

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

## THE ISLAMABAD CAPITAL TERRITORY (TAX ON SERVICES) ORDINANCE, 2001 ORDINANCE NO. XLII OF 2001

### AN ORDINANCE

*to provide for levy of sales tax on the 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 the 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.

(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 expressions used but not defined shall have the same meaning as in the Sales Tax Act, 1990.

**3. Scope of tax.**- <sup>1</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;]

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

**Section 3(1)-Substitution.**- Before substitution by Finance (Supplementary) Act, 2022 sub-section (1) read as follows:-

“(1) Subject to the provisions of this Ordinance, there shall be charged, levied and paid a tax known as sales tax at the <sup>1</sup>[rates specified in column (4) of the Schedule to this Ordinance] of the value of the taxable services rendered or provided in the Islamabad Capital Territory.”

<sup>1</sup> Substituted for "rate of [sixteen per cent]" by Finance Act, 2015.

\* Substituted for "fifteen per cent" by Islamabad Capital Territory Finance Act, 2008.

**Sec. 3(2A)**

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<sup>1</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>2</sup>[column (2) of] <sup>3</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>4</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;
- 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.]

<sup>5</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 thereunder 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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1 Sub-section (1A) inserted by Finance Act, 2021.

2 Words etc. inserted by Finance Act, 2015.

3 Substituted for "the Schedule to this Ordinance" by Finance (Supplementary) Act, 2022.

4 Sub-section (2A) inserted by Finance Act, 2016.

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

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<sup>1</sup>[THE SCHEDULE†

[See section 3(2)]

<sup>2</sup>[Table-1]

S. No.	Description	PCT Heading, if applicable	Rate of Tax
(1)	(2)	(3)	(4)
<sup>3</sup> [1	Services provided or rendered by hotels, motels, guest houses, farmhouses, restaurants, marriage halls, lawns, clubs and caterers. Services provided or rendered by hotels motels, guest houses and farmhouses. Services provided or rendered by restaurants. Services provided or rendered by marriage halls and lawns. Services provided or rendered by clubs. Services provided or rendered by caterers, suppliers of food and drinks	98.01	Fifteen percent]
2	Advertisement on television and radio, excluding advertisements— (a) sponsored by an agency of the Federal or Provincial Government for health education; (b) sponsored by the Population Welfare Division relating to educational promotion campaign;	9802.1000 and 9802.2000	<sup>4</sup> [Fifteen] per cent

1 Schedule substituted by Finance Act, 2015.

2 Heading inserted by Finance (Supplementary) Act, 2022.

3 Sr. No. 1 substituted by Finance Act, 2022.

4 Substituted for "Sixteen" by Finance Act, 2022.

† The rates in this schedule are changed/alterd through SROs using powers under section 3(2A)(a) of this Ordinance, which is flagrant violation of Article 77 read with Article 162 [see article 'Taxation by Executive', (2017) 115 TAX 100 (Articles)]. We are producing all these SROs (amended from time to time) for the benefit of readers under the part 'Notifications' in our book "Law & Practice of Sales Tax on Services". All these notifications may kindly be read to see changes in rate of tax.

Sr. No. 1—Substitution.—Before substitution by Finance Act, 2022 Sr. No. 1 read as follows:—

"1	Services provided or rendered by hotels, motels, guest houses, marriage halls and lawns (by whatever name called) including "pandal" and "shamiana" services, clubs including race clubs, and caterers.	9801.1000	9801.3000	Sixteen per cent"
		9801.4000	9801.5000	
		9801.6000		

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	(c) financed out of funds provided by a Government under grant-in-aid agreement; and		
	(d) conveying public service messages, if telecast on television by the World Wide Fund for Nature (WWF) or United Nations Children's Fund (UNICEF)		
3	Services provided by persons authorized to transact business on behalf of others—	9805.2000 9805.4000 and 9805.8000	<sup>1</sup> [Fifteen] per cent
	(a) stevedore;		
	(b) customs agents; and		
	(c) ship chandlers.		
4	Courier services and cargo services by road provided by courier companies;	9808.0000 9804.9000	<sup>1</sup> [Fifteen] per cent
5	Construction services, excluding:	9824.0000 and 9814.2000	<sup>1</sup> [Fifteen] per cent
	(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		

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<sup>1</sup> Substituted for "Sixteen" by Finance Act, 2022.

