

Section	Subsection	Clause	KHYBER PAKHTUNKHWA FINANCE ACT 2021 NEW / inserted Omitted and deleted substituted
			This Act shall come into force on the first day of July 2021

			Amendment of Act No. II of 1899. In the Stamp Act,1899 (Act No. II of 1899),
27A	(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 or as the Provincial Government may, from time to time, by notification in the official Gazette, determine. Provided that the value, so determined, shall in no case be less than ninety percent (90%) of the rates determined by the Federal Board of Revenue."; and

APPENDIX

SCHEDULE-1

[see section-2]

STAMP DUTY ON INSTRUMENTS [SEE SECTION-3]

Article Number	Description of Instrument	Proper Stamp
1	2	3
6A	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.	Rs 300 600 /Marla Rs 600 1200/Marla
22A	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 Federal Government or Provincial Government. (a) to execute any work (i) where the amount does not exceed rupees 0.1 million; (ii) where the amount exceeds rupees 0.1 million but does not exceed rupees one million;	Rs 250 Rs 1,250

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	(iii) where the amount exceeds rupees one million but does not exceed rupees five million; (iv) where the amount exceeds rupees five million but does not exceed rupees ten million; and (v) where the amount exceeds rupees ten million; and (b) to procure stores and materials.	Rs. 4,000 Rs. 9,000 Rs. 40,000 One rupee for every one hundred Rupees (100.00) or part thereof of the amount of the contract. ";and
53	RECEIPTS as defined by section 2(23) for any money or other property the amount or value of which exceeds twenty rupees. (a) where such amount does not exceed Rs. 2,000; (b) where such amount exceeds Rs.2,000 but does not exceed Rs. 10,000; (c) where such amount exceeds Rs. 10,000. EXEMPTIONS See also POLICY OF INSURANCE [No.47-B (2)].	Rs <u>2</u> <u>5</u> Rs <u>3</u> <u>6</u> Rs <u>7</u> <u>15</u>

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			Amendment of Act No. XVI of 1908. In the Registration Act, 1908 (Act No. XVI of 1908),-
16A			Online repository of registered instruments and electronic verification of registered property. Government may make provision for establishment of online repository of registered instruments and electronic verification of registered property in the prescribed manner."; and
17A			Digitized version of documents. All documents, books, instruments, decrees, deeds, assignments, endorsements, debentures, orders, certificates, counterpart of lease, signatures mentioned in this Act may also be processed through digitized means of registration.".

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			Amendment of West Pakistan Act No. V of 1958. In the West Pakistan Urban Immovable Property Tax Act, 1958 (W.P. Act No. V of 1958),-
3			Levy of tax.
	2a		A rebate at the rate of 10% of the tax assessed under sub-section(2) shall be admissible to those assessee who pay the tax in advance for the whole year by <u>28th February</u> <u>31st day of December</u> of the year to which it relates Explanation. The annual value for the purposes of this section shall be the aggregate annual value of all buildings and lands owned by the same person in a rating area."
			Schedule II
	S.no 8A		Petrol pumps and CNG stations shall be charged at a flat rate of rupees forty five thousand (45,000) per annum. Explanation: The tax liability regarding petrol pumps and CNG stations, for the period starting from 1st day of July, 2020 and ending on 30th day of June, 2021, shall also be assessed and taxed on the rates specified under this serial number."

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			Amendment of the Khyber Pakhtunkhwa Act No. IV of 1990. In the 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. Provided also that the tax under this section shall not be levied for the financial year 2021-22.

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			Amendment of the Khyber Pakhtunkhwa Ordinance No. IV of 2000.--- In the Khyber Pakhtunkhwa Land Tax and Agriculture Income Tax Ordinance, 2000 (Khyber Pakhtunkhwa Ord. No. IV of 2000),-
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. Provided that the tax under this section shall not be levied for the financial Year 2021-22."; and

Second Schedule

(see section 6)

Rates of Agriculture Income Tax

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

1.	Where the taxable limit does not exceed Rs.600,000/- ;	No tax
2.	Where the taxable limit exceeds Rs.600,000/- but does not exceed Rs.850,000/-;	5% of amount exceeding Rs. 600,000/-
3.	Where the taxable limit exceeds Rs.850,000/- but does not exceed Rs.1000,000/-;	Rs.12,500/- plus 7.5% of the amount exceeding Rs.850,000/-
4.	Where the taxable limit exceeds Rs.1000,000/- but does not exceed Rs.1250,000/-;	Rs.23,750/- plus 10% of the amount exceeding Rs.1000,000/-
5.	Where the taxable limit exceeds Rs.1250,000/- but does not exceed Rs.1500,000/-; and	Rs.48,750/- plus 15% of the amount exceeding Rs.1250,000/-
6.	Where the taxable limit exceeds Rs.1500, 000/-.	Rs.92,500/- plus 17.5% of the amount exceeding Rs.1,500,000/-.

