

Government of Pakistan
Revenue Division
Federal Board of Revenue

Notification

Islamabad, the 14th April, 2023.

S.R.O. 494 (I)/2023.- In exercise of the powers conferred by section 50 of the Sales Tax Act, 1990, read with sub-section (3) of section 3 of the Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (XLII of 2001), and section 40 of the Federal Excise Act, 2005, the Federal Board of Revenue is pleased to make the following rules, namely:-

1. Short title, extent and commencement.- (1) These rules shall be called the Islamabad Capital Territory (Place of Provision of Services) Rules, 2023.

(2) They shall extend to the Islamabad Capital Territory and shall apply in case of the taxable services, as are specified in these rules and are provided or rendered or received in the Islamabad Capital Territory.

(3) They shall take effect on and from the first day of May, 2023 except services of electric power transmission as mentioned in rule 9, which shall take effect from the first day of July, 2023.

2. Definitions.--- (1) In these rules, unless there is anything repugnant to the subject or context,-

- a. "STA 1990" means the Sales Tax Act, 1990;
- b. "FEA 2005" means the Federal Excise Act, 2005;
- c. "broadcast station" shall have the meaning assigned in clause (ca) of section 2 of the Pakistan Electronic Media Regulatory Authority Ordinance, 2002 (Ordinance No. XIII of 2002);
- d. "channel", in relation to broadcasting, shall have the meaning assigned in clause (f) of section 2 of the Pakistan Electronic Media Regulatory Authority Ordinance, 2002 (Ordinance No. XIII of 2002);
- e. "distribution services", for the purposes of the services of advertisements on TV, shall have the meaning assigned in clause (ha) of section 2 of the Pakistan Electronic Media Regulatory Authority Ordinance, 2002 (Ordinance No. XIII of 2002);
- f. "ICT" means the Islamabad Capital Territory;

- g. "ICTO" means the Islamabad Capital Territory (Tax on Services) Ordinance, 2001(XLII of 2001);
- h. "PEMRA" means the Pakistan Electronic Media Regulatory Authority established under section 3 of the Pakistan Electronic Media Regulatory Authority Ordinance, 2002 (Ordinance No. XIII of 2002);
- i. "Province" or "Provinces" shall have the same meaning as assigned thereto in clause (43a) of section 3 of the General Clauses Act, 1897 (X of 1897);
- j. "specified services" means the services of-
- (i) advertisement;
 - (ii) advertising agents;
 - (iii) electric power transmission services;
 - (iv) insurance;
 - (v) insurance Agents;
 - (vi) franchise; and
 - (vii) transportation or carriage of goods; and
- k. "uplinking" shall have the meaning given in clause (w) of section 2 of the Pakistan Electronic Media Regulatory Authority Ordinance, 2002 (Ordinance No. XIII of 2002).

(2) The words and expressions used in these rules but not defined herein shall have the same meaning as assigned thereto in the STA 1990, the ICTO, FEA 2005, as the case may be, or rules or regulations made there-under.

3. Place of provision of services relating to advertisement. --- (1) In case of advertisements on TV-

- a. broadcast through satellites, the place of provision of service shall be the location of the beaming station i.e. the broadcast station uplinking the advertisement content; and
- b. broadcast through terrestrial signals, the place of provision of services shall be the location of the first broadcast station:

Provided that in case of advertisement on TV channels having landing rights in Pakistan, the place of provision of service shall be the location of the person having PEMRA licence for such landing rights in Pakistan.

(2) In case of advertisement on internet protocol TV (IPTV), the place of provision of service shall be the location of the licensing zone as specified in the respective PEMRA licence for IPTV.

(3) In case of advertisement on cable TV or the TV using other distribution service, the place of provision of service shall be the location of the area of coverage assigned to the person holding the respective PEMRA licence for cable TV or the TV using other distribution service.

(4) In case of advertisement on closed-circuit TV, the place of provision of service shall be the location of the closed-circuit TV system.

(5) In case of advertisement on website or webpage or internet, the place of provision of service shall be the location of the person owning or managing such website or webpage or internet.

(6) In case of advertisement on radio broadcast through satellites, the place of provision of service shall be the location of the broadcast station uplinking the advertisement content.

(7) In case of advertisement on radio broadcast through terrestrial signals, the place of provision of service shall be the location of the first broadcast station.

(8) In case of advertisement on still media including billboards, sign boards, digital boards, poles, etc., the place of provision of service shall be the location of such still media.

(9) In case of advertisement on cinema screens and advertisement through aerial banner towing or smoke writing, the place of provision of service shall be the location of the cinema house and the jurisdiction in which the aerial advertising is performed, as the case may be.

(10) Notwithstanding anything contained in this rule, where the advertisement is booked at any place in ICT for broadcasting on channels beamed or uplinked from a place outside Pakistan, the services of advertisement shall be deemed to have been provided in ICT irrespective of the fact whether or not the channel has PEMRA's landing rights permission in Pakistan and, similarly, where the advertisement is booked at any place in ICT for placing on the web or internet of persons not resident in Pakistan, the place of provision of service shall be the location of the person booking such advertisement for such non-resident owner of the web or internet.

