or instrument of collateral security granted under the Land Improvement Act, 1871, or the Land Improvement Loans Act, 1883; or
- (x) any order granting a loan under the Agriculturists' Loans Act, 1884, the Bangladesh Krishi Bank Order, 1973 or under any other law for the time being in force relating to the advancement of loans for agricultural purposes, or any instrument under which a loan is granted by a co-operative society for any such purpose, or any instrument made for securing the repayment of a loan so granted; or
- (xi) any endorsement on a mortgage-deed acknowledging the payment of the whole or any part of the mortgage-money, and any other receipt for payment of money due under a mortgage; or

(xii) any certificate of sale granted to the purchaser of any property sold by public auction by a Civil or Revenue-officer; or

(xiii) any counter-part of a lease, where the lease corresponding thereto has itself been registered.

(3) Authorities to adopt a son, executed after the first day of January 1872, and not conferred by a will, shall also be registered.

THE WEST PAKISTAN URBAN IMMOVABLE PROPERTY TAX ACT, 1958

(West Pakistan Act V of 1958)

3. (1) Government may by notification specify urban areas where tax shall be levied under this Act:

Provided that one urban area may be divided into two or more rating areas or several urban areas may be grouped as one rating area.

(2) Subject to the provisions of section 4, there shall be levied, charged and paid a tax, on the basis of annual rental value of buildings and lands in the rating areas (heretofore notified or as may hereafter be notified under this Act):-

(a) at the rate specified in Schedule I in respect of residential buildings; and

(b) at the rate specified in Schedule II in respect of commercial buildings [:]

"Explanation-I.-Residential buildings are the buildings which are used for the purpose of dwelling whereas commercial buildings are the buildings alongwith any appurtenances and installations that may be attached therewith, which are used as office establishment or for carrying on any commerce or trade.

Explanation-II.-In case when compartmentalization and partition is carried out in the buildings in such a way to collectively use the building for residential as well as commercial purposes or to house more than one dwellings, the tax in respect of such compartments and partitions shall be levied in a manner as if they are separate buildings.";

(2a) A rebate at the rate of 20% of the tax assessed under subsection (2) shall be admissible to those assesses who pay the tax in advance for the whole year by the 28th day of February of the year to which it relates;

Provided that there shall be thirty-five percent (35%) rebate for all those taxpayers, who have timely, paid their tax in the preceding five years.

Provided further that the taxpayers shall be entitled for either rebate of twenty percent (20%) or thirty-five percent (35%) as specified under this sub-section.

(3) The tax shall be due from the owner of buildings and lands].

(3-A). Out of the tax collected under the Act from within the limits of a Cantonment Board, Government shall, after retaining five percent, thereto as collection charges, pay fifty percent of the balance to such Cantonment Board.

4. (1) The tax shall not be leviable in respect of the following properties, namely:

(a) buildings and lands, other than those leased in perpetuity, vesting in the Federal Government;

(b) buildings and lands, other than those leased in perpetuity, vesting in Government and not administered by a local authority, or owned or administered by a local authority when used exclusively for public purposes and not used or intended to be used for purposes of profit;

(c) residential buildings, the area whereof does not exceed five marlas and the building is occupied by the owner himself:

Provided that the owner does not own any other residential building at the same rating area for which the owner shall submit an affidavit to this effect:

Provided further that the owner of such residential buildings shall not be liable to pay arrears of the tax, if any, for a period falling before the 1st day of July, 2004:

Provided also that if the owner fraudulently avails the concession under this clause, he shall be liable to pay a penalty amounting to five times of the tax so evaded in addition to the tax payable.

(cc) residential buildings owned and occupied by widows; provided that if a widow owns more than one residential building in the same rating area, she shall be exempted from payment of the tax in respect of only one building which is self-occupied by her.

(d) public parks, playgrounds and libraries;

(e) buildings and lands or portions thereof used exclusively for public worship or public charity including mosques, churches, dharamsalas, gurdwaras, orphanages, alms houses, drinking water fountains, infirmaries for the treatment and care of animals and public burial or burning grounds or other places for the disposal of the dead:

Provided that the following buildings and lands or portions thereof shall not be deemed to be used exclusively for public worship or for public charity within the meaning of this section, namely:—

(i) buildings in or land on which any trade or business is carried on unless the rent derived from such buildings or land is applied exclusively to religious purposes or such public charitable institutions as may be prescribed;

(ii) buildings or land in respect of which rent is derived, and such rent is not applied exclusively to religious purposes or to public charitable institutions; and

(f) buildings and lands belonging to minor orphans who are not assessed to income tax.”;

(2) Notwithstanding anything to the contrary contained in section 3, there shall not be levied and charged any tax under this Act, in relation to buildings and lands occupied by industrial units in any area declared by Government as “Industrial Estates”, for a period of five years with effect from 1st day of July, 2013.”.]

(3) Notwithstanding anything contained in this Act or any other law for the time being in force, there shall be a rebate for tax defaulters on all defaulted amount of tax at the following rates:

Sr.	Defaulted amount (Rs.)	Rebate.	Validity.
1	Payment in twelve instalments	25% of the defaulted amount	30 th June, 2021
2	Lump-sum payment	30% of the defaulted amount	28 th February 2021.

Provided that tax payable on the principal amount under this provision may be paid in full or in twelve installments at the option of the taxpayer:

Provided further that those who fail to clear the defaulted amount till 30th June,2021, shall pay the original amount along with penalty imposed under section 15 of this Act.;

Schedule-II
[see section 3(2)(b)]

1. Building and lands within the limits of urban areas shall be divided into category A1, A, B, C and D by the Government, depending on location, value, type of business therein, rental value, civic amenities, and other variables related to immovable properties.
2. Buildings acquired for the use by Government, Semi-Government, Non-Governmental Organizations, Development Financial Institutions, private commercial organizations, guest houses, and petrol/CNG stations, or by Banks shall be assessed and taxed at the rate of fifteen percent of the actual annual rent. In case buildings other than those exempted under section 4 of the Act, which is owned and occupied by such organizations, the tax shall be levied on the assessed annual rental value of such buildings on the rate prescribed hereinbefore.
3. Both the parties shall enter into a written agreement in quadruplicate indicating annual rent to be derived, and share copy thereof with assessing authority on an annual basis.

Explanation: For this part, actual rent means annual rent agreed between the parties.

4. Buildings used as shops or for any other commercial activity not mentioned in clause 2 shall be divided into different locality factors namely A1, A, B, C, and D depending on the locality and area, and shall be assessed and taxed by method and rate prescribed in clause 5 below.

5. **Tax for properties as per clause 4 shall be calculated with the following formula:**

- (a) **Plot area in square yards; and**
- (b) **Covered area in square feet;**
 - (i) **provided that passageways, washrooms and other public utilities shall not be counted while calculating/counting the covered area;**
 - (ii) **provided further that open sheds and verandas shall be counted as half of its total measurement while calculating covered area;**
 - (iii) **the formula for tax calculation shall be=(plot area in the square yard (a) + covered area in square feet (b) multiplied by locality factor (c);**
 - (iv) **locality factors for computing tax liability as per clause 5(iii) above, are given below in the table:**

Locality/ Category (i)	Ground Floor	Basement	1st Floor	2 nd Floor	3 rd Floor	4 th Floor	5 th Floor	All other Floors beyond 5 th Floor
A1	20	18	18	16	14	12	10	8
A	15	13	13	11	9	7	5	5
B	10	8	8	7	6	5	5	5
C	7	5	5	5	5	5	5	5
D	5	5	5	5	5	5	5	5

provided that plot area in sq. yards will be counted once in the basement or on the ground floor as the case may be. For upper stories, i.e from floor and onwards, only covered area will be taken into account, and the formula shall be:

Covered area in square feet (b) multiplied by locality factor (c) (bxc)

6. For Educational Institutions:

- (a) The tax shall be calculated based on the covered area only. The area of the plot as required per item 5(a) above shall not be taken for computing the tax. This is to encourage the institutions in providing sports and other recreational facilities to their students; and
- (b) The tax calculated based on (a) above shall get a special thirty percent rebate, being provided to all the educational institutions.

7. Industrial lands and buildings within the limits of rating are shall be assessed and taxed at a flat rate of rupees 2.50 per square foot of the whole plot area.

Explanation: For this clause, the industrial building or land shall include a building, group of buildings or a plot, wherein finished, semi-finished or raw goods are manufactured, processed or stockpiled and shall also include all the residential buildings, colonies, hostels, mess, schools etc; within the premises of the industrial compound. Similarly, all commercial land or buildings other than factory area i.e. workshop, shops, godowns, banks, petrol pumps, factory offices, mobile towers etc; situated within the industrial compound, shall be considered as part of industrial building or land. However, if these land or buildings are used for any other commercial purpose, which has no relevance with the industry or commercial activity, open to public, or any space rented out, the same shall be assessed and taxed as per clauses 1 to 6 of Schedule-II, in case of commercial land or buildings, and in accordance with rates given in Schedule-1 of this Act for all residential buildings."

8. Service Station of vehicles, irrespective of operating in addition to other services such as filling station or otherwise shall be charged a flat rate of Rs. 15, 000 per annum.

9. Buildings and Lands used for the erection of Mobile Phone Towers shall be assessed and taxed at the rates:

- (i) Provincial Headquarter.....Rs.40,000 per annum;
- (ii) (ii) Divisional Headquarter andRs.30,000 per annum and;
respective sub-urban areas
- (iii) (iii) District Headquarter andRs.20,000 per annum
respective sub-urban areas."

KHYBER PAKHTUNKHWA FINANCE ACT, 1990
(KHYBER PAKHTUNKHWA ACT NO. IV OF 1990)

7. **Tax on Professions, Trades and Callings.**—(1) There shall be levied and collected a tax, for each financial year, from persons engaged in professions, trades, callings or employment described in column 2 of the Table below at the rate specified against each category in column 3 thereof:

Provided that where a person falls in more than one category of profession, trade, calling, etc., he shall be liable to pay tax in respect of the one where the rate of tax is highest.

**THE KHYBER PAKHTUNKHWA LAND TAX AND AGRICULTURE
 INCOME TAX ORDINANCE, 2000.**

[KHYBER PAKHTUNKHWA] ORDINANCE NO. IV OF 2000

**CHAPTER-II
 LAND TAX**

3. **Charge of Land.**—Subject to the other provisions of this Ordinance, there shall be charged, levied and paid for every assessment year a land tax in respect of cultivated land of an owner at the rates specified in the First Schedule to this Ordinance.

**The Second Schedule
 (See section 6)
 Rates of Agricultural Income Tax**

In the case of every owner, the agriculture income tax shall be charged on the agriculture income:

1.	Where income is not more than Rs.400,000/-	No tax
2.	Where total taxable income exceeds Rs. 400,000/- but does not exceed Rs.550,000/-	5% of amount exceeding Rs. 400,000/-
3.	Where total taxable income exceeds Rs.550,000/- but does not exceed Rs.750,000/-	Rs. 7500/- plus 7.5 % on amount exceeding Rs.550,000/-
4.	Where total taxable income exceeds Rs. 750,000/- but does not exceed Rs. 950,000/-	Rs. 22,500 plus 10 % on amount exceeding Rs.750,000/-
5.	Where total taxable income exceeds Rs. 950,000/- but does not exceed Rs. 1,100,000/-	Rs.42,500/- plus 15 % on amount exceeding Rs. 950,000/-
6.	Where total taxable income exceeds Rs.1,100,000/-	Rs.65,000/- plus 17.5% on amount exceeding Rs.1,100,000/-

THE KHYBER PAKHTUNKHWA FINANCE ORDINANCE, 2002.