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			Amendment of Khyber Pakhtunkhwa Ordinance No. XXIII of 2002.--- In the Khyber Pakhtunkhwa Finance Ordinance, 2002 (Khyber Pakhtunkhwa Ord. 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 five per cent of the room rent per lodging unit per day, <u>on the basis of fifty per cent of the total number of lodging units</u> 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 four months only in a year, that is from 1st day of May to 31st day of August (both days inclusive):

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			Amendment of Khyber Pakhtunkhwa Act No. XXI of 2013. In the Khyber Pakhtunkhwa Finance Act, 2013 (Khyber Pakhtunkhwa Act No. XXI of 2013),-
2			Definition
	1		"Appellate Tribunal" means the Appellate Tribunal <u>established under constituted under section 82 of</u> this Act;
	15		"default surcharge" <u>means the default surcharge levied under this Act; means the default surcharge levied and calculated or calculable under section 65 of this Act;</u> ; and
	57		"withholding agent" means any person, who, as a recipients of taxable service or otherwise, withholds or deducts and pays or deposits tax directly to Government in the manner as may be prescribed;
26A	1		Provided that a registered person, in case of a company, may opt to operate under standard rate system on intimation to the Authority at least one month in advance and shall not be entitled to revert back to the reduced rate without prior permission from the Authority as required under sub-section (2).";
30			Special procedure and tax withholding provisions.
	3		Where a person has been or is required to act as withholding agent, he shall personally be responsible to withhold and deposit the due tax. In case of failure on his part to do so, it shall be his personal liability to pay such due amount of tax along with default surcharge and penalty under this Act. Any such amount of tax, including default surcharge and penalty, if not paid, may be recovered from such person under section 87 of this Act.;"
32			Adjustments.
	3		No adjustment or deduction of any tax payable under any other law shall be claimed by any person except in the manner <u>and to the extent to the extent and from the date</u> specified in the notification issued under sub-section (1). <u>Provided that if no such date has been specified, the date of coming into effect of such notification shall be deemed to be the specified date for the purpose of this section.</u>
35			Joint and several liability of registered persons where tax unpaid.
			Where a registered person <u>or a person</u> receiving a taxable service from another registered person <u>or a person</u> 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.

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			Explanation: Notwithstanding anything contained in this section, it shall be the responsibility of a registered person or a person to take all possible measures to ensure that the person from whom he has received taxable services, deposits the due tax, relating to such transaction, in the manner as provided under this Act and rules and regulations made thereunder."
40			Assessment of tax.
	2		No order under sub-section (1) and (1A) shall be made unless a notice to show cause -- >
	3		An order under sub-section (1) and (1A),
	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 or the adjournments otherwise ordered by the officer for any bona fide or genuine reasons or factors beyond normal human control of the person, on the date fixed for hearing shall be excluded.
	5		An order passed under sub-section (1) and (1A),
	after sub-section (8)		Explanation-I: For the removal of any doubt, the provisions of this section shall apply in cases involving situations where a registered person has received or collected tax from the recipient of a taxable service or services but has not paid the same or where a registered person has short-paid the tax whether due to short receipt, short collection or due to availing inadmissible input tax adjustment and where such non-payment or short-payment of tax has resulted from all or any of the reasons of intention, collusion, abetment, deliberate attempt, mis-statement, fraud, forgery, false or fake documents, the provisions of sub-section (2) of section 68 shall apply.
			Explanation-II: Audit includes departmental audit, external audit, special audit or any other scrutiny of records, facts and tax affairs in any manner, style or mode, resembling audit or appearing like audit.
			Explanation-III: Non-paid or short-paid amount of tax includes such non-paid or short-paid amount as was or is to be withheld or has been withheld by a person receiving a service or services as withholding agent but has not been deposited or has been short-deposited to Government.";
58			Cognizance of offence.
	3		If the Special Judge receives a complaint or information under clause (b) of sub-section (1), on the basis of his own knowledge or on the basis of his own knowledge under clause (c) of sub-section (1), the Special Judge shall, before issuing a summon 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.