4. Place of provision of services relating to advertising agents.--- In case of services provided or rendered by advertising agents, the place of provision of service shall be the location of the place of business of the respective advertising agent where the advertisement is booked.

5. Place of provision of services relating to insurance and reinsurance.--- (1) In case of life insurance and health insurance services, whether for an individual or a group of individuals, the place of provision of service shall be the location of the office or the branch of the insurance company providing the insurance service to the individual or to the person acquiring the services of group insurance, as the case may be.

(2) In case of insurance of immovable property, the place of provision of service shall be the location of the immovable property insured or to be insured.

(3) In case of insurance of movable property, the place of provision of service shall be the location of the movable property where it is registered by the respective registration authority:

Provided that in case of insurance of movable property other than the ones requiring registration, the place of provision of service shall be the location of such movable property at the time of insurance thereof:

Provided further that in case of marine insurance of goods, the place of provision of service shall be the port of embarkation or dis-embarkation in Pakistan of the respective goods.

(4) In case of reinsurance services, the place of provision of service shall be the location of the office or branch of the person providing the reinsurance services in Pakistan:

Provided that in case of reinsurance services provided or rendered by a reinsurance company not resident in Pakistan, the place of provision of services shall be the location of the resident insurance company receiving or procuring such reinsurance services.

6. Place of provision of services relating to insurance agents and insurance brokers.---(1) In case of services provided or rendered by insurance agents, the place of provision of service shall be the location of the insurance agent.

(2) In case of services provided or rendered by insurance brokers, the place of provision of service shall be the location of the person paying the remuneration, commission or fee to the insurance broker:

Provided that where the insurance broker receives remuneration, commission or fee from a place outside Pakistan, the place of provision of service shall be the location of the insurance broker in Pakistan.

7. Place of provision of services relating to franchise services and intellectual property services.--- (1) In case of the franchise services and intellectual property services provided or rendered by a person whether resident in Pakistan or otherwise, the place of provision of service shall be the location of the resident person receiving or procuring such services.

8. Place of provision of services relating to transportation of goods.-- (1) In case of services of transportation or carriage of goods by road or, through pipeline or conduit, the place of provision of service shall be the place of the origin and the destination of such service in a manner that the amount of tax involved is shared equally by the provinces in which the transportation originated and in which such transportation terminated:

Provided that--

- (a) where transportation or carriage of goods by road or through pipeline or conduit originates and terminates in one and the

same province the place of provision of service shall be the province itself;

- (b) where the transportation or carriage of goods by road or through pipeline or conduit originates in a province where the tax is levied but terminates in a province or area where such tax is not levied, the place of provision of service shall be the province where the transportation originates;
- (c) where the transportation or carriage of goods by road or through pipeline or conduit originates in a province or area where the tax is not levied but terminates in a province where such tax is levied, the place of provision of service shall be the province where the transportation terminates; and
- (d) where the rate of tax leviable in the province in which the transportation originated is different than the rate of tax leviable in the province in which such transportation terminated, the invoice shall clearly indicate the amount of tax payable to the respective province as determined on the basis of the respective rates of tax on proportionate equal share expressed in percentage of the value of that inter-jurisdiction transportation service.

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(2) Notwithstanding the provisions of sub-section (1), in case of the services provided or rendered by persons other than companies in relation to transportation by road of goods, other than petroleum oils, the place of provision of service shall be the location of booking office of the person transporting the goods.

9. Place for provision of services relating to electric power transmission.- In case of electric power transmission services, the place of provision of service shall be the place of the origin and the destination of transmission in a manner that the amount of tax involved is shared equally by the provinces in which the transmission originated and in which such transmission terminated:

Provided that—

- (a) where the electric power transmission originates and terminates in one and the same province the place of provision of service shall be the province itself;
- (b) where the electric power transmission originates in a province where the tax is levied but terminates in a province or area where such tax is not levied, the place of provision shall be the province where the transmission originates;
- (c) where the electric power transmission originates in a province where the tax is not levied but terminates in a province or area where such


tax is levied, the place of provision of service shall be the province where the transmission terminates; and

(d) where the rate of tax leviable in the province in which the transmission originated is different than the rate of tax leviable in the province in which such transmission terminated, the invoice shall clearly indicate the amount of tax payable to the respective province as determined on the basis of the respective rates of tax on proportionate equal share expressed in percentage of the value of that inter-provincial transmission service.

10. Apportionment of input tax.- In case a service transaction is determined to be provided in more than one province in accordance with these rules, the service provider shall claim attributable input tax in the same proportion attributable to the amount of declared taxable values of the service, subject to other restrictions and limitation as provided in the STA 1990, the ICTO, FEA 2005, as the case may be, or rules or regulations made there-under.

11. Savings.- In case of services not covered by the provisions of these rules, the provisions of the ICTO, to the extent as may be relevant to those services, shall *mutatis mutandis* apply for the levy and collection of sales tax on such services.

[F. No. 1/1-STB-II/2020-NTC(PT-III)]


(Tariq Iqbal)
Secretary (Law & Clarification)