KHYBER PAKHTUNKHWA ORDINANCE NO. XXIII OF 2002.

4. **Tax on Hotels.**—There shall be levied and collected every year a tax on hotels, payable by the owner or management thereof at the rate of ten percent of the room rent lodging unit per day, on the basis of fifty percent of the total number of lodging units available in the hotel concerned; provided that the assessment in relation to a hotel at a hill station shall be made at the aforesaid rate for six months only in a year, that is from 1st day of April to 30th day of September (both days inclusive):

Provided further that hotel in kaghan valley of the Khyber Pakhtunkhwa shall be exempted from tax for a period starting from 1st July, 2010 to 30th June, 2012.

“Provided also that no tax shall be leviable and payable under this section for the year 2020-21, if the hotel and management are registered and on the active taxpayer list of Khyber Pakhtunkhwa Revenue Authority for sales tax on services:

Provided also that arrears up to June 2020 in the subject head shall be collected by Excise, Taxation and Narcotics Control Department of Government with a rebate for all tax defaulters on all defaulted amount of tax on the following rates:

S.No	Defaulted amount (Rs.)	Rebate	validity
1.	Payment in three instalments	20% of the defaulted amount	30 th June, 2021
2.	Lump-sum payment	25% of the defaulted amount	30 th June, 2021.

Explanation.—In this section, unless there is anything repugnant in the subject or context,-

- (a) “hotel means an establishment where lodging with board or other service is provided for a monetary consideration, but shall not include—
- Any home or hostel maintained exclusively for aged or sick persons, or, as the case may be, for students, by or under the control of a charitable, medical or educational institutions;
 - Any rest house, mess or other premises belonging to or in the possession of the Federal or a Provincial Government, where lodging, board or other service is provided for Government officials or members of the Defense Forces;
- (b) “lodging unit” means a bed or other sleeping accommodation which is, or is intended to be, provided to a person staying overnight in a room for lodging; and
- (c) “room rent” includes fans, air-conditioning, light, heat, telephone, bedding and all other payments connected with the lodging unit, except the portion, if any, directly attributable to supply of foodstuff.

THE KHYBER PAKHTUNKHWA FINANCE ACT, 2013. (KHYBER PAKHTUNKHWA ACT NO. XXI OF 2013)

2—Definitions.—In this Act, unless there is anything repugnant to the subject or context,-

- (1) “Appellate Tribunal” means the Appellate Tribunal established under this Act;
- (2) “arrears”, in relation to a person, shall mean, on any day, the tax due and payable by the person under this Act before that day but which has not yet been paid;
- (3) “Assistant Collector” means a person appointed as an Assistant Collector under this Act;
- (4) “associates” or “associated persons” includes-

(a) two persons, where the relationship between them is such that one may reasonably be expected to act in accordance with the intention of the other, or both persons may reasonably be expected to act in accordance with the intention of a third person but two persons shall not be associate solely by reason of the fact that one person is an employee of the other or both persons are employees of a third person;

(b) without prejudice to the generality of clause (a) and subject to clause (c), the following persons shall always be treated as associates:

(i) an individual and a relative of that individual;

(ii) members of an association of persons;

(iii) a member of an association of persons and the association, where the member, either alone or together with an associate or associates under another application of this section, controls fifty per cent or more of the rights to income or capital of the association;

(iv) a shareholder in a company and the company, where the shareholder, either alone or together with an associate or associates under another application of this section, controls either directly or through one or more interposed persons-

(a) fifty percent or more of the voting power in the company; or

(b) fifty percent or more of the rights to dividends; or

(c) fifty percent or more of the rights to capital; and

(v) two companies, where a person, either alone or together with an associate or associates under another application of this section, controls either directly or through one or more interposed persons-

(a) fifty percent or more of the voting power in both companies; or

(b) fifty percent or more of the rights to dividends in both companies; or

(c) fifty percent or more of the rights to capital in both companies; and

(c) two persons shall not be associate under sub-clause (i) or (ii) of clause (b) where the Collector is satisfied that neither person may reasonably be expected to act in accordance with the intention of the other.

Explanation: The expression "relative in relation to an individual" means-

(i) an ancestor, a descendant of any of the grandparents, or an adopted child of the individual or of a spouse of the individual; or

(ii) a spouse of any person specified at sub-clause (i);

(5) "association of persons" means and include a firm, any artificial or juridical person and body of persons formed under a foreign law, but does not include a company;

(6) "Authority" means the Khyber Pakhtunkhwa Revenue Authority established under this Act;

(7) "banking company" means a banking company as defined in the Banking Companies Ordinance, 1962 (LVII of 1962) and includes any body corporate which transacts the business of banking in Khyber Pakhtunkhwa;

(8) "Collector" means a person appointed as Collector under this Act;

(9) "Collector (Appeals)" means a person appointed as Collector (Appeals) under this Act;

(10) "committee" means any committee constituted by the Authority;

(11) "Common Taxpayer Identification Number" means the registration number or any other number or identification code allocated to a registered person;

(12) "company" means-

(a) a company as defined in the Companies Ordinance, 1984 (XLVII of 1984);

(b) a body corporate formed by or under any law;

(c) amodarba and any other Islamic financial institution;

(d) a body incorporated outside Pakistan;

(e) a trust, a co-operative society or a finance society or any other society established or constituted by or under any law; or

(f) a foreign association, whether incorporated or not, which the Authority has, by general or special order, declared to be a company for the purposes of this Act.

(13) "computerized system" means any comprehensive information technology system, including its development, up-gradation or updation, to be used by the Authority or any other office as may be notified by the Authority, for carrying out the purposes of this Act;

(14) "Council" means the Policy Making Council of the Authority;

(15) "default surcharge" means the default surcharge levied under this Act;

(16) "defaulter" means a person and, in the case of a company or firm, every director of the company or partner of the firm and includes guarantors or successors, who fail to pay the arrears of tax under this Act and the rules;

(17) "Deputy Collector" means a person appointed as Deputy Collector under this Act;

(18) "Director" means any person appointed as a Director of the Authority;

(19) "Director General" means the Director General of the Authority;

(20) "document" includes any electromagnetic data, computer programmes, computer tapes, computer disks, micro-films or any other medium or mode for the storage or conveyance of such data;

(21) "due date" in relation to the furnishing of a return under Chapter VI means the 15th day of the month following the end of the tax period, or such other date as the Authority may, by notification in the official Gazette, specify;

(22) "economic activity" means any economic activity under section 22;

(23) "e-intermediary" means a person appointed as e-intermediary under this Act;

(24) "employee" means a person in the employment or service of the Authority;

(25) "exempt service" means a service which is exempt from the tax under section 28;

(26) "Federal Board of Revenue" means the Federal Board of Revenue established under the Federal Board of Revenue Act 2007 (IV of 2007);

(27) "financial year" means the period from 1st July of a year to 30th June of the following year;

(28) "firm" means the relation between two or more persons who have agreed to share the profits of a business carried on by all or any of them acting for all;

(29) "fiscal law" include the laws of the Khyber Pakhtunkhwa relating to sales tax on services, tax on immovable property, capital gain tax, capital value tax, tax on professions, trades, callings or employment, Motor Vehicles, entertainments, land revenue, stamp duty, agricultural income tax, excise duty on alcoholic liquors, opium and other narcotics and such other law imposing any tax, levy, duty, fee, cess or surcharge as the Government may specify;

(30) "goods" include every kind of movable property other than actionable claims, money, stocks, shares and securities but does not include a service defined under this Act;

(31) "Government" means the Government of the Khyber Pakhtunkhwa;

(32) "inter-bank rate" means the Karachi inter-bank offered rate prevalent on the first day of each quarter of a financial year;

(33) "Magistrate" means a Magistrate of the first class empowered under the Code of Criminal Procedure, 1898 (V of 1898);

(34) "officer" means any officer of the Authority;

(35) "open market price" shall have the meaning as given to it by section 24;

(36) "person" means-

(a) an individual;

(b) an association of individuals or persons;

(c) a company;

(d) Federal Government;

(e) a Provincial Government;

(f) a local authority or local government; or

(g) a foreign government, a political subdivision of a foreign government, or public international organization;

Explanation: The use of the word "he" in this Act shall be taken to refer to any or all mentioned from (a) to (f) as required in the context of the relevant provision;

(37) "place of business" means whenever a person-

(a) owns, rents, shares or in any other manner occupies a space in the Khyber Pakhtunkhwa from where he carries on an economic activity whether wholly or partially; or

(b) carries on an economic activity whether wholly or partially through any other person such as an agent, associate, franchise, branch, office, or

otherwise in the Khyber Pakhtunkhwa but does not include a liaison office;

(38) "prescribed" means prescribed by the rules or regulations;

(39) "Provincial Consolidated Fund" means the Provincial Consolidated Fund in terms of Article 118 of the Constitution of the Islamic Republic of Pakistan;

(40) "Public Account" means the Public Account of the Province in terms of Article 118 of the Constitution of the Islamic Republic of Pakistan;

(41) "registration number" means the number allocated to a registered person for the purposes of this Act;

(42) "registered person" means a person, who is registered or is liable to be registered under this Act but the person liable to be registered and has not been registered shall not be entitled to any benefit available to a registered person under any of the provisions of this Act or the rules made thereunder;

(43) "return" means any return required to be furnished under Chapter VI of this Act;

(44) "resident" means-

(a) an individual who, in a financial year, has

(i) a place of business, whole or part thereof, in the Khyber Pakhtunkhwa in any mode, style or manner; or

(ii) is permanent address, as listed in the individual's national identity card, in the Khyber Pakhtunkhwa; or

(iii) permanent representative to act on his behalf or to provide service on his behalf in Khyber Pakhtunkhwa;

(b) an association of persons or a company which, in a financial year, has-

(i) its registered office in the Khyber Pakhtunkhwa; or

(ii) its place of business, whole or part thereof, in the Khyber Pakhtunkhwa in any mode, style or manner; or

(iii) a permanent representative to act or to provide service on its behalf in the Khyber Pakhtunkhwa; or

(iv) the control or management of the affairs of the association of persons is situated in Khyber Pakhtunkhwa at any time during the financial year;

(45) "regulations" means the regulations made under this Act; and

(46) "rules" means the rules made under this Act.