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64			Offences and penalties.
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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.	41 and 30(2)
2	Where any person fails to furnish a return within the due date or furnishes it after the due date.	Such person shall be liable to pay a penalty of five thousand rupees provided if a return is not filed within fifteen days of the due date, a penalty of hundred rupees for each day of default shall be levied.	52 and 30(2)
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.	19, 20, 26, 27, 30(2) 33, 34 and 88
5	Any person who fails 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.	30(2), 47, 48 and 49
6	Where a registered person, without any reasonable cause, fails to;	Where such a person is a company, it shall be liable to pay a penalty of ten thousand rupees.	30(2), 47, 49, 69 and 73
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 payable for the tax period to which the offence relates, whichever is higher. Such persons shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to five years, or with a fine which may extend to an amount equal to the tax payable for the tax period to which the offence relates, or with both.	30(2), 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.	2(53) and 30(2)

			Explanation: For the purpose of this section, in situations, where penalty or penalties are to be adjudicated or other penal actions are to be initiated or taken in terms of this section, in respect of any withholding agent, the word and expressions, carrying meanings of a service provider, shall be construed as service recipient or if so required, as withholding agent.
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65			Default surcharge.
	3		For the purpose of working out the monthly rate of default surcharge under clause (a) of sub-section (1), quarterly average of inter-bank rate, as announced or certified by or obtained from the State Bank of Pakistan, shall be taken into account and applied and in no case either falling under clause (a) or clause (b) of sub-section (1), default surcharge shall be calculated on compound basis and in case of any shortfall of days in the month during which the tax is paid, the amount of default surcharge shall be prorated in terms of days of the relevant month.”;
66			Exemption from penalty and default surcharge.
	2		The Government at the end of each financial year shall lay before the Council Provincial Assembly of the Khyber Pakhtunkhwa 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 five years of the relevant tax period requiring him to show cause for nonpayment of the amount specified in the notice.
	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 70 , 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.
76			Powers of adjudication.
	3		The Authority may regulate the system of adjudication including transfer of cases and extension of time limit. The Authority may regulate the system of adjudication including transfer of cases, changes in pecuniary limits or extension of time limit within the meaning of section 99 of this Act.
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 authorized officer of the Authority; provided that nothing shall bar the officer, who has adjudicated the case or who has been nominated by the Director General, to represent and defend the case before the Collector (Appeals).

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81			Decision in appeal.
	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. Provided that a case may be remanded for de-novo consideration, in special circumstances, for reasons and purposes to be recorded by the Collector (Appeals) in writing.
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, the taxpayer or the officer may appeal to the Appellate Tribunal against such order. Provided that unless otherwise directed by the Director General in any specific case or class of cases, only an authorized officer of the Authority shall appear to defend or plead the case in the Appellate Tribunal.
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-
		(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. Provided that the officer may, in consequence of any notice, issued under any of the above clauses, recover the due amount of tax, in the manner prescribed under the rules or otherwise as deemed appropriate to make recovery of such amount directly from the person, who is holding or is otherwise in custody of any money, whether owned by or payable to the defaulter.
99			Condonation of time-limit.
	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) this section in any case or class of cases.:

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			<p>Provided that where a Collector or any other officer has been empowered to grant condonation under this section, he shall not be competent to grant condonation in any case falling in the jurisdiction of any officer with designation or rank higher than the Collector or such officer.</p> <p>Explanation: Condonation of time limit under this section may be granted by the Authority either for the purposes of general application, in respect of any person or class of persons, with regard to any case or class of cases or to any officer or official or class of officers or officials of the Authority, performing functions or exercising powers under any of the provisions of this Act and rules or regulations made thereunder.</p>
111			Bar of suits, prosecution and other legal proceedings.
	2A		Any of the authorities, having the powers to hear appeal, under this Act, shall not order any cost or fine, on any ground, whatsoever, against the Authority or any of its officers or officials.";

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SECOND SCHEDULE

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

[see sections 19,21,26, 27 and 28]

