

(As amended up to 30th June, 2022)

**The
ISLAMABAD CAPITAL TERRITORY
(TAX ON SERVICES)
ORDINANCE,
2001**

(ORDINANCE NO. XLII OF 2001)

Updated vide Finance Act, 2022

By

a team of Provincial Taxes Wing,
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Islamabad.

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(Amendments by the Finance Act, 2022 have been shown in RED)

Table of Contents

ISLAMABAD CAPITAL TERRITORY (TAX ON SERVICES) ORDINANCE, 2001 3

1. Short title, extent and commencement..... 3

2. Interpretation..... 4

3. Scope of tax..... 4

THE SCHEDULE (Table-1) 6

(Table-2)12

**The
ISLAMABAD CAPITAL TERRITORY
(TAX ON SERVICES)
ORDINANCE,
2001**

¹ [Notification No. F. 2(1)/2001-Punj., dated 18th August, 2001.—The following Ordinance promulgated by the President is hereby published for general information:--

ORDINANCE NO. XLII OF 2001

AN
ORDINANCE

to provide for levy of sales tax on services rendered or provided in the Islamabad Capital Territory

WHEREAS it is expedient to provide for levy of sales tax on the services rendered or provided in the Islamabad Capital Territory and for matters ancillary thereto or connected therewith;

AND WHEREAS the President is satisfied that circumstances exist which render it necessary to take immediate action;

NOW, THEREFORE, in pursuance of proclamation of Emergency of the fourteenth day of October, 1999, and the Provisional Constitution Order No. 1 of 1999, read with the Provisional Constitution (Amendment) Order No. 9 of 1999, and in exercise of all powers enabling him in that behalf, the President of the Islamic Republic of Pakistan is pleased to make and promulgate the following Ordinance:-

1. Short title, extent and commencement.--(1) This Ordinance may be called the Islamabad Capital Territory (Tax on Services) Ordinance, 2001.

¹Issued by the Ministry of Law and Justice, under the signature of Mr. Justice Faqir Muhammad Khokhar, Secretary, vide Ex. Ord. Gaz.of Pak., 2001, Pt. I, P.923.

- (2) It extends to whole of Islamabad Capital Territory.
- (3) It shall come into force at once.

2. Interpretation.--In this Ordinance, unless there is anything repugnant in the subject or context, the words and expression used but not defined shall have the same meaning as in the Sales Tax Act, 1990.

3. Scope of tax.—²[(1) Subject to the provisions of this Ordinance, there shall be charged, levied and paid a tax known as sales tax at rates specified in column (4) of Table-1 of the Schedule to this Ordinance of the value of the taxable services rendered or provided in the Islamabad Capital Territory:

Provided that the services specified in Table-2 of the Schedule shall be charged to tax at such rates and subject to such conditions and limitations as specified therein;]

³[(1A) Notwithstanding the provision of sub-section (1), the export of services shall be charged at the rate of zero per cent.]

(2) The tax shall be charged and levied on the services specified in⁴[column (2) of]⁵[Table-1 or Table-2 of the Schedule to this Ordinance, as the case may be,] in the same manner and at the same time, as if it were a sales tax leviable under sections 3, 3A or 3AA, as the case may be, of the Sales Tax Act, 1990.

⁶[(2A) The following provisions of the Sales Tax Act, 1990, shall apply, *mutatis mutandis*, to the services rendered or provided under this Ordinance, namely:—

- (a) clause (b) of sub-section (2) and sub-sections (6) and (7) of section 3;

² Sub-section (1) substituted by Finance (Supplementary) Act, 2022.

³ New sub-section (1A) inserted by the Finance Act, 2021.

⁴ The words brackets and figure “column (2) of” inserted by the Finance Act, 2015

⁵ Expression substituted by Finance (Supplementary) Act, 2022.

⁶ New sub-sections (2A) added through Finance Act, 2016.

- b) serial number 2, in column (1), and the entries relating thereto of the Fifth Schedule read with section 4;
- c) sub-sections (2), (3), (6) and (7) of section 13; and
- (d) serial number 48, in column (1), and entries relating thereto of Table 1 of Sixth Schedule read with section 13.”.

⁷[(2B) The tax levied under sub-section (1) shall not be applicable to regulatory and licensing services rendered or provided by an organization established by or under a Federal statute].