(47) "Schedule" means a Schedule appended to this Act;

(48) "service" or "services" means anything which is not goods or providing of which is not supply of goods and shall include, but not limited to, the services listed in First Schedule;

Explanation: A service shall remain and continue to be treated as service regardless whether or not rendering thereof involves any use, supply or consumption of any goods either as an essential or as an incidental aspect of such rendering;

(49) "short-paid" means where a registered person pays an amount of tax less than the tax due owing to miscalculation or incorrect assessment of the tax amount due for a tax period;

(50) "similar service" means any other service which is the same as, or closely resembles with, the other service in character, quality, quantity, functionality, materials, or reputation;

(51) "Special Judge" means a Special Judge appointed under section 57 of this Act;

(52) "tax" means and includes-

(a) the tax, additional tax, or default surcharge levied under this Act;

(b) a fine, penalty or fee imposed or charged under this Act; and

(c) any other sum payable or recoverable under this Act or the rules;

(53) "tax fraud" means knowingly, dishonestly or fraudulently and without any lawful excuse-

(a) doing of any act or causing to do any act; or

(b) omitting to take any action or causing the omission of any action, including providing of taxable services liable to registration but without being registered under this Act; or

(c) falsifying or causing falsification of tax invoices or other tax documents or records; or

(d) acting in contravention of the duties or obligations imposed under this Act or the rules or instructions issued thereunder with the intention of understating or suppressing the tax liability or underpaying the tax liability;

(54) "tax period" means a period of one month or such other period as the Authority may, by notification in the official Gazette, specify;

(55) "taxable service" shall have the meaning as given to them in section 19 of this Act; and

(56) "value of a taxable service" shall have the meaning as given to them in section 23 of this Act.

26A. Standard or general tax rate application choice. --

(1) Where any services or class of services are chargeable to reduced rate of tax either under the Second Schedule or under any notification issued under this Act, any registered person or class of registered persons, providing such services, may, after taking permission from the Authority, opt to pay sales tax at standard or general rate and take input tax adjustment as admissible under this Act and rules or regulations issued thereunder and every such permission shall be effective from the date mentioned therein and subject to such conditions, restrictions and limitations as may be specified by the Authority in this behalf.

(2) Once the registered person has started paying sales tax at standard or general rate as aforesaid, he shall not on his own switch over back to availing the reduced rate of tax on any of his such services unless he takes prior permission from the Authority and while examining and deciding on the requests of switching back to reduced rate of tax, the Authority may conduct or cause to conduct such enquiry or audit as it may deem necessary to ascertain the genuineness of the request.

(3) No amount of unadjusted amount of input tax accrued during the period when standard or general rate was applied shall be subsequently adjustable in respect of services subjected to reduced rate of tax provided that recommencement of applying standard or general rate of tax at any later stage by any registered person shall likewise be subject to prior permission from the Authority.

(4) The Authority may on its own or otherwise withdraw the permission granted under this section in respect of any case or class of cases after issuing show cause notice and affording opportunity of hearing in the case or cases.”;

30. Special procedure and tax withholding provisions.---

(1) Notwithstanding anything contained in this Act, the Authority may, by notification in the official Gazette, prescribe a special procedure for the payment of tax, registration, book keeping, invoicing or billing requirements, returns and other related matters in respect of any service or class of services, as may be specified.

(2) Notwithstanding any other provisions of this Act, the Authority may require any person or class of persons whether registered or not for the purpose of this Act to withhold full or part of the tax charged from such person or class of persons on the provision of any taxable service or class of taxable services and to deposit the tax so withheld, with the Government within such time and in such manner as it may, by notification in the official Gazette, specify.

32. Adjustments.---

(1) The Authority may, subject to such conditions and restrictions as it may specify, allow registered persons to claim adjustments or deductions, including refunds arising as a result thereof, in respect of the tax paid under any other law on any account in respect of any taxable service or goods or class of taxable services or goods provided by them.

(2) For the purposes of sub-section (1), the Authority may adopt the principles or concepts laid down in such other law in respect of adjustments, deductions or refunds including zero-rating principle.

(3) No adjustment or deduction of any tax payable under any other law shall be claimed by any person except in the manner and to the extent specified in the notification issued under sub-section (1).

35. Joint and several liability of registered persons where tax unpaid.---

Where a registered person receiving a taxable service from another registered person is in the knowledge of or has reasonable grounds to suspect that some or all of the tax payable in respect of that taxable service or any previous or subsequent taxable service provided or to be provided would go unpaid as against the requirements of this Act, such person as well as the person providing the taxable service shall be jointly and severally liable for payment of such unpaid amount of tax.:

Provided that the Authority may, by notification in the official Gazette, exempt any person, service or transaction or class of persons, services or transactions from the provision of this section.

40. Assessment of tax.---

(1) Where on the basis of any information acquired during an audit, inquiry, inspection or otherwise, an officer of the Authority is of the opinion that a registered person has not paid the tax due on taxable services provided by him or has made short payment including such short payment as has resulted or may result from taking inadmissible adjustment of input tax, the officer shall make an assessment of the tax actually payable by that person and shall impose a penalty and charge default surcharge in accordance with sections 64 and 65.

(1A) Where any person, required to withhold sales tax under the provisions of this Act or regulations, fails to withhold the tax or withholds the tax but fails to deposit the same in the prescribed time and manner, an officer of the Authority shall, after a notice to such person to show cause, determine the amount in default and shall impose a penalty and default surcharge according to law.”

(2) No order under sub-section (1) shall be made unless a notice to show cause is given to the person in default within five years from the end of the tax period to which the assessment

relates specifying the grounds on which it is intended to proceed against him and the said officer shall take into consideration the representation made by such person and provide him an opportunity of being heard if the person so desires.

(3) An order under sub-section (1), shall be made within one hundred and twenty days of issuance of the show cause notice or within such extended period as the officer may, for reasons to be recorded in writing, fix: Provided that such extended period shall ordinarily not exceed sixty days.

(4) In computing the period specified in sub-section (3), any period during which the proceedings are adjourned on account of a stay order or proceedings under section 89 or the time taken through adjournments by the person shall be excluded.

(5) An order passed under sub-section (1), may be further amended as may be necessary when on the basis of any information acquired during an audit, inquiry, inspection or otherwise, the officer is satisfied that-

- (a) any tax has been under-assessed or assessed at a low rate; or
- (b) any taxable service provided by the person has escaped assessment.

(6) The Collector may amend, or further amend any order passed under sub-section (1) or (5), if he considers that the order is erroneous or pre-judicial to interest of Justice.

(7) The provisions of sub-sections (2), (3) and (4) shall be applicable to an order passed under sub-section (5) and (6).

(8) Notwithstanding anything contained in this Act, the Authority may prescribe thresholds, parameters, standards and basis for assessment of supply value and the assessment of tax.

58. Cognizance of offence.--- (1) The Special Judge may, within the limits of his jurisdiction, take cognizance of any offence punishable by him upon-

- (a) a report in writing made by an officer, not below the rank of Assistant Collector, with the approval of the Collector, or by an officer especially authorized in this behalf by the Authority;
- (b) receiving a complaint or information of facts constituting such offence made or communicated by any person; or
- (c) his knowledge acquired during any proceedings before him.

(2) If the Special Judge receives a report under clause (a) of sub-section (1), he shall proceed with the trial of the accused.

(3) If the Special Judge receives a complaint or information under clause (b) of sub-section (1), on the basis of his own knowledge, the Special Judge shall, before issuing a summons or warrant for appearance of the person, hold a preliminary inquiry for the purpose of ascertaining the truth or falsehood of the complaint, information or knowledge or direct any Magistrate or any officer to hold such inquiry and submit a report, and such Magistrate or officer, shall conduct such inquiry and make a report accordingly.

(4) If, after conducting such an inquiry or after considering the report of such Magistrate or officer, the Special Judge is of the opinion that-

- (a) there is insufficient ground for proceeding, he may dismiss the complaint, or
- (b) there is sufficient ground for proceeding, he may proceed against the person complained in accordance with law.

(5) A Special Judge or a Magistrate or an officer holding an inquiry under sub-section (3) may hold such inquiry, as nearly as possible, in accordance with the provisions of section 202 of the Code of Criminal Procedure, 1898 (V of 1898).

64. Offences and penalties.---(1) If a person commits any offence described in column 2 of the Table below shall, in addition to and not in derogation of any punishment to which he may be liable under any other law, be liable to the penalty mentioned against that offence in column 3.

(2) The sections referred to in column 4 of the said Table shall be deemed to be meant for illustrative purposes only and the corresponding offence described in column 2 may fall and be prosecuted under other sections of this Act as well.

S.No	Offences	Penalties	Section
1	2	3	4
1	Any person who is required to apply for registration under this Act fails to make an application for registration before providing any taxable services	Such person shall be liable to pay a penalty of ten thousand rupees or five per cent of the amount of the tax he would have been liable to pay had he been registered, whichever is higher. In the case of non-compliance of compulsory registration, the minimum penalty shall be ten thousand rupees: If such person who is required to get himself registered under this Act, fails to get registered within ninety days of providing taxable services, he shall be further liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to one year, or with fine which may extend to the amount of the tax he would have been liable to pay had he been registered, or with both.	41
2	Where any person fails to furnish a return within the due date	Such person shall pay a penalty of five thousand rupees: Provided that in case a person files a return within ten days of the due date, he shall pay a penalty of one hundred rupees for each day of default.	52
3	Where a person fails to issue tax invoice.	Such person shall be liable to pay a penalty of one hundred thousand rupees or three per cent of the tax involved, whichever is higher.	47
4	Where any person fails to deposit the amount of the tax due or any part thereof in time or manner laid down under this Act or the rules.	(a) Such person shall be liable to pay a penalty of ten thousand rupees or five per cent of the tax payable for that period, whichever is higher. (b) If the amount of the tax due is not paid even after the expiry of a period of sixty days of issuance of the notice for such payment by an officer, not below the rank of Assistant Collector, the person shall be further liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to three years, or with fine which may extend to the amount of the unpaid tax, or with both. (c) No penalty shall be levied if any miscalculation is made for the first time during a year.	19,20,26, 27,33,34 and 88
5	Any person who wants to maintain records required under this Act or the rules.	Such person shall pay a penalty of ten thousand rupees or five per cent of the total tax payable for the tax period for which he has failed to maintain the required record, whichever is higher.	47,48 and 49

