

(As amended up to 30<sup>th</sup> June, 2023)

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

*(ORDINANCE NO. XLII OF 2001)*

**Updated vide Finance Act, 2023**

By

a team of Provincial Taxes Wing,  
Federal Board Revenue,  
Islamabad.

(Any inadvertent error may kindly be reported for necessary correction to any of above mentioned officers at following phone number):

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(Amendments by the Finance Act, 2023 have been shown in RED)

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

<sup>1</sup> [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;-

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<sup>1</sup>Issued 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.

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

(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.**—<sup>2</sup>[(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;]

<sup>3</sup>[(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 in<sup>4</sup>[column (2) of]<sup>5</sup>[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.

<sup>6</sup>[(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;

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<sup>2</sup>Sub-section (1) substituted by Finance (Supplementary) Act, 2022.

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

<sup>4</sup>The words brackets and figure "column (2) of" inserted by the Finance Act, 2015

<sup>5</sup>Expression substituted by Finance (Supplementary) Act, 2022.

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

- <sup>7</sup>[b) serial number 2, and serial number 8A 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.”.

<sup>8</sup>[(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.

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<sup>7</sup>Expression added through Finance Act, 2023.

<sup>8</sup>Sub-section (2B) inserted by Finance Act, 2016.

<sup>9</sup>[Table-1]  
[See section 3(2)]

S.No.	Description	PCT Heading, if applicable	Rate of Tax
(1)	(2)	(3)	(4)
<sup>14</sup> [1.	<p>(i) Services provided or rendered by hotels, motels, guest houses, farmhouses, marriage halls, lawns, clubs and caterers.</p> <p>(ii) Services provided or rendered by restaurants including cafes, food (including ice-cream) parlors, coffee house, coffee shops, deras, food huts, eateries, resorts and similar cooked, prepared or ready-to-eat food service outlets etc.</p>	98.01	<p>(i) <sup>13</sup>[Fifteen percent</p> <p>(ii) (a) Five percent where payment against services is received through debit or credit cards, mobile wallets or QR scanning subject to the condition that no input tax adjustment or refund shall be admissible; and (b) Fifteen percent where payment received in cash.”.</p>
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>	9802.1000 and 9802.2000	<sup>13</sup> [Fifteen percent

<sup>9</sup>Existing Schedule re-named as Table-1 through the Finance (Supplementary) Act, 2022.

<sup>12</sup>Serial number substituted through Finance Act, 2022.

<sup>13</sup>Substituted for the words “sixteen percent” and “seventeen percent” through Finance Act, 2022.

<sup>14</sup>Serial number 1 and entries relating thereto in columns (2), (3) and (4) are Substituted through Finance Act, 2023.

	<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 (WWF) or United Nations Children's Fund(UNICEF).</p>		
3.	<p>Services provided by persons authorized to transact business on behalf of others—</p> <p>(a) stevedore;</p> <p>(b) customs agents; and</p> <p>(c) ship chandlers.</p>	<p>9805.2000</p> <p>9805.4000 and</p> <p>9805.8000</p>	<sup>13</sup> [Fifteen percent
4.	<p>Courier services and cargo services by road provided by courier companies;</p>	<p>9808.0000</p> <p>9804.9000</p>	<sup>13</sup> [Fifteen percent
5.	<p>Construction services, excluding:</p> <p>(i) construction projects (industrial and commercial) of the value (excluding actual and documented cost of land) not exceeding Rs. 50 million per annum.</p> <p>(ii) the cases where sales tax is otherwise paid as property developers or promoters.</p> <p>(iii) Government civil works including Cantonment Boards.</p> <p>(iv) construction of industrial zones, consular buildings and other organizations exempt from income tax.</p> <p>(v) construction work under international tenders against foreign grants-in-aid.</p>	<p>9824.0000</p> <p>and</p> <p>9814.2000</p>	<sup>13</sup> [Fifteen percent

	(vi) Residential construction projects where the covered area does not exceed 10,000 square feet for houses and 20,000 square feet for apartments.		
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	<sup>13</sup> [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	<sup>13</sup> [Fifteen percent
9.	Management consultancy services.	9815.4000, 9819.9300	<sup>13</sup> [Fifteen percent
10.	Services provided by freight forwarding agents, and packers and movers.	9805.3000, 9819.1400	<sup>13</sup> [Fifteen percent

<sup>15</sup> [11.	IT services and IT-enabled services. <b>Explanation:</b> - For the purpose of this entry – <b>(a) “IT services”</b> include but not limited to software development, software maintenance, system integration, web design, web development, web hosting and network design; and <b>(a) “IT enabled services”</b> include but not limited to inbound or outbound call centres, medical transcription, remote monitoring, graphics design, accounting services, human resources (HR) services, telemedicine centres, data entry operations, cloud computing services, data storage services, locally produced television programs and insurance claims processing.	Respective headings	Fifteen percent
12.	Services provided by technical, scientific and engineering consultants.	9815.5000	<sup>13</sup> [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	<sup>13</sup> [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	<sup>13</sup> [Fifteen percent
15.	Manpower recruitment agents including labour and manpower supplies.	9805.6000	<sup>13</sup> [Fifteen percent
16.	Services provided by security agencies.	9818.1000	<sup>13</sup> [Fifteen percent

<sup>15</sup>Serial number 11 and entries relating thereto in columns (2), (3) and (4) are Substituted through Finance Act, 2023.