S#	Description of Services	Heading	Rate of Tax
1	<p>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, marques, lawns, clubs and caterers, suppliers of prepared eatables and drinkables, pandals and shamianas, clubs including such clubs as, though run on mutuality 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.</p> <p>Exemptions and reduced tax rates: (iii) Service provided or rendered by <u>non-corporate local chains of hotels</u> local non-corporate stand-alone hotels or <u>chains of such hotels</u> (including guest houses, clubs and lodges etc.) and restaurants shall be charged to tax at the rate of Eight Percent (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 reduced to Five Percent (5%) without any input tax adjustment;</p> <p><u>(vii) In case of non-corporate sector hospitality businesses, including hotels, guest houses, rest houses, lodges, restaurants and similar other accommodations and food serving businesses, located in the tourist spots of Galiyat and Kaghan Valleys, the tax shall be charged and paid at the rate of Five Percent (5%), without any input tax adjustment, subject to the compliance to all such conditions and procedures, as may be prescribed by the Authority, in this behalf.</u></p>	9801.0000 9801.1000 9801.2000 9801.3000 9801.4000 9801.5000 9801.6000 9801.7000 9801.8000 9801.9000"	15%

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S#	Description of Services	Heading	Rate of Tax
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>Reduced Rate of Tax: <u>(i) All services of this entry other than business support services and labour or manpower supply services shall be charged to tax at the rate of Eight Percent (8%) without any input tax adjustment.</u> <u>(ii) Business support services and labor manpower supply services shall be charged to tax at the rate of five percent (5%) without any input tax adjustment.</u></p> <p>Except the services falling under the categories of labour or manpower supplies including recruitments for overseas jobs or employment and such services of this entry, as are provided by corporate sector entities, all other services of this entry shall be charged at the rate of Eight Percent (8%), without any input tax adjustment; provided that business support services other than those provided by corporate entities shall be charged to tax at the rate five percent (05%)."; and</p>	9806.0000 9806.1000 9806.2000 9806.3000 9806.4000 9806.6000 9806.7000 9806.8000 9806.9000 9819.1000 9819.1500 9842.0000	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>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%) (1%) without any input tax adjustment.</p>	9802.0000 9802.1000 9802.2000 9802.3000 9802.4000 9802.5000 9802.6000 9802.7000 9802.8000 9802.9000 9806.5000	10%

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8	<p>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:</p> <p>(a) Property dealers, property agents and realtors. (b) Car and other automobile dealers (whether old or new). (c) Dealers of electrical or electronic equipment's, 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 equipment etc.</p> <p>Reduced Rate of Tax: All services covered in this entry except services (whole range) of (whole range) rendered or provided by corporate sector dealers and authorized automobile (all categories of automobiles) dealers shall be chargeable to tax at the rate of two percent (2%) without any input tax adjustment.</p>	9807.0000 9807.1000 9807.2000 9807.3000 9807.3000 9807.9000	15%
9	<p>Services provided by specialized workshops or undertakings:</p> <p>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.) equipment's or appliances etc., including computer hardware and allied equipment's or appliances etc. d) Services provided in respect of the repair or maintenance of aircrafts, helicopters and other flying objects. e) Car washing (including compounding and polishing etc.) or similar service stations. f) Other workshops or workshop-type businesses.</p>	9820.0000 9820.1000 9820.2000 9820.3000 9820.4000 9820.9000	(iii) <u>Two Percent (2%)</u> <u>One percent (1%)</u> without any input tax adjustment in case of stand-alone car wash (car wash station) services, and
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 <u>health related</u> to education-related or education-specific franchise services.</p>	9823.0000 9819.9500	<u>Ten Percent (10%)</u> without any <u>input tax adjustment</u> <u>15%</u>
13	<p>Services provided by persons engaged in contractual execution or performance of works (including but not limited to repair, maintenance, renovation, up gradation, <u>cleaning, fumigation and decontamination services</u> or janitorial works) or furnishing supplies (excluding transactions involving contractual supply of goods only without any component of service relating to such goods).</p>	9810.0000 9810.1000 9810.2000 9810.9000 9822.1000 9822.2000 9822.3000	Five Percent (5%) without any input tax adjustment