6	Where a registered person, without any reasonable cause, fails to; Produce any record which he is bound to maintain under this Act or the rules made thereunder,- or Furnish any information which he is liable to furnish under this Act or the rules made thereunder, When a notice in the respect is received from the Authority or any officer of the Authority directing him to produce such records or furnish such information.	Where such person is not a company, he shall be liable to pay a penalty of five thousand rupees. Where such person fails to produce the record within sixty days of receipt of a notice, he shall be liable to pay the penalty prescribed for the offence at serial No.5 above.	47,49,69 and 73
7	Any person who knowingly or fraudulently- (a) submits a false or forged document to any officer of the Authority; or (b) destroys, alters, mutilates or falsifies the records including a tax invoice; or (c) makes a false statement, false declaration, false representation, false personification, or gives any false information.	Such person shall be liable to pay a penalty of twenty five thousand rupees or one hundred per cent of the tax payable for the tax period to which the offence relates, whichever is higher. Such person shall further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to five years or with fine which may extend to an amount equal to the tax payable for the tax period to which the offence relates, or with both.	General
8	Where any person who denies or obstructs the access of an authorized officer to The business premises, registered office or to any other place where records are kept, or otherwise refuses access to accounts or records.	Such person shall be liable to pay a penalty of twenty five thousand rupees or one hundred per cent of the tax period to which the offence relates, whichever is higher	48,49 and 72
9	Where any person commits, causes to commit or attempts to commit tax fraud, or abets or connives in the commission of tax fraud equal to twenty five thousand rupees or more.	Such person shall be liable to pay a penalty of up to five hundred thousand rupees, but not less than twenty five thousand rupees, or one hundred per cent of the tax payable for the tax period to which the offence relates, whichever is higher. Such person shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to seven years, or with fine which may extend to an amount equal to the tax payable for the tax period to which the offence relates, or with both.	2(53)
10	Where any person violates any embargo placed on providing of service in connection with recovery of the tax.	Such person shall be liable to pay a penalty of twenty five thousand rupees or ten per cent of the amount of the tax sought to be recovered, whichever is higher. Such person shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to one year, or with fine which may extend to amount equal to the amount of the tax sought to be recovered, or with both.	87
11	Where any person obstructs any officer of the Authority in the performance of his official duties under this Act or the rules.	Such person shall be liable to pay a penalty of twenty five thousand rupees or one hundred per cent of the tax payable for the tax period to which the offence relates, whichever is higher. Such person shall be further liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to one year or with fine not exceeding fifty thousand rupees or with both.	General

12	Where any person who fails to fulfill any of the conditions, limitations or restrictions prescribed in a notification issued under any of the provisions of this Act or the rules.	Such person shall be liable to pay a penalty of five thousand rupees or three per cent of the tax payable for the tax period to which the offence relates, whichever is higher.	General
13	Where any person who contravenes any provision of this Act or the rules for which no penalty has specifically been provided in this section.	Such person shall be liable to pay a penalty of ten thousand rupees or three per cent of the tax payable for the tax period to which the offence relates, whichever is higher.	General
14	Where any person repeats an offence for which a penalty is provided under this Act	Such person shall be liable to pay twice the amount of penalty provided under this Act for the said offence.	General
15	Where any person- (a) knowingly and without lawful authority gains access to or attempts to gain access to the computerized system; or (b) unauthorizedly uses or discloses or publishes or otherwise disseminates information obtained from the computerized system; or (c) falsifies any record or information stored in the computerized system; or (d) knowingly or dishonestly damages or impairs the computerized system; or (e) knowingly or dishonestly damages or impairs any duplicate tape or disc or other medium on which any information obtained from the computerized system is kept or stored; or (f) unauthorizedly uses unique user identifier of any other registered user to authenticate a transmission of information to the computerized system; or (g) fails to comply with or contravenes any of the conditions prescribed for security of unique user identifier.	Such person shall pay a penalty of twenty five thousand rupees or one hundred per cent of the amount equal to the loss caused to the tax revenue. Such person shall further be liable, upon conviction by the Special Judge, to imprisonment for a term which may extend to three years, or with fine which may extend to an amount equal to the loss caused to the tax revenue, or with both.	General
16	Where any officer of the Authority Acts or conducts himself in a manner resulting in vexatious prosecution or undue detriment of a tax payer.	Such person shall be liable upon conviction by special Judge to imprisonment for a term which may extend to three years or with fine not exceeding fifty thousand rupees or both.	General
17	Where a bank fails to attach or delays in attaching the bank accounts of a person from whom tax is sought to be recovered, specified in the notice issued by the officer of the Authority or fails to pay or delays payment of such amount.	Such bank shall be liable to pay penalty of one hundred thousand rupees or five (05) per cent of the amount of tax involved, whichever is higher. The concerned officer of such bank shall further be liable, upon conviction by a special judge, to imprisonment which may extend to one year or with fine which may extend to five (05) per cent of the amount of tax involved or with both.	87.
18	Where a person fails to withhold or withholds but fails to deposit the tax.	Such person shall be liable to pay penalty of twenty-five thousand rupees or five (05) per cent of the tax involved, whichever is higher.	40.7;

65. Default surcharge.— (1) Notwithstanding anything contained in the provisions of section 40, if a registered person does not pay the tax due or any part thereof, whether willfully or otherwise, on time or in the manner specified under this Act, rules or notifications or procedures issued thereunder, he shall, in addition to the tax due and any penalty under section 64, pay default surcharge at the rate mentioned below:

(a) the person liable to pay any amount of tax or charge shall pay default surcharge at the rate of inter-bank rate plus three per cent per annum of the amount of the tax due; and

(b) in case, the default is on account of tax fraud, the person who has committed tax fraud shall pay default surcharge at the rate of two per cent per month, of the amount of tax evaded, till such time the entire liability including the amount of default surcharge is paid.

(2) For the purpose of calculation of default surcharge, the period of default shall be reckoned from the sixteenth day following the due date of the tax period to which the default relates, to the day preceding the date on which the tax due is actually paid.

Explanation: For the purpose of this section, the tax due does not include the amount of penalty.

66. Exemption from penalty and default surcharge.—(1) The Government may, by a notification in the official Gazette, exempt any registered person or any taxable service from payment of the whole or any part of the penalty and default surcharge subject to such conditions and limitations as may be specified.

(2) The Government at the end of each financial year shall lay before the Council all the notifications made under sub section (1).

68. Recovery of tax not levied or short-levied.—

(1) Where by reason of inadvertence, error, misconstruction or for any other reason, any tax or charge has not been levied or has been short levied, the person liable to pay such amount of the tax or charge shall be served with a notice, within three years of the relevant tax period requiring him to show cause for nonpayment of the amount specified in the notice.

(2) Where by reason of some collusion, abetment, deliberate attempt, misstatement, fraud, forgery, false or fake documents-

(a) any tax or charge has not been paid or is, short paid, the person liable to pay such tax shall be served with a notice within five years of relevant tax period, requiring him to show cause for non-payment of such tax; and

(b) any amount of the tax is refunded which is not due, the person obtaining such refund shall be served with a notice within five years of the receipt of such refund to show cause against the recovery of such refund.

(3) The officer shall, after considering the objections of the person served with a notice under subsections (1) or (2) or if the objections are not received within the stipulated period, determine the amount of the tax or charge payable by him and such person shall pay the amount so determined.

(4) Any order under sub-section (3) shall be made within one hundred and twenty days of issuance of the notice to show cause or within such extended period as the officer may, for reasons to be recorded in writing, fix provided that such extended period shall not ordinarily exceed sixty days.

(5) In computing the period specified in sub-section (4), any period during which the proceedings are adjourned on account of a stay order or proceedings under section 89 or the time taken through adjournments by the petitioner not exceeding thirty days, shall be excluded.

71. Procedure to be followed on arrest of a person.---

(1) When an officer arrests a person under section 60, he shall immediately intimate the fact of arrest of that person to the Special Judge who may direct such officer to produce that person at such time and place and on such date as the Special Judge considers expedient.

(2) Notwithstanding anything contained in sub-section (1), any person arrested under this Act shall be produced before the Special Judge or, if there is no Special Judge within a reasonable distance, to the nearest Magistrate within twenty-four hours of such arrest, excluding the time necessary for the journey from the place of arrest to the court of the Special Judge or of the Magistrate.

(3) When any person is produced under sub-section (2), before the Special Judge, the Special Judge may, on the request of such person, after perusing the record, if any and after giving the prosecution an opportunity of being heard, admit him to bail on his executing a bond, with or without sureties, or refuse to admit him to bail and direct his detention at such place as he deems fit.

(4) Nothing contained herein shall preclude the Special Judge from cancelling the bail of any such person at a subsequent stage if, for any reason, he considers such cancellation necessary, but before passing such order he shall afford such person an opportunity of being heard, unless for reasons to be recorded he considers that the affording of such opportunity shall defeat the purpose of this Act.

(5) When such person is produced under sub-section (2) before a Magistrate, such Magistrate may, after authorizing his detention in such custody at such place and for such period as he considers necessary or proper for facilitating his earliest production before the Special Judge, direct his production before the Special Judge on a date and time to be fixed by him or direct such person to be forthwith taken to, and produced before the Special Judge and he shall be so taken or produced.

(6) Nothing in sub-sections (2), (3) and (4), shall preclude the Special Judge or the Magistrate from remanding any such person to the custody of the officer holding an inquiry or investigation against that person if such officer makes a request in writing to that effect, and the Special Judge or the Magistrate, after perusing the record, if any, and hearing such person, is of the opinion that for the completion of inquiry or investigation it is necessary to make such order but the total period of such custody shall not exceed fourteen days.

(7) When any person is arrested under this Act, the arresting officer shall record the fact of arrest and other relevant particulars in the register specified in sub-section (11) and shall immediately proceed to inquire into the charge against such person and if he completes the inquiry within twenty-four hours of his arrest, and he may, after producing such person before the Special Judge or the Magistrate, make a request for his further detention in his custody.

(8) While holding an inquiry under sub-section (7), the officer shall exercise the same powers as are conferred upon or exercisable by an officer incharge of a police station under the Code of Criminal Procedure, 1898 (V of 1898), but such officer shall exercise such powers subject to the foregoing provisions of this section while holding an inquiry under this Act.

(9) If the officer, after holding an inquiry, is of the opinion that there is no sufficient evidence or reasonable ground for suspicion against such person, he shall release him on his executing a bond, with or without sureties, and shall direct such person to appear, as and when

required, before the Special Judge, and make a report to the Special Judge for the discharge of such person and shall make a full report of the case to his immediate superior.

(10) The Special Judge to whom a report has been made under sub-section (8) may, after the perusal of record of the inquiry, and hearing the prosecution, agree with such report and discharge the accused or, if he is of the opinion that there is sufficient ground for proceedings against such person, proceed with his trial and direct the prosecution to produce evidence.

(11) The officer holding an inquiry under this section shall maintain a register to be called register of arrests and detentions in the form prescribed by the Government in which he shall enter the name and other particulars of every person arrested under this Act, together with the time and date of arrest, the details of the information received, the details of things, goods or documents, recovered from his custody, the name of the witnesses and the explanation, if any, given by him and the manner in which the inquiry has been conducted from day to day; and, such register or authenticated copies of its entries shall be produced before the Special Judge, whenever it is directed by the Special Judge.

(12) After completing the inquiry, the officer shall, as early as possible, submit to the Special Judge a complaint in the same form and manner in which the officer incharge of a police station submits a report before a Court.

(13) Any Magistrate of the first class may record any statement or confession during inquiry or investigations under this Act in accordance with the provisions of section 164 of the Code of Criminal Procedure, 1898 (V of 1898).

76. Powers of adjudication.---(1) In respect of cases involving determination of tax liability, assessment of the tax, charging of default surcharge, imposition of penalty and recovery of amount erroneously refunded or any other contravention or violation including tax fraud under this Act or the rules, the jurisdiction and powers of adjudication of the officers shall be as follows:

(a) Additional Collector: Cases without any restriction as to the amount of the tax involved or amount erroneously refunded;

(b) Deputy Collector: Cases where the amount of the tax involved or the amount erroneously refunded exceeds one million rupees, but does not exceed two and a half million rupees;

(c) Assistant Collector: Cases where the amount of the tax involved or the amount erroneously refunded does not exceed one million rupees; and

(d) Other officers of the Authority: Such cases, other than those mentioned above, as may be prescribed.