(3) All the provisions of the Sales Tax Act, 1990, and rules made and notifications, orders and instructions issued there under shall, *mutatis mutandis*, apply to the collection and payment of tax under this Ordinance in so far as they relate to –

- (a) manner, time and mode of payment;
- (b) registration and de-registration;
- (c) keeping of records and audit;
- (d) enforcement and adjudication;
- (e) penalties and prosecution; and
- (f) all other allied and ancillary matters.

⁷ Sub-section (2B) inserted by Finance Act, 2016

⁸[Table-1]
[See section 3(2)]

S.No.	Description	PCT Heading, if applicable	Rate of Tax
(1)	(2)	(3)	(4)
⁹ [1.	<p>Services provided or rendered by hotels, motels, guest houses, farmhouses, restaurants, marriage halls, lawns, clubs and caterers.</p> <p>Services provided are rendered by hotels motels, guest houses and farmhouses.</p> <p>Services provided or rendered by restaurants.</p> <p>Services provided or rendered by marriage halls and lawns.</p> <p>Services provided or rendered by clubs.</p> <p>Services provided or rendered by carters, suppliers of food and drinks.</p>	98.01	¹⁰ [Fifteen percent
2.	<p>Advertisement on television and radio, excluding advertisements—</p> <p>(a) sponsored by an agency of the Federal or Provincial Government for health education;</p> <p>(b) sponsored by the Population Welfare Division relating to educational promotion campaign;</p> <p>(c) financed out of funds provided by a Government under grant-in-aid agreement; and</p> <p>(d) conveying public service messages, if telecast on television by the World Wide Fund for Nature</p>	9802.1000 and 9802.2000	¹⁰ [Fifteen percent

⁸Existing Schedule re-named as Table-1 through the Finance (Supplementary) Act, 2022.

⁹Serial number substituted through Finance Act, 2022.

¹⁰Substituted for the words "sixteen percent" and "seventeen percent" through Finance Act, 2022.

	(WWF) or United Nations Children's Fund(UNICEF)		
3.	Services provided by persons authorized to transact business on behalf of others— (a) stevedore; (b) customs agents; and (c) ship chandlers.	9805.2000 9805.4000 and 9805.8000	¹⁰ [Fifteen percent
4.	Courier services and cargo services by road provided by courier companies;	9808.0000 9804.9000	¹⁰ [Fifteen percent
5.	Construction services, excluding: (i) construction projects (industrial and commercial) of the value (excluding actual and documented cost of land) not exceeding Rs. 50 million per annum. (ii) the cases where sales tax is otherwise paid as property developers or promoters. (iii) Government civil works including Cantonment Boards. (iv) construction of industrial zones, consular buildings and other organizations exempt from income tax. (v) construction work under international tenders against foreign grants-in-aid. (vi) Residential construction projects where the covered area does not exceed 10,000 square feet for houses and 20,000 square feet for apartments	9824.0000 and 9814.2000	¹⁰ [Fifteen percent
6.	Services provided by property developers and promoters (including allied services) excluding the actual purchase value or documented cost of land.	9807.0000 and respective sub-headings of heading 98.14	Rs.100 per square yard for land development, and Rs.50 per square feet for building construction

7.	Services provided by persons engaged in contractual execution of work, excluding: (i) annual total value of the contractual works or supplies does not exceed Rs.50 million; (ii) the contract involving printing or supplies of books.	9809.0000	¹⁰ [Fifteen percent
8.	Services provided for personal care by beauty parlours, clinics and slimming clinics, body massage centres, pedicure centres; including cosmetic and plastic surgery by such parlours/clinics, but excluding: (i) annual turnover does not exceed Rs.3.6 million; or (ii) the facility of air-conditioning is not installed or available in the premises.	9810.0000 9821.4000 and 9821.5000	¹⁰ [Fifteen percent
9.	Management consultancy services	9815.4000, 9819.9300	¹⁰ [Fifteen percent
10.	Services provided by freight forwarding agents, and packers and movers.	9805.3000, 9819.1400	¹⁰ [Fifteen percent
11.	Services provided by software or IT-based system development consultants.	9815.6000	Sixteen percent
12.	Services provided by technical, scientific and engineering consultants	9815.5000	¹⁰ [Fifteen percent
13.	Services provided by other consultants including but not limited to human resource and personnel development services; market research services and credit rating services.	9815.9000 9818.3000 9818.2000	¹⁰ [Fifteen percent
14.	Services provided by tour operators and travel agents including all their allied services or facilities (other than Hajj and Umrah)	9805.5100 9805.5000 9803.9000	¹⁰ [Fifteen percent