17.	Services provided by advertising agents.	9805.7000	<sup>13</sup> [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	<sup>13</sup> [Fifteen percent
19.	Business support services.	9805.9200	<sup>13</sup> [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	<sup>13</sup> [Fifteen percent
21.	Services provided by architects, town planners and interior decorators.	9814.1000 9814.9000	<sup>13</sup> [Fifteen percent
22.	Services provided in respect of rent a car.	9819.3000	<sup>13</sup> [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	<sup>13</sup> [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	<sup>13</sup> [Fifteen percent
25.	Services provided by underwriter, indenters, commission agents including brokers (other than stock) and auctioneers.	9819.1100, 9819.1200, 9819.1300 and	<sup>13</sup> [Fifteen percent

		9819.9100	
26.	Services provided by laboratories other than services relating to pathological or diagnostic tests for patients.	98.17	<sup>13</sup> [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	<sup>13</sup> [Fifteen percent
28.	Services provided by laundries and dry cleaners.	9811.0000	<sup>13</sup> [Fifteen percent
29.	Services provided by cable TV operators.	9819.9000	<sup>13</sup> [Fifteen percent
30.	Technical analysis and testing services.	9819.9400	<sup>13</sup> [Fifteen percent
31.	Services provided by TV or radio program producers or production houses.	--	<sup>13</sup> [Fifteen percent
32.	Transportation through pipeline and conduit services.	--	<sup>13</sup> [Fifteen percent
33.	Fund and asset (including investment) management services.	--	<sup>13</sup> [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.	--	<sup>13</sup> [Fifteen percent
35.	Technical inspection and certification services and quality control (standards' certification) services.	--	<sup>13</sup> [Fifteen percent
36.	Erection, commissioning and installation services.	--	<sup>13</sup> [Fifteen percent
37.	Event management services.	--	<sup>13</sup> [Fifteen percent

<sup>11</sup> [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],	--	<sup>13</sup> [Fifteen percent
39.	Exhibition or convention services.	--	<sup>13</sup> [Fifteen percent
40.	Services provided in respect of mining of minerals, oil & gas including related and allied activities.	--	<sup>13</sup> [Fifteen percent
41.	Services provided by property dealers and realtors.	--	<sup>13</sup> [Fifteen percent
42.	Call centres.	--	<sup>13</sup> [Fifteen percent
<sup>14</sup> [43.	Services provided by car/ automobile dealers.	--	<sup>13</sup> [Fifteen percent
44.	Advertisement on hoarding boards, pole signs and signboards, and websites or internet.	9802.9000	<sup>13</sup> [Fifteen percent
45.	Services provided by landscape designers.	9814.4000	<sup>13</sup> [Fifteen percent
46.	Sponsorship services.	9805.9100	<sup>13</sup> [Fifteen percent
47.	Services provided or rendered by legal practitioners and consultants.	9815.2000	<sup>13</sup> [Fifteen percent
48.	Services provided by accountants and auditors	9815.3000	<sup>13</sup> [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	<sup>13</sup> [Fifteen percent
50.	Services provided by race clubs: Entry/ admission and other services.	- -	<sup>13</sup> [Fifteen percent
51.	Services provided or rendered by corporate law consultants.	9815.9000	<sup>13</sup> [Fifteen percent
52.	Visa processing services, including advisory or consultancy services for migration or visa application filing services.	- -	<sup>13</sup> [Fifteen percent

<sup>13</sup>Serial number substituted through Finance Act, 2016.

<sup>14</sup>Serial numbers 43 to 58 added through Finance Act, 2019.

53.	Debt collection services and other debt recovery services.	- -	<sup>13</sup> [Fifteen percent
54.	Supply chain management or distribution (including delivery) services.	- -	<sup>13</sup> [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.	- -	<sup>13</sup> [Fifteen percent
56.	Ready mix concrete services.	- -	<sup>13</sup> [Fifteen percent
57.	Public relations services.	- -	<sup>13</sup> [Fifteen percent
58.	Training or coaching services other than education services.	- -	<sup>13</sup> [Fifteen percent
59.	Cleaning services including janitorial services, collection of waste and processing of domestic waste.	9822.2000, 9822.3000 and 9822.9000	<sup>13</sup> [Fifteen percent
<sup>16</sup> [60.	Electric Power Transmission Services.	- -	Fifteen percent

<sup>16</sup>Serial number 60 added through Finance Act, 2023.

<sup>16</sup>[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  (v) Residential construction projects where the covered area does not exceed 10,000 square feet for houses and 20,000 square feet for apartments.	9814.2000 and 9824.0000	Zero per cent subject to the condition that no input tax adjustment or refund shall be admissible
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	Five percent or Rs.1000 per bill of

<sup>16</sup>Table-2 inserted by Finance (Supplementary) Act, 2022.

		9819.1400	loading, 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 machinery etc; workshops for electric or electronic equipment or appliances etc. Including computer hard ware; car washing or similar service stations and other workshops).	98.20	Five per cent subject to the condition that no input tax 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.
<sup>17</sup> [11.	Services provided by software or IT-based system development consultants.	9815.6000	Five percent subject to the conditions that no input tax adjustment or refund shall be admissible.
12.	Services provided by property developers and promoters (including allied services) relating to low	9807.0000	Zero per cent subject to the

	cost housing schemes sponsored or approved by Naya Pakistan Housing and Development Authority or under Government's Ehsaas programme.	and respective sub-headings of heading 98.14	condition that no input tax adjustment or refund shall be admissible.
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<sup>17</sup>Serial number 11 substituted through Finance Act, 2022.