(2) The Collector may adjudicate any case falling in the jurisdiction and powers of any officer subordinate to him and appeal against the order passed by the Collector in such case shall lie to the Appellate Tribunal.

(3) The Authority may regulate the system of adjudication including transfer of cases and extension of time limit.

Explanation: For the purposes of this section, the tax means the principal amount of the tax other than default surcharge and in case where only default surcharge is involved, the amount of default surcharge.

80. Procedure in appeal---

(1) The Collector (Appeals) shall give notice of the day fixed for the hearing of the appeal to the appellant and to the officer of the Authority against whose order the appeal has been made.

(2) The Collector (Appeals) may adjourn the hearing of the appeal from time to time.

(3) The Collector (Appeals) may, before the hearing of an appeal, allow the appellant to file any new ground of appeal not specified in the grounds of appeal already filed by the appellant where the Collector (Appeals) is satisfied that the omission of the ground from memorandum of the appeal was not willful or unreasonable.

(4) The Collector (Appeals) may stay the recovery of any tax due by virtue of the decision or order being appealed against and any such order made by the Collector (Appeals) shall remain operative for not more than fifteen days during which period a notice shall be issued to the respondent and after hearing the parties, the order staying recovery may be confirmed, varied or vacated as the Collector (Appeals) deems fit but the stay order so confirmed or varied shall remain operative for not more than sixty days, including any period for which the recovery may have been stayed prior to the confirmation or variation of the stay order.

(5) The Collector (Appeals) may, before disposing of an appeal, call for such particulars, documents, records or information as the Collector (Appeals) may require respecting the matters arising in the appeal or cause further inquiry to be made by the officer of the Authority.

81. Decision in appeal----(1) In disposing of an appeal lodged under section 79, the Collector (Appeals) may pass such order as he thinks fit, confirming, varying, altering, setting aside or annulling the decision or order appealed against.

(2) In deciding an appeal, the Collector (Appeals) may make such further inquiry as may be necessary provided that he shall in no case remand any matter for de novo consideration.

(3) The Collector (Appeals) shall not increase the amount of any tax payable by the appellant unless the appellant has been given an opportunity of showing cause against such increase.

(4) The Collector (Appeals) shall communicate his order to the appellant and the Authority.

(5) An order passed by the Collector (Appeals) under sub-section (1) shall be passed not later than one hundred and twenty days from the date of filing of appeal or within such extended period, not exceeding sixty days, as the Collector (Appeals) may, for reasons to be recorded in writing, fix.

(6) In computing the aforesaid time period, any period during which the proceedings are adjourned on account of a stay order or proceedings under section 89 or the time taken through adjournments by the appellant shall be excluded.

(7) Where the Collector (Appeals) has not made an order under subsection (1) before the expiration of one hundred and eighty days from the end of the month in which the appeal was lodged, the Collector (Appeals) shall transfer his appeal to the Appellate Tribunal and the Tribunal shall decide the appeal under this Act as if it has been filed against the order of the Collector (Appeals).

(8) While transferring the undecided appeal to the Appellate Tribunal, the Collector (Appeals) shall attach his comprehensive report explaining the circumstances and reasons due to which the appeal could not be decided within time.

(9) For the purpose of sub-section (5), any period during which the hearing of an appeal is adjourned on the request of the appellant shall be excluded in the computation of the period mentioned in the sub-section.

84. Appeal to the Appellate Tribunal.---

(1) Where the taxpayer or the officer not below the rank of Additional Collector objects to any order passed by the Collector (Appeals), including an order under sub-section (4) of section 79 41 [and order passed by the Collector or Authority under any of the provisions of this Act], the taxpayer or the officer may appeal to the Appellate Tribunal against such order.

(2) An appeal under sub-section (1) shall be-

- (a) in the prescribed form;
- (b) verified in the prescribed manner;
- (c) accompanied, except in case of an appeal preferred by an officer, by the fee specified in sub-section (3); and
- (d) preferred to the Appellate Tribunal within sixty days of the date of receipt of the order of the Collector (Appeals) by the tax payer or the officer.

(3) The fee for an appeal shall be three thousand rupees.

(4) The Appellate Tribunal may, upon application in writing, admit an appeal after the expiration of the period specified in clause (d) of sub-section (2) if it is satisfied that the person appealing was prevented by sufficient cause from filing the appeal within that period.

87. Recovery of arrears of tax.---

(1) Subject to sub-section (2), where any amount of the tax is due from any person, an Officer of the Authority not below the rank of assistant Collector may-

- (a) deduct the amount from any money owing to the person from whom such amount is recoverable and which may be at the disposal or in the control of such officer or any officer of the Authority;
- (b) require by a notice in writing any person who holds or may subsequently hold any money for or on account of the person from whom tax is recoverable to pay to such officer the amount specified in the notice;
- (c) require by a notice in writing any bank to attach that person's bank accounts and remit in money there from;
- (d) place embargo on any business premises of such person till such amount is paid or received;
- (e) seal the person's business premises till such time as the amount of the tax is paid or recovered in full;
- (f) attach and sell or sell without attachment any movable or immovable property of the person from whom the tax is due; and
- (g) recover such amount by attachment and sale of any movable or immovable property of the guarantor, person, company, bank or financial institution where a guarantor or any other person, company, bank or financial institution fails to make payment under such guarantee, bond or instrument.

(2) If any arrears of tax, default surcharge, penalty or any other amount which is payable by any person cannot be recovered in any manner whatsoever, the Authority or the Collector, if

so authorized by the Authority, may, for reasons to be recorded in writing, write off the arrears or amount in the prescribed manner.

99. Condonation of time-limit.--- (1) Where any time or period has been specified under any of the provisions of this Act or the rules within which any act or thing, including submission of an application, filing of a return or payment of tax, is to be done, the Authority may permit such application to be made or such act or thing to be done within such time or period as it may consider appropriate.

(2) The Authority shall not condone a time limitation which results in increase of any tax payable, penalty or default surcharge levied unless the tax payer has been given a reasonable opportunity of being heard.

(3) The Authority may, by notification in the official Gazette, and subject to such limitations or conditions as may be specified therein, empower any Collector or an officer of the Authority to exercise the powers under sub section (2) in any case or class of cases.

111. Bar of suits, prosecution and other legal proceedings.---(1) No suit shall be brought in any civil court to set aside or modify any order passed, any assessment made, any tax levied, any penalty or default surcharge imposed or collection of any tax made under this Act.

(2) No suit, prosecution or other legal proceeding shall lie against the Government, Authority, its officers or against any public servant in respect of any order passed in good faith under this Act.

(3) Notwithstanding anything contained in any other law, no investigation or inquiry shall be undertaken or initiated by any government agency against any officer or official for anything done in his official capacity under this Act, except with the permission of the Authority.

SECOND SCHEDULE

(see sub-section (1) of section 19 read with sub-section (1) of section 26)

Sr	Description of Services	Heading	Rate of Tax
1	Services provided or rendered by hotels, motels, guest houses, resorts, accommodation-and/or-food service providing farm-houses, motorway-or-highway-side accommodation-and/or-food provisioning/food servicing or food supply facilities, restaurants (including food service supply chains), food including ice cream parlors, marriage or wedding halls, marquees, lawns, clubs and caterers, suppliers of prepared eatables and drinkables, <i>pandals</i> and <i>shamianas</i> , clubs including such clubs as, though run on mutual basis, are operated in commercial mode, manner or style, messes, hostels and similar entities, enterprises or undertakings including all such services, facilities, utilities, entertainments, comforts, enjoyments or amusements etc., as are allied, auxiliary or ancillary thereto.	9801.0000 9801.1000 9801.2000 9801.3000 9801.4000 9801.5000	Fifteen Percent (15%)
	Exemptions and reduced tax rates: (i) Full exemption shall be available to the services of hostels exclusively meant for providing accommodation and allied facilities to students.	9801.6000 9801.7000	
	(ii) The rate of tax in case of services (whole range of services including accommodation, food supplies and laundry etc.) provided or rendered by all other categories of hostels shall be five percent (5%) without any input tax adjustment.	9801.8000 9801.9000	
	(iii) Services provided or rendered by non-corporate local chains of hotels (including guest houses and lodges etc.) and restaurants shall be charged to tax at the rate of 8% without input tax adjustment; provided that where in any case of such restaurant, the Restaurant Invoice Management System (RIMS) is installed and working properly on regular basis, the rate of tax shall be further		

	<p>reduced to 5% without any input tax adjustment:</p> <p>Provided that in case of traditional type restaurants usually called as <i>dhabha</i> or conventional hut-type or similar other road or street side non-air-conditioned restaurants, usually serving limited range of pre-cooked or pre-prepared food items with informal seating environment (located or operating anywhere in the tariff areas of the Province), the tax shall be charged and paid at the rate of 1%." and</p> <p>(iv) In case of traditional accommodation facilities like sarayaas or inns or open air overnight bed provisioning services generally located or available around or in the vicinity of railway stations, bus or wagon stands (stations), the rate of tax shall be one percent (1%) without any input tax adjustment if the charges for overnight stay do not exceed rupees three hundred per bed.</p> <p>(v) In case of marriage or wedding halls including pandals and shamianas and similar other businesses including food services provided therein, the rate of tax shall be eight percent (8%) without any input tax adjustment.</p> <p>(vi) In case of caterers whether stand-alone or otherwise, the rate of tax shall be ten percent (10%) without any input tax adjustment.</p> <p>Explanation: It is clarified for the removal of any doubt that the services of this entry include "take away" or "home or door-step delivery" transactions of the restaurants or other categories or types of food serving outlets either as a part of their overall services or as an exclusive activity.</p>		
2	<p>Services provided or rendered by beauty parlors, beauty clinics, healthcare centers, cosmetic or plastic surgery centers/clinics, hair transplant centers or clinics, health clubs, gyms (including yoga centers with or without yoga teaching classes' system or arrangements), physical fitness centers, massage centers, pedicure/manicure centers, swimming pools and similar other establishments, undertakings, enterprises or entities etc.</p> <p>Exemption: Full exemption on:</p> <p>-- cosmetic treatment of burns or burned body parts and,</p> <p>-- conventional or traditional barber shops provided they do not render any high end beautician or cosmetic services.</p>	<p>9811.0000</p> <p>9811.1000</p> <p>9811.2000</p> <p>9811.3000</p> <p>9811.4000</p> <p>9811.9000</p> <p>9821.1000</p> <p>9821.4000</p> <p>9821.5000</p>	<p>Five Percent (5%) without any input tax adjustment.</p>
3	<p>Services provided or rendered by stand-alone or other launderers and dry cleaners including carpet or sofa set or similar furniture items cleaners or washers:</p> <p>Exemption: Full exemption to small size traditional style stand-alone launderers and drycleaners operating without any branded or registered business name and without the involvement or use of any electrical or mechanical apparatus, equipment or machinery for washing or cleaning purposes.</p> <p>Reduced Rate of Tax: Services provided or rendered by medium sized stand-alone or other launderers and dry cleaners including carpet or sofa set or similar furniture items cleaners or washers shall be chargeable to tax at the rate of two percent (2%) without</p>	<p>9808.0000</p> <p>9808.1000</p> <p>9808.2000</p> <p>9808.3000</p> <p>9808.4000</p> <p>9808.9000</p>	<p>Fifteen Percent (15%)</p>