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S#	Description of Services	Heading	Rate of Tax
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>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 2021 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>(iv) To the extent of such portion or portions of the construction work of the projects of Public Sector Development Programme (PSDP), as were undertaken and completed before 30th June, 2021, regardless of the dates of their approval or initiation; provided that no such exemption shall be claimed or available on such portion or portions of the work of such project or projects as has/have not been completed before 30th June, 2021.</p> <p>(v) Construction services, including allied works, provided or rendered in respect of low-cost housing projects and schemes of the Provincial Housing Authority of Khyber Pakhtunkhwa."; and</p> <p>Condition: The exemption allowed under this part shall not be construed or interpreted in any manner to claim or take any refund, waiver, dispensation or relief of tax already deposited, paid or recovered (including already withheld or deducted but not deposited or paid) on or before 30th June, 2021 on any ground whatsoever.</p> <p>Explanation: For the purpose of this item, the expression "initiated" shall, under no circumstances, be construed to commence prior to the date of actual signing of the agreements for Government sector construction projects.</p>	9815.0000 9815.1000 9815.2000 9815.3000 9815.4000 9815.9000 9819.5000	<p>Two Percent (2%)</p> <p>Five Percent (5%) except Government funded construction projects including ADP/PSDP- funded projects and construction of hydropower projects on which the rate of tax shall be Two Percent (2%).</p> <p>without any input tax adjustment</p>

Section	Subsection	Clause	KHYBER PAKHTUNKHWA FINANCE ACT 2021
			NEW / inserted Omitted and deleted substituted
			This Act shall come into force on the first day of July 2021

S#	Description of Services	Heading	Rate of Tax
	<p>Specific Rate of Tax:</p> <p>(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 residenti+B36al 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 adjus+B34tment.</p> <p>Clarification: For the purpose of removal of any doubt, it is clarified that for the purpose of this serial number:</p> <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> <p>(iii) Construction services shall include construction works of power including hydropower) generation projects.</p> <p>(iv) Where fixed rates of rupee one hundred per square yard, or as the case may be, rupees fifty per square foot are applicable in case of land development and commercial construction as per description specified above, tax shall not be charged in respect of the areas allocated, fixed or used exclusively for schools, medical dispensaries, mosques, graveyards, parks, public toilets, corridors (inside passages of buildings) and stairs provided that these facilities are meant for common use of the public at large without the involvement of any commercial aspect including intention or purpose for sale, leasing or renting."; and</p>		

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S#	Description of Services	Heading	Rate of Tax
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> <p>Reduced Rate of Tax: The rate of tax on the leases (including re-leasing by the lessees) and licenses (including sub-contracting or license usage permissions by license holder) granted or fees and royalties, received by Government Departments, or as the case may be, by the lessees or licensees, shall be Two Percent (2%) without any input tax adjustment;</p> <p>provided that no tax shall be demanded in case of the charges for such leases, licenses, fees or royalties etc, received up to 30th June, 2021, if tax thereon has not been already withheld, paid or recovered (no refund or waiver of any such tax amount shall be admissible under any circumstances).</p>	9845.0000	15%
19	<p>Services provided or rendered by practitioners, professionals, consultants and advisers (by whatever name called) in their respective fields or disciplines:</p> <p>(a) Medical, dental or allied health fields or disciplines including para-medics and specialized technicians of medical fields.</p> <p>(b) Human resource management or development (including training services).</p> <p>(c) Veterinary and allied sciences including pet care.</p> <p>(d) Law and allied fields or disciplines.</p> <p>(e) Financial, accountancy, cost accountancy, audit, tax management or tax affairs and similar other fields or disciplines.</p> <p>(f) Business planning, business management, business reforms, business communication including hospitality administration and similar other fields or disciplines.</p> <p>(g) Software or IT-based system development or management or similar other such fields.</p> <p>(h) Similar services in other fields, disciplines or regimes.</p> <p>Reduced Rate of Tax: 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>	9816.0000 9816.1000 9816.2000 9816.3000 9816.4000 9816.5000 9816.6000 9816.9000 9826.0000	Five Percent (5%) without any input tax adjustment Provided that the above reduced rate shall not be applicable to corporate entities and to such other entities as are operating in collaboration or as subsidiary or branch of foreign service providing entities and all such entities shall pay tax at the rate of Fifteen Percent (15%) and avail admissible input tax adjustment.