15.	Manpower recruitment agents including labour and manpower supplies.	9805.6000	¹⁰ [Fifteen percent
16.	Services provided by security agencies.	9818.1000	¹⁰ [Fifteen percent
17.	Services provided by advertising agents	9805.7000	¹⁰ [Fifteen percent
18.	Share transfer or depository agents including services provided through manual or electronic book-entry system used to record and maintain securities and to register the transfer of shares, securities and derivatives.	9805.9000	¹⁰ [Fifteen percent
19.	Business support services.	9805.9200	¹⁰ [Fifteen percent
20.	Services provided by fashion designers, whether relating to textile, leather, jewellery or other product regimes, including allied services, marketing, packing, delivery and display, etc.	9819.6000	¹⁰ [Fifteen percent
21.	Services provided by architects, town planners and interior decorators.	9814.1000 9814.9000	¹⁰ [Fifteen percent
22.	Services provided in respect of rent a car.	9819.3000	¹⁰ [Fifteen percent
23.	Services provided by specialized workshops or undertakings (auto-workshops; workshops for industrial machinery, construction and earth-moving machinery or other special purpose machinery etc; workshops for electric or electronic equipments or appliances etc. Including computer hard ware; car washing or similar service stations and other workshops).	98.20	¹⁰ [Fifteen percent
24.	Services provided for purposes including fumigation services, maintenance and repair (including building and equipment maintenance and repair including after sale services) or cleaning services, janitorial services, dredging or de-silting services and other similar services etc.	98.22	¹⁰ [Fifteen percent

25.	Services provided by underwriter, indenters, commission agents including brokers (other than stock) and auctioneers	9819.1100, 9819.1200, 9819.1300 and 9819.9100	¹⁰ [Fifteen percent
26.	Services provided by laboratories other than services relating to pathological or diagnostic tests for patients.	98.17	¹⁰ [Fifteen percent
27.	Services provided by health clubs, gyms, physical fitness centres, indoor sports and games centres and body or sauna massage centres	9821.1000 and 9821.2000 9821.4000	¹⁰ [Fifteen percent
28.	Services provided by laundries and dry cleaners.	9811.0000	¹⁰ [Fifteen percent
29.	Services provided by cable TV operators	9819.9000	¹⁰ [Fifteen percent
30.	Technical analysis and testing services	9819.9400	¹⁰ [Fifteen percent
31.	Services provided by TV or radio program producers or production houses.	--	¹⁰ [Fifteen percent
32.	Transportation through pipeline and conduit services.	--	¹⁰ [Fifteen percent
33.	Fund and asset (including investment) management services.	--	¹⁰ [Fifteen percent
34.	Services provided by inland port operators (including airports and dry ports) and allied services provided at ports and services provided by terminal operators including services in respect of public bonded warehouses, excluding the amounts received by way of fee under any law or by-law.	--	¹⁰ [Fifteen percent
35.	Technical inspection and certification services and quality control (standards' certification) services	--	¹⁰ [Fifteen percent

36.	Erection, commissioning and installation services.	--	¹⁰ [Fifteen percent
37.	Event management services	--	¹⁰ [Fifteen percent
⁹ [38.	Valuation services; competency and eligibility testing services excluding education testing services provided or rendered under a bilateral or multilateral agreement signed by the Government of Pakistan],	--	¹⁰ [Fifteen percent
39.	Exhibition or convention services	--	¹⁰ [Fifteen percent
40.	Services provided in respect of mining of minerals, oil & gas including related and allied activities	--	¹⁰ [Fifteen percent
41.	Services provided by property dealers and realtors.	--	¹⁰ [Fifteen percent
42.	Call centres.	--	¹⁰ [Fifteen percent
¹² [43.	Services provided by car/ automobile dealers.	--	¹⁰ [Fifteen percent
44.	Advertisement on hoarding boards, pole signs and signboards, and websites or internet	9802.9000	¹⁰ [Fifteen percent
45.	Services provided by landscape designers	9814.4000	¹⁰ [Fifteen percent
46.	Sponsorship services	9805.9100	¹⁰ [Fifteen percent
47.	Services provided or rendered by legal practitioners and consultants	9815.2000	¹⁰ [Fifteen percent
48.	Services provided by accountants and auditors	9815.3000	¹⁰ [Fifteen percent
49.	Service provided or rendered by Stockbrokers, future brokers and commodity brokers, money exchanger, surveyors, outdoor photographers, event photographers, videographers, art painters, auctioneers (excluding value of goods) and registrar to an issue	9819.1000, 9819.2000, 9819.5000, 9819.7000, 9819.8000, 9819.9100, 9819.9500 and 9819.9090	¹⁰ [Fifteen percent
50.	Services provided by race clubs: Entry/ admission and other services	--	¹⁰ [Fifteen percent

¹¹Serial number substituted through Finance Act, 2016.