	any input tax adjustment. Explanation: No benefit of exemption or reduced rate of tax shall be available or admissible to the laundries and dry-cleaning or other similar businesses operating under chain-business-system with or without any business brand name or operating as a part of businesses providing hotel or other accommodation services and in all such cases, the rate of tax shall be fifteen percent (15%).		
4	Telecommunication and similar, allied or ancillary services including: a) Telephone services (including fixed line, wireless, cellular, wireless local loop, video, pre-paid, post-paid, pay phone cards and voice mail etc); b) Messaging services (including short message service (SMS), multimedia message service(MMS) and messaging through other digital applications etc); c) Installation, provision, shifting, changing, conversion and restoration of telephone connections (including conversion of NWD connection to non NWD or vice versa) and similar other services; d) Bandwidth services (including copper-line/fiber-optic/co-axial cable/microwaves/satellite-based, IP services, teleconferencing, 3G/4G/5G/LTE or similar other services; e) Telegraph and other services relating thereto; f) Telefax including store and forward fax and similar other services; Internet services including e-mail, dial-up and other allied services; g) Broadband services for DSL connection (including copper-line/fiber-optic/co-axial cable/wireless/satellite-based, internet/e-mail/data/SMS/MMS services on WLL or cellular mobile networks) and similar other services; h) Data communication network services (DCNS including copper-line/co-axial cable/fiber-optic/wireless/radio/satellite-based, services relating to value added data, virtual private network (VPN) and digital signature) and similar other services; i) Long distance international (LDI) services; j) Local loop or other similar services; Audio text services (including tele-text, trunk radio, paging or similar other services); k) Voice paging services (including radio paging, vehicle or other object (whether or otherwise) tracking and burglar alarm etc.) and other similar services; l) Rental either full, partial or on sharing basis of space, place or any other facility or arrangement on towers or other structures or installations for any purposes; m) Internet-based cable TV services whether as a single service or otherwise; and n) All other similar, allied, ancillary or auxiliary services. Explanation: In case of incoming international calls, charges received by telecom service providers abroad shall be taxed on tax	9813.0000 9813.1000 9813.1010 9813.1020 9813.2000 9813.3000 9813.4000 9813.4010 9813.4020 9813.4030 9813.5000 9813.6000 9813.7000 9813.8000 9813.9000	Nineteen-and-a-half Percent (19.5%)

	fraction formula basis only to the extent to which such charges are shared or received by such domestic service providers treating the charges so shared or received as tax-inclusive.		
5	<p>Services provided or rendered by persons authorized to transact or deal with business in any manner on behalf of others such as customs agents, shipping agents (including import/export cargo freight forwarders), stockbrokers, share transfer agents, business support or business or asset management agents, tour operators, travel agents, recruiting/recruitment agents, labor or manpower supply services, insurance agents, commission agents, distribution agents and similar other persons engaged in business transaction work or activity against commission or similar charges.</p> <p>Explanation: (i) The persons falling in this category do not generally have any investment or investment-related interest in the business though they may have their own infrastructure or other resources to carry out such work or activity.</p> <p>(ii) The persons covered in this category shall pay tax to the Authority in all such cases where their clients, customers or buyers are located in the province of Khyber Pakhtunkhwa regardless of the location of such person's business or office elsewhere and regardless whether or not documentation or other related formalities of their transactions with such clients, customers or buyers is done or are carried out in the said province or elsewhere.</p> <p>Exemption: Full exemption in case of performance of <i>Haji and Umrah</i>.</p> <p>Reduced Rate of Tax:</p> <p>(i) All services of this entry other than business support services and labor or manpower supply services shall be charged to tax at the rate of Eight Percent (8%) without any input tax adjustment.</p> <p>(ii) Business support services and labor or manpower supply services shall be charged to tax at the rate of five percent (5%) without any input tax adjustment.</p>	9806.0000 9806.1000 9806.2000 9806.3000 9806.4000 9806.6000 9806.7000 9806.8000 9806.9000 9819.1000 9819.1500	Fifteen Percent (15%).
6	<p>Advertisements on T.V including cable T.V networks, radio, CC T.V., newspapers, periodicals, magazines and similar other publications, websites and internet, poles or similar structures, bill boards, electronic bill boards, hoarding boards, signboards and similar other medium of advertisement display, lease or renting of space whether on constructed or erected structure or otherwise for the purposes of displaying advertisements in any manner and other advertisement services including services provided or rendered by advertising agents.</p> <p>Explanation: (i) In case of renting or leasing of space for advertisements' purposes by government or public sector or para-public sector development, housing or other authorities, departments or institutions, the whole amount of tax due shall be withheld or deducted and paid directly to the Authority by such authorities, departments or institutions.</p> <p>(ii) In case of advertisements relayed, telecasted or print-media-circulated in more than one provincial jurisdictions, tax shall be paid to the Authority on apportionment basis keeping in view the population ratio of the province of Khyber Pakhtunkhwa in the aggregate population of all such jurisdictions.</p> <p>Exemption: Full exemption on such advertisements carrying or conveying public service messages as are funded by the government or financed under foreign grants-in-aid agreements</p>	9802.0000 9802.1000 9802.2000 9802.3000 9802.4000 9802.5000 9802.6000 9802.7000 9802.8000 9802.9000 9806.5000	Ten Percent (10%) without any input tax adjustment

	signed with the government. Reduced rate of tax: In case of advertisements on or through print media of all types and forms, tax shall be charged at the rate of five percent (5%) without any input tax adjustment.		
7	Courier services including speedy, fast, quick or urgent mail, parcel or cargo services provided either by courier companies or by other businesses, undertakings or entities whether as a sole activity or in conjunction or along with other business activity or activities including: a) Courier services (including parcels) by dedicated businesses; b) Urgent delivery cargo or parcel services as an exclusive business activity; c) Courier or urgent delivery cargo or parcel services performed by other businesses or entities like airlines, railways, postal service entities, road passenger transport companies or entities; and d) Other similar, allied or ancillary or ancillary services.	9809.0000 9809.1000 9809.2000 9809.3000 9809.9000	Fifteen Percent (15%)
8	Services provided or rendered in matters of sale, purchase, rent or hire (other than rent-a-car) under any kind or type of arrangements with the client or the principal: a) Property dealers, property agents and realtors. b) Car and other automobile dealers (whether old or new). c) Dealers of electrical or electronic equipments, appliances or other similar goods (whether old or new). d) Dealers of plant and machinery including construction machinery and similar capital goods. e) Dealers of other second hand goods. f) Renting services in respect of plant, machinery including construction machinery and other equipments etc. Reduced Rate of Tax: All services covered in this entry except services (whole range) of authorized automobile (all categories of automobiles) dealers shall be chargeable to tax at the rate of two percent (2%) without any input tax adjustment. Explanation: For the purpose of this entry, the expression "dealer" includes only such persons who do their business only on commission or on percentage charges basis without owning the goods being sold through them.	9807.0000 9807.1000 9807.2000 9807.3000 9807.3000 9807.9000	Fifteen percent (15%).
9	Services provided by specialized workshops or undertakings: a) Auto-workshops whether or not providing other allied or extended services. b) Workshops for industrial, construction, earth-moving or other similar heavy duty or special purpose machinery. c) Workshops for heavy or light duty electric, electrical or electronic machinery (such as transformers, generators, turbines, motors, pumps, rotators, power accumulators, transmission networks or systems etc) equipments or appliances etc, including computer hardware and allied equipments or appliances etc. d) Services provided in respect of the repair or maintenance	9820.0000 9820.1000 9820.2000 9820.3000 9820.4000 9820.9000	(i) Five percent (5%) without any input tax adjustment in case of industrial workshops. (ii) Two percent (2%) without any input tax adjustment in case of all other categories or types of workshops.

	<p>of aircrafts, helicopters and other flying objects.</p> <p>e) Car washing (including compounding and polishing etc) or similar service stations.</p> <p>f) Other workshops or workshop-type businesses.</p>		<p>(iii) Two percent (2%) without any input tax adjustment in case of stand-alone car wash (car wash station) services, and</p> <p>(iv) Ten percent (10%) without input tax adjustment in case of authorized automobile dealers' workshops (whole range of their workshop services including car wash etc.</p>
10	<p>Franchise services either on giving or on receiving ends including royalties or similar financial benefits arising out of intellectual property rights or other factors of business goodwill, market standing, popularity, image or reputation etc.</p> <p>Exemption: Full exemption to education-related or education-specific franchise services.</p>	<p>9823.0000</p> <p>9819.9500</p>	Ten Percent (10%) without any input tax adjustment
11	<p>Services provided or rendered by specialized agencies:</p> <p>a) Security agencies including their activities relating but not limited to providing cash or precious articles' transportation or movement security, tracking services and security alarm services.</p> <p>b) Credit rating or similar evaluation or revaluation agencies.</p> <p>c) Project including business project planning or preparation agencies.</p> <p>d) Market research or market survey agencies.</p> <p>e) Private detective or intelligence service providing agencies.</p> <p>f) Other similar agencies.</p>	<p>9818.0000</p> <p>9818.1000</p> <p>9818.2000</p> <p>9818.3000</p> <p>9818.4000</p> <p>9818.5000</p> <p>9818.9000</p>	Ten Percent (10%) without any input tax adjustment
12	<p>Services provided or rendered in respect of manufacturing or processing on toll or charges basis (out of main or major inputs owned by others).</p> <p>Explanation: (i) The terms, expressions or concepts "industrial vending, contract or third party manufacturing, contract production, contract processing, contract milling, contract machining, contract conversion, contract processing, contract printing" for any industrial or allied purposes are covered in and liable to tax under this entry.</p> <p>(ii) The expression "processing" includes processes involving specialized working (whether initial, intermediary or finishing), washing, cleaning, coloring (dyeing), printing, packing or packaging etc, for industrial or allied purposes.</p> <p>(iii) The exclusive services of printing or publication of written materials or products performed on contract basis by businesses like printing presses or printing/publication houses shall also be covered in and taxed under this entry.</p> <p>Exemption: Full exemption on text books printed on contract printing basis meant for free distribution to the students by or</p>	9840.0000	Five Percent (5%) without any input tax adjustment