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S#	Description of Services	Heading	Rate of Tax
20	<p>Cinematographic production, photographic services, recording services and telecasting or broadcasting services including:</p> <p>(a) Film making or film production including drama production whether in serials or otherwise.</p> <p>(b) Telecasting or broadcasting services (other than TV cable operators).</p> <p>(c) Video tape and recording services, sound recording services. TV/Radio production house services.</p> <p>(d) Photographic services (services of photography or photographers).</p> <p>(e) Other similar, allied, ancillary or auxiliary services.</p> <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%)</p> <p>(1%) without any input tax adjustment</p>
26	<p>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):</p> <p>(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.).</p> <p>(b) Insurance companies (their all services including goods, fire, theft, marine, travel, life, health, industrial, business-related, moveable or immoveable property insurance and other insurance and reinsurance services).</p> <p>(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.).</p> <p>(d) Services of foreign exchange companies, dealers and money changers or similar businesses.</p> <p>(e) Other similar banking, insurance, cooperative or money exchange services.</p> <p><u>Exemption: Full exemption on life and health insurance</u></p> <p>Reduced Rate of Tax: In case of health insurance services and services in respect of Government sponsored Sehat Card Plus program, the tax shall be charged at the rate of One Percent (1%) without any input tax adjustment.</p>	<p>9814.0000</p> <p>9814.1000</p> <p>9814.2000</p> <p>9814.3000</p> <p>9814.4000</p> <p>9814.9000</p>	<p>(15%)</p>

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S#	Description of Services	Heading	Rate of Tax
27	Storage and warehousing services including public bounded warehouses, cold storages and yards or places used for storage of empty or loaded containers on rental or charges basis. Reduced Rate of Tax: The tax on cold storage services (including other forms of warehousing of agriculture produce) regardless of their corporate or non-corporate status shall be charged at the rate of One Percent (1%) without any input tax adjustment.	9844.0000	Ten percent (10%) without any input tax adjustment
34	Services provided or rendered by under writers including sponsorship services.	9819.1100	Two Percent (2%) (1%) without any input tax adjustment
36	Services provided or rendered by auctioneers.	9819.9100	Two Percent (2%) (1%) without any input tax adjustment
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%) (1%) without any input tax adjustment
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 equipment's 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%) (1%) without any input tax adjustment
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 regardless whether such allied and other services are provided by the same person (service provider) whose services are falling under other serial number or numbers or by any other person (service provider) to such same person or to any other person..		Rate of Tax as per closest respective entry or entries

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			PRINCIPLES OF APPLICATION AND INTERPRETATION
	Para 3		, if he is taxable service provider, whether as a service provider or otherwise,
	Para 18		Where a registered person is providing services at a reduced rate of tax either under the Second Schedule or otherwise as provided elsewhere in this Act or in any notification issued thereunder and any of his buyers from corporate sector requests such registered person to provide services to him on standard rate, the registered person may provide services to his such buyer on standard rate provided that adjustment of relevant input tax, as and if admissible under standard rate regime, in case of such services shall be proportionately and exclusively confined to the value of such services.
	Para 19		Where in compliance to any commitment of the Federal Government or Government of Khyber Pakhtunkhwa either under any international convention, protocol, treaty or agreement, or under any agreement or arrangement for foreign grant-in-aid assistance including free technical assistance to the Province of Khyber Pakhtunkhwa or elsewhere in the country, an exemption from tax is required, the Authority shall issue notification or as the case may be, order for such exemption after taking concurrence from the Finance Department of Government on such conditions, restrictions or limitations as the Authority may deem appropriate to recommend or impose.
	Para 20		Unless otherwise specified elsewhere in the Second Schedule or under any notification issued under this Act, the corporate sector entities providing or rendering services liable to reduced rates of tax against serial numbers 9, 10, 11, 13, 17, 18, 21, 22, 27, 28 (other than public sector entities providing services covered therein), 39 and 44 of the said Schedule shall not pay tax at any such reduced rate. Such entities shall mandatorily pay tax at standard rate of 15% and all benefits of the admissible input tax adjustment shall be available to them.
	Para 21		Subject to Para 20, the services provided by or relating to dealers of agriculture machinery and equipments, commission agents of agriculture produce, agriculture specific market research, human resource development or management in agricultural fields, and exhibitions of agricultural products or products usable exclusively in agriculture sector shall be charged to tax only at the rate of two percent (2%) without any input tax adjustment.