¹²Serial numbers 43 to 58 added through Finance Act, 2019.

51.	Services provided or rendered by corporate law consultants	9815.9000	¹⁰ [Fifteen percent]
52.	Visa processing services, including advisory or consultancy services for migration or visa application filing services	- -	¹⁰ [Fifteen percent]
53.	Debt collection services and other debt recovery services	- -	¹⁰ [Fifteen percent]
54.	Supply chain management or distribution (including delivery) services	- -	¹⁰ [Fifteen percent]
55.	Services provided or rendered by persons engaged in inter-city transportation or carriage of goods by road or through pipeline or conduit	- -	¹⁰ [Fifteen percent]
56.	Ready mix concrete services	- -	¹⁰ [Fifteen percent]
57.	Public relations services	- -	¹⁰ [Fifteen percent]
58.	Training or coaching services other than education services	- -	¹⁰ [Fifteen percent]
59.	Cleaning services including janitorial services, collection of waste and processing of domestic waste	9822.2000, 9822.3000 and 9822.9000	¹⁰ [Fifteen percent]

¹³ [Table-2]

S.No.	Description	PCT Heading, if applicable	Rate of Tax
(1)	(2)	(3)	(4)
1.	Construction services, excluding (i) Construction projects (industrial and commercial) of the value (excluding actual and documented cost of land) not exceeding Rs.50 million per annum; (ii) The cases where sales tax is otherwise paid as property developers or promoters; (iii) Government civil works including cantonment boards; (iv) Construction of industrial zones, consular building and other organizations exempt from income tax; and	9814.2000 and 9824.0000	Zero per cent subject to the condition that no input tax adjustment or refund shall be admissible

¹³Table-2 inserted by Finance (Supplementary) Act, 2022.

	(v) Residential construction projects where the covered area does not exceed 10,000 square feet for houses and 20,000 square feet for apartments.		
2.	Services provided for personal care by beauty parlours, clinics and slimming clinics, body massage centers, pedicure centers, including cosmetic and plastic surgery by such parlours / clinics, but excluding cases where - (i) annual turnover does not exceed Rs.3.6 million; or (ii) the facility of air-conditioning is not installed or available in the premises.	9810.0000, 9821.4000 and 9821.5000	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible.
3.	Services provided by freight forwarding agents, and packers and movers.	9805.3000 and 9819.1400	Five percent or Rs. 1000 per bill of lading, whichever is higher subject to the condition that no input tax adjustment or refund shall be admissible.
4.	Services provided by tour operators and travel agents including all their allied services or facilities (other than Hajj and Umrah).	9803.9000, 9805.5000 and 9805.5100	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible.
5.	Services provided by specialized workshops or undertakings (auto-workshops; workshops for industrial machinery, construction and earth-moving machinery or other special purpose	98.20	Five per cent subject to the condition that no input tax

	machinery etc; workshops for electric or electronic equipment or appliances etc. Including computer hard ware; car washing or similar service stations and other workshops).		adjustment or refund shall be admissible.
6.	Services provided by health clubs, gyms, physical fitness centers, indoor sports and games centers and body or sauna massage centers.	9821.1000, 9821.2000 and 9821.4000	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible.
7.	Services provided by laundries and dry cleaners.	9811.0000	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible.
8.	Services provided by property dealers and realtors.	Respective headings	Zero per cent subject to the condition that no input tax adjustment or refund shall be admissible.
9.	Services provided by car / automobile dealers.	Respective headings	Five per cent subject to the condition that no input tax adjustment or

			refund shall be admissible.
10.	Services provided or rendered by marriage halls and lawns, by whatever name called, including “pandal” and “shamiana” services and caterers.	Respective headings	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible.
¹⁴ [11.	Services provided by software or IT-based system development consultants	9815.6000	Five Percent
12.	Services provided by property developers and promoters (including allied services) relating to low cost housing schemes sponsored or approved by Naya Pakistan Housing and Development Authority or under Government’s Ehsaas programme.	9807.0000 and respective sub-headings of heading 98.14	Zero per cent subject to the condition that no input tax adjustment or refund shall be admissible.

¹⁴Serial number substituted through Finance Act, 2022.