	through the government.		
13	Services provided by persons engaged in contractual execution or performance of works (including repair, maintenance, renovation, up gradation or janitorial works) or furnishing supplies (excluding transactions involving contractual supply of goods only without any component of service relating to such goods).	9810.0000 9810.1000 9810.2000 9810.9000	Five Percent (5%) without any input tax adjustment.
14	<p>Services provided by construction contractors, architects, civil engineers, land or property surveyors, construction consultants, designing and supervision consultants, town or real estate or property promoters, developers or planners including interior decorators or allied or ancillary professions:</p> <p>a) Construction services rendered or provided in respect of the construction of structures, buildings, roads, bridges, underpasses or flyovers (and other civil works), electro-mechanical works, turn-key projects and similar other works involving construction activity.</p> <p>b) Architects and civil engineers or town promoters, developers, planners.</p> <p>c) Town, real estate or property promoters, developers or planners.</p> <p>d) Services of contractors of allied works such as electrical, mechanical, gas fittings, plumbing, water boring, wood work, plastering, flooring, steel work, paint and other finishing work or works.</p> <p>e) Interior decorators.</p> <p>f) Landscaping or land development designers including land surveyors.</p> <p>g) Other similar, allied or ancillary services.</p> <p>Exemption: Full exemption on:</p> <p>(i) The construction work in respect of development of industrial estates/zones, consular buildings and construction works under international tenders based on and funded from foreign grants-in-aid agreements or arrangements.</p> <p>(ii) Residential construction and allied works in respect of the Prime Minister's Naya Pakistan Housing Scheme.</p> <p>(iii) The projects initiated or undertaken under government's annual development plan (ADP) provided either such projects have been initiated or completed on or before 30th June, 2019 or payments, whether full or in part, in respect thereof have been made on or before the said date (the ongoing projects in respect of which agreements or contracts were signed before the said date, shall be entitled to this exemption regardless of the schedule of payments relating thereto).</p> <p>Specific Rate of Tax: (i) In case of land development, tax shall be charge at the rate of rupees one hundred (Rs.100 only) per square yard of the total (aggregate or gross) developed land without any segregation, fragmentation, segmentation, splitting or slicing with reference to the factual or intended use whether immediate or subsequent and no input tax adjustment shall be admissible in this regard.</p> <p>(ii) In case of commercial construction of residential buildings, flats or apartments, commercial plazas, malls, towers or complexes etc, the rate of tax shall be rupees fifty (Rs.50 only) per square foot of the covered area without any input tax adjustment.</p> <p>Clarification: For the purpose of removal of any doubt, it is clarified that for the purpose of this serial number:</p>	9815.0000 9815.1000 9815.2000 9815.3000 9815.4000 9815.9000 9819.5000	Two Percent (2%) without any input tax adjustment.

	<p>i. construction services shall also cover all such construction and allied services as are financed and funded either under Annual Development Program (ADP) or under Public Sector Development Program (PSDP) and</p> <p>ii. self-construction of residential houses for personal use shall not be liable to tax.</p>		
15	<p>Digital or IT-based services in whatever form or manner or under whatever arrangement including but not limited to:</p> <ul style="list-style-type: none"> --web design and development, --mobile app development, --server management, --page-speed optimization, UX/UI optimization, --PPC marketing, blogging, --Google AdWords, Facebook advertising, Instagram advertising, --custom software development, assessment and roadmap development, software maintenance and support services, supply or sale of any other software or software product or products through any medium, --online digital marketing services such as search engine optimization (SEO), --social media marketing, content marketing, affiliate marketing, influencer marketing, email marketing, viral marketing services, etc. <p>Explanation: This entry does not cover such persons who are engaged in providing or rendering services relating to software or IT-based system development or management or similar other such fields in their individual capacity and are eligible to pay tax at reduced rate under item (g) of entry No. 19.</p>	9850.0000	two Percent (2%) without any input tax adjustment.
16	<p>Services relating to works or projects in respect of exploration and production (E&P) or mining of minerals, oil and gas including licensing, renting or re-renting, leasing or re-leasing, surveys, geo-map development, equipment mobility, product evaluation, product marketing and other services or activities related or allied thereto.</p> <p>Explanation: In case of oil, gas and mining sector or industry, tax shall be charged on both the fee (by whatever name called) paid for the purposes of lease or license including renewal thereof and on the royalty:</p> <p>Provided that where such fee or royalty is received by the government department or authority, the tax shall be paid on receipt basis directly by such department or authority.</p>	9845.0000	Fifteen Percent (15%)
17	<p>Airport services (including passenger facilitation, car parking, cargo handling, cargo warehousing or storage, aviation support services, flight kitchen supplies, renting of special purpose machinery, equipment, vehicles, portorage, quarantine and other fumigation or vaccination, janitorial services, aircraft cleansing services, aircraft maintenance services, jet or other fuel supply services etc.)</p> <p>Explanation: The fee, taxes or similar other charges received by Civil Aviation Authority as a regulatory body for or in respect of its official functions shall not be charged to tax even though such functions appear to be of the nature or character of services,</p>	9830.0000	Ten Percent (10%) without any input tax adjustment.
18	<p>Dryport services including operation of a dryport and other services provided at or in respect of dryport such as inward/outward transportation/movement of goods, cargo handling, cargo storage or warehousing, loading /unloading of cargo, booking or discharge of cargo, services relating to inspections, certification or similar or other type of services-related activities in respect of cargo etc.</p>	9843.0000	Ten Percent (10%) without any input tax adjustment.

19	<p>Services provided or rendered by practitioners, professionals, consultants and advisers (by whatever name called) in their respective fields or disciplines:</p> <ul style="list-style-type: none"> a) Medical, dental or allied health fields or disciplines including para-medics and specialized technicians of medical fields. b) Human resource management or development (including training services) c) Veterinary and allied sciences including pet care. d) Law and allied fields or disciplines. e) Financial, accountancy, cost accountancy, audit, tax management or tax affairs and similar other fields or disciplines. f) Business planning, business management, business reforms, business communication including hospitality administration and similar other fields or disciplines. g) Software or IT-based system development or management or similar other such fields. h) Similar services in other fields, disciplines or regimes. <p>Reduced Rate of Tax:</p> <p>In case of practitioners, professionals, consultants or advisers of medical (including dental) and legal professions or fields, the rate of tax shall be two percent (2%) without any input tax adjustment and in cases where regular compliance is made and continued to be so made, no tax demand for the period prior to the effectivity date of this entry, shall be raised or enforced.</p>	<p>9816.0000</p> <p>9816.1000</p> <p>9816.2000</p> <p>9816.3000</p> <p>9816.4000</p> <p>9816.5000</p> <p>9816.6000</p> <p>9816.9000</p>	<p>Five Percent (5%) without any input tax adjustment.</p>
20	<p>Cinematographic production, photographic services, recording services and telecasting or broadcasting services including:</p> <ul style="list-style-type: none"> a) Film making or film production including drama production whether in serials or otherwise. b) Telecasting or broadcasting services (other than TV cable operators). c) Video tape and recording services, sound recording services, TV/Radio production house services. d) Photographic services (services of photography or photographers). e) Other similar, allied, ancillary or auxiliary services. <p>Exemption: Full exemption on telecasting or broadcasting services of and by government-owned TV or Radio stations or channels (this exemption shall not be construed to cover any other service or services including advertisements taxable under this Schedule).</p>	<p>9803.0000</p> <p>9803.1000</p> <p>9803.2000</p> <p>9803.3000</p> <p>9803.4000</p> <p>9803.5000</p> <p>9803.9000</p>	<p>Two Percent (2%) without any input tax adjustment.</p>
21	<p>Event management services whether covering all or any of the processes like planning, budgeting, scheduling, site selection, acquiring necessary permits, coordinating transportation and parking, arranging for speakers or entertainers, arranging decor, event security, catering, picturing, video filming, musical enjoyments or any other allied or connected task.</p>	<p>9846.0000</p>	<p>Eight Percent (8%) without any input tax adjustment.</p>
22	<p>Exhibition, convention or carnival services and allied services including renting of purpose-specific property or space for such</p>	<p>9825.0000</p>	<p>Eight Percent (8%) without any input</p>

	events.		tax adjustment.
23	Cable TV operators other than those providing internet-based TV services whether composite, multiple, bundled or otherwise which are chargeable to tax under telecommunication services.	9819.9000	Two Percent (2%) without any input tax adjustment
24	Services of fashion designers not engaged in designing, manufacturing and selling their own products or goods through their regular paid employees.	9828.0000	Five Percent (5%)
25	Services provided or rendered by call centers (by whatever name called) engaged in mediating business, trade or sale/purchase transactions between the sellers and buyers whether located inside or outside the country.	9837.0000	Two Percent (2%) without any input tax adjustment
26	Services provided or rendered by banks or banking companies, insurance companies, cooperatives and foreign exchange companies or dealers (including similar institutions or entities besides microfinance institutions): a) Banks or banking companies, cooperatives or similar institutions or entities (their all services including bank guarantee, brokerage, letter of credit, pay order or demand draft, bill of exchange, transfer of money in any manner, bill discounting, lockers and safe vaults, credit/debit cards, foreign exchange dealings, ATMs, issue-banking, bank assurance, provision of loans, business or investment financing or advances, leasing or re-leasing whether financial, equipment/commodity-related, musharakah financing etc.). b) Insurance companies (their all services including goods, fire, theft, marine, travel, life, health, industrial, business-related, moveable or immovable property insurance and other insurance and reinsurance services). c) Services of cooperatives and cooperative societies (including producer cooperatives, worker cooperatives, consumer cooperatives, credit unions, retail or purchasing cooperatives, social cooperatives, industrial service cooperatives, manufacturing cooperatives, marketing cooperatives, cooperative farming societies, housing cooperatives and credit cooperatives etc.). d) Services of foreign exchange companies, dealers and money changers or similar businesses. e) Other similar banking, insurance, cooperative or money exchange services. Exemption: Full exemption on life and health insurance.	9814.0000 9814.1000 9814.2000 9814.3000 9814.4000 9814.9000	Fifteen Percent (15%)
27	Storage and warehousing services including public bonded warehouses, cold storages and yards or places used for storage of empty or loaded containers on rental or charges basis.	9844.0000	Ten Percent (10%) without any input tax adjustment.
28	Container terminal services including services of storage or warehousing of containers either imported or meant for export including transshipment or transit.	9841.0000	Ten Percent (10%) without any input tax adjustment.
29	Service provided or rendered by persons exclusively, solely or principally engaged in (inland) inter-city transportation or carriage of goods (whether dry or liquid, packed, packaged or otherwise) by road or through pipeline or conduit or through any other modern or advance technology-based conveyance system. Explanation: The services provided or rendered by packers and movers engaged in the transportation of goods (whether intra-or inter-city) either with or without prior packing shall be covered in and taxed under this entry.	9805.0000 9805.4000 9805.5000 9805.6000 9805.9000 9812.0000	Fifteen Percent (15%)

		9812.1000	
		9812.2000	
		9812.9000	
30	<p>Services provided by laboratories, scientific laboratories, mechanical laboratories, chemical laboratories, electrical or electronics laboratories, pathological laboratories, Forensic laboratories medical diagnostic laboratories including technical services relating to X-rays, CT Scan, M.R. Imaging (MRI), ultrasound, echo etc. or other such laboratories.</p> <p>Exemption: Full exemption to:</p> <ol style="list-style-type: none"> The laboratories sponsored, controlled and managed either by the government or its autonomous bodies. The lab or other medical tests carried out against a valid medical prescription issued by a competent medical practitioner aimed at medical diagnosis or medical examination of a disease in any patient for medical treatment purposes. 	9817.0000 9817.1000 9817.2000 9817.3000 9817.4000 9817.5000 9817.6000 9817.9000	Five Percent (5%) without any input tax adjustment.
31	<p>Visa processing or visa acquisition services including advisory or consultancy services for foreign education or migration provided by persons in their private business or professional capacity.</p> <p>Explanation: Where any person providing services under this entry is also helping or serving his client for the issuance or renewal of the client's passport, the actual amount of fee charged by the government for the issuance or renewal of the passport shall not be included in the value of services for the purposes of assessment of tax.</p>	9855.0000	Fifteen Percent (15%)
32	<p>Valuation or assessment services including competency and eligibility testing services and services involving written tests with or without interviews for job or work recruitment or selection for any other purposes.</p> <p>Explanation: For the purpose of this entry, valuation or assessment includes revaluation, reassessment or repetition thereof.</p>	9848.0000	Five Percent (5%) without any input tax adjustment.
33	<p>Services provided for inland carriage of goods by air, railways or otherwise against freight or carriage charges:</p> <p>Provided that the following services of Pakistan Railways whether falling under this Serial No. or elsewhere in this Schedule, shall be liable to tax at the rate of two percent (2%) without any input tax adjustment:</p> <ol style="list-style-type: none"> (i) courier services in relation to the speedy, fast, quick or urgent mail, parcel or cargo services provided; and (ii) services provided for inland carriage of goods against freight or carriage charges. 	9805.2000 9805.3000	Fifteen Percent (15%)
34	Services provided or rendered by under writers including sponsorship services.	9819.1100	Two Percent (2%) without any input tax adjustment.
35	Services provided or rendered by indicators and similar intermediaries.	9819.1200	Two Percent (2%) without any input tax adjustment.
36	Services provided or rendered by auctioneers.	9819.9100	Two Percent (2%) without any input tax adjustment.