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 subheadings 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>1</sup> [Fifteen] per cent
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>1</sup> [Fifteen] per cent
9	Management consultancy services	9815.4000, 9819.9300	<sup>1</sup> [Fifteen] per cent
10	Services provided by freight forwarding agents, and packers and movers.	9805.3000, 9819.1400	<sup>1</sup> [Fifteen] per cent or Rs. 400 per bill of lading, whichever is higher
11	Services provided by software or IT-based system development consultants.	9815.6000	Sixteen per cent

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<sup>1</sup> Substituted for "Sixteen" by Finance Act, 2022.

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12	Services provided by technical, scientific and engineering consultants	9815.5000	<sup>1</sup> [Fifteen] per cent
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>1</sup> [Fifteen] per cent
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>1</sup> [Fifteen] per cent
15	Manpower recruitment agents including labour and manpower supplies.	9805.6000	<sup>1</sup> [Fifteen] per cent
16	Services provided by security agencies.	9818.1000	<sup>1</sup> [Fifteen] per cent
17	Services provided by advertising agents	9805.7000	<sup>1</sup> [Fifteen] per cent
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>1</sup> [Fifteen] per cent
19	Business support services.	9805.9200	<sup>1</sup> [Fifteen] per cent
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>1</sup> [Fifteen] per cent
21	Services provided by architects, town planners and interior decorators.	9814.1000 9814.9000	<sup>1</sup> [Fifteen] per cent
22	Services provided in respect of rent-a-car.	9819.3000	<sup>1</sup> [Fifteen] per cent

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<sup>1</sup> Substituted for "Sixteen" by Finance Act, 2022.

23	Services provided by specialized workshops or undertakings (autoworkshops; 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 hardware; car washing or similar service stations and other workshops).	98.20	<sup>1</sup> [Fifteen] per cent
24	Services provided for specified 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 desilting services and other similar services etc.	98.22	<sup>1</sup> [Fifteen] per cent
25	Services provided by underwriters, indenters, commission agents including brokers (other than stock) and auctioneers	9819.1100, 9819.1200, 9819.1300 and 9819.9100	<sup>1</sup> [Fifteen] per cent
26	Services provided by laboratories other than services relating to pathological or diagnostic tests for patients.	98.17	<sup>1</sup> [Fifteen] per cent
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>1</sup> [Fifteen] per cent
28	Services provided by laundries and dry cleaners.	9811.0000	<sup>1</sup> [Fifteen] per cent
29	Services provided by cable TV operators.	9819.9000	<sup>1</sup> [Fifteen] per cent
*30	Technical analysis and testing services	9819.9400	<sup>1</sup> [Fifteen] per cent
31	Services provided by TV or radio program producers or production houses.	--	<sup>1</sup> [Fifteen] per cent

<sup>1</sup> Substituted for "Sixteen" by Finance Act, 2022.

\* At the time of substitution of the Schedule, no serial number was allotted to this entry. However, subsequent amendment in law has been made by allotting Sr.No. 30 to this entry and treating other entries accordingly.

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32	Transportation through pipeline and conduit services.	--	<sup>1</sup> [Fifteen] per cent
33	fund and asset (including investment) management services.	--	<sup>1</sup> [Fifteen] per cent
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 bylaw.	--	<sup>1</sup> [Fifteen] per cent
35	Technical inspection and certification services and quality control (standards' certification) services	--	<sup>1</sup> [Fifteen] per cent
36	Erection, commissioning and installation services.	--	<sup>1</sup> [Fifteen] per cent
37	Event management services	--	<sup>1</sup> [Fifteen] per cent
<sup>2</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>1</sup> [Fifteen/ per cent]
39	Exhibition or convention services	--	<sup>1</sup> [Fifteen] per cent
40	Services provided in respect of mining of minerals, oil & gas including related surveys and allied activities	--	<sup>1</sup> [Fifteen] per cent
41	Services provided by property dealers and realtors.	--	<sup>1</sup> [Fifteen] per cent
42	Call centres.	--	<sup>3</sup> [Fifteen] per cent
43	Services provided by car/automobile dealers.	--	<sup>1</sup> [Fifteen] per cent]

<sup>1</sup> Substituted for "Sixteen" by Finance Act, 2022.

<sup>2</sup> Serial No. 38 substituted by Finance Act, 2016.

<sup>3</sup> Substituted for "Seventeen" by Finance Act, 