37	Dredging or desilting services including cleaning of canals, water channels/tunnels/lines or reservoirs, pools, fish ponds, lakes or dams in any manner.	9822.4000	Fifteen Percent (15%)
38	Services relating to or involving collection, provision, organization, digitization, processing, analysis, safety, preservation, sharing, verification, validation, decontamination or any other treatment of data including granting access to data for the purposes of information-gathering, information-verification, information-authentication or similar other purposes.	9854.0000	Fifteen Percent (15%)
39	Services provided or rendered in respect of quality assurance, quality control, quality inspection (including pre-inspection), quality verification or certification including verification or certification of quality or standards under ISO regime.	9834.0000	Two Percent (2%) without any input tax adjustment.
40	Rent-a-car or rent-a-cab services. Explanation: The persons engaged in providing or rendering services of rent a car or cab shall pay tax regardless of the category of the vehicle or logistics used in respect of such services.	9819.3000	Five Percent (5%)
41	Ride-hailing or ride-hail services like Uber, Cream, Biker and Lyft etc regardless of the mode, manner or dynamics of the business system involved in such services. Saving: In cases where regular tax compliance from the effectivity date of this entry is made and continued to be so made, no tax demand shall be raised or enforced for the period prior to such date.	9851.0000	Two Percent (2%) without input tax adjustment
42	Online Market Place (OMP) including online platform or portal services by whatever name called (other than ride-hailing or ride-hail services).	9852.0000	Two Percent (2%) without any input tax adjustment.
43	Services relating to or in respect of (continuous, interconnected, networked or otherwise) infrastructural-system-based transmission (wheeling) or distribution of electric power (electricity) or gas by companies including subsidiary companies of power generating companies (or persons) other than companies (persons) who directly transmit or distribute their own generated/produced electricity or their own recovered/produced gas. Explanation: The companies (persons) required to pay tax only on the gross component/amount of their transmission or distribution charges (by whatever name called).	9847.0000	Fifteen Percent (15%)
44	Services relating to or in respect of the installation, erection, commissioning or other permanent structure-affixed/linked/tied placement (whether full or in part) of any industrial, mechanical or electrical plant, machinery or equipment (excluding installation of domestic equipments etc for residential use). Explanation: The factors like new, reconditioned, repaired, overhauled or old status of the equipments or carrying out any work/process or works/processes related thereto, shall not affect the levy of tax under this heading. Saving: Separate/new insertion of this entry shall under no circumstances effect the tax liabilities already discharged or yet to be discharged under the category or class of services of contractual execution of works under the substituted Schedule.	9853.0000	Two Percent (2%) without any input tax adjustment.
45	Amusement and entertainment services including cinema (all categories), amusement parks, modelling shows, music concerts etc.	9836.0000 9839.0000	Five Percent (5%) without input tax adjustment
46	Inspection and survey (including re-inspection and re-survey) services not specifically covered in any other entry of this	9819.4000	Fifteen Percent

	Schedule.		(15%)
47	All allied, ancillary, auxiliary, related, substitutive, comparable or matchable services not specifically, directly or indirectly mentioned anywhere in this Schedule but fall in or are linked in any manner to the category or categories of services covered in any of the class or classes of services mentioned or included in the Schedule provided that no argument as to variation in description shall be relevant or permissible for the application of this entry.		Rate of Tax as per closest respective entry or entries.

PRINCIPLES OF APPLICATION AND INTERPRETATION: For the purposes of application and interpretation of the SECOND SCHEDULE and all allied matters, the following principles shall be binding and followed as an integral part thereof:

1. The FIRST SCHEDULE contains description of minimum services and hence there may be a case or cases where any service or class of services is not mentioned in the FIRST SCHEDULE but mentioned or covered in the SECOND SCHEDULE, tax shall be payable on every such service or class of services in terms of the Second Schedule and no pretext or argument about any claim for their non-taxability shall be permissible or allowed.
2. Each serialized entry in the SECOND SCHEDULE primarily reflects and covers distinct class of services, which means the scope or coverage of tax runs through or alongside the lines of the classes of services. Thus the specific service descriptions in any class of services do not mean that description of the service is exhaustive. The services mentioned in SECOND SCHEDULE, by whatever name called, shall remain taxable even if it is not cited as such under the class of services covered in the SECOND SCHEDULE; such service shall be taxable as one of the services of the relevant class of service.
3. No input tax adjustment shall be admissible in respect of services where exemption or reduced rate of tax has been applied or allowed in the SECOND SCHEDULE. The recipient of such service shall, if he is a taxable service provider, also not be entitled to adjust the input tax paid on reduced rate against output tax payable on the service or services provided or rendered by him at immediate next stage of supply chain.
4. Where services provided by a person are chargeable to a rate of tax entitled to input tax adjustment, the input tax adjustment shall be admissible in respect of the tax paid on the inputs (otherwise taxed on higher rate) only to the extent not exceeding standard rate of the tax regime to which the input relates.
5. Where by virtue of interpretation or otherwise, any service can be considered to be classified or is otherwise found to be classifiable with matching or equal accuracy under two or more entries of the SECOND SCHEDULE, such service shall be classified and taxed under or with reference to the entry appearing later in number regardless the rate of tax is lower or higher.
6. Where a person is engaged in performing more than one taxable services under his same business name and some of the services are entitled to reduced rate or rates of tax while others are liable to tax at standard rate, such person shall be entitled to avail two rates of tax provided that no input tax adjustment shall be admissible or allowed to the extent of turnover chargeable to lower rate of tax.
7. Due to changes in science and technology, the jargon or nomenclature of market economics is changing faster than adjustments which may be made in the legal instruments. But for the purposes of taxability under the SECOND SCHEDULE, if any service is liable to tax with reference to a particular description mentioned in the SECOND SCHEDULE, the service shall continue to be taxable regardless of any sudden, unexpected or unanticipated change in its market name or appellation for any reason, whatsoever.
8. Where a person is providing or rendering under the same business name two or more services and all such services are liable to tax at the same rate, he may use only one entry of the SECOND SCHEDULE covering the major portion of his business turnover, for the purposes of tax assessments and tax declarations.

9. Where a character, nature, dynamic or purpose of any service exactly or substantially resembles any service taxable under the SECOND SCHEDULE and such service can be used as a perfect or close substitute of the scheduled service, such service shall be considered and liable to under the SECOND SCHEDULE.
10. Classifications of services either given in the FIRST SCHEDULE or the SECOND SCHEDULE are just for reference and accounting purposes. They have no bearing on the taxability of any service. The taxability of a service shall be determined with reference to its description either mentioned separately or included in the class of services under the SECOND SCHEDULE read with these principles of application and interpretation.
11. Non-mentioning of a classification heading of any service in the SECOND SCHEDULE shall not in any manner effect the taxability of such service in the said SCHEDULE.
12. Where in the SECOND SCHEDULE, a description of the main or principal services has been mentioned, it shall include all allied, ancillary, auxiliary, related or connected services whether provided or rendered in the form of facility or utility as a part of the main contract or transaction and shall be considered as a part and parcel of the main or principal service and its value shall be invariably included in the valuation and assessment of tax of such main or principal service.
13. Where under any entry, any service or services have been specifically excluded, such service or services shall not be classified under such entry for the purpose of tax assessment or otherwise.
14. Nowhere in any entry "inclusion" of any service or services shall, unless the context otherwise specifically requires, be construed as exclusion of other service or services otherwise falling in or under such entry either by virtue of class of services or otherwise.
15. Where any service is provided or rendered solely against commission or commission charges, tax assessment shall be made on the basis of the gross amount received or to be received on account of such commission or commission charges.
16. In cases where tax is to be calculated on the basis of fraction, the following formula shall be used:
17. Where during providing of any services by a person who is providing his services by virtue of his professional credentials, procures any durable and repeat-use goods (not the consumable materials) purely on behalf of and for his client out of the funds provided or to be provided by the client and title of such goods is on acquisition and continues to be in the name of the client, value of such goods shall not be included in the value of services despite their being meant for use or having been used in the providing of services by such person."
 - a. $(a/100+a) \times \text{Value of Service}$
 - a. Note: "a" is the applicable rate of tax.

THE KHYBER PAKHTUNKHWA LOCAL GOVERNMENT ACT, 2013.

(KHYBER PAKHTUNKHWA ACT NO. XXVIII OF 2013)

53. **Functions of the Finance Commission---**

(1) The Finance Commission shall make recommendations to the Government on:

(a) the amount of grant for local governments out of the proceeds of Provincial Consolidated Fund in a financial year in addition to the grant [to local councils]:

Provided that in addition to the establishment charges budgeted for the devolved functions and transfers [to local councils], the development grant for local governments shall be so determined that it is not less than thirty percent of the total development budget of the province in the respective year

Provided further that Government may allocate certain amount from the thirty per cent (30%) grant to a public interest fund to be administered by Government and to be used by public functionaries for the development of local government;]

(b) formula for distribution of the grant, as Government may direct, among local governments in the Province;

(c) the amount of special grants for local governments with modalities and conditions to access the facility;

(d) grants in aid to local governments in need of assistance; and

(e) matters relating to local government finance.

(2) While making recommendations, the Finance Commission shall take into account the principles of fiscal need, fiscal capacity, fiscal effort and fiscal performance of local governments.

(3) The Finance Commission shall also take into consideration poverty, population, lag in infrastructure and revenue base of local governments as factors while formulating its recommendations.

(4) The Finance Commission shall present to the Government annually a report on the analysis of fiscal transfers, the situation of own-source revenue in local governments and the reach and quality of their services and the Government shall cause the report to be laid before the Provincial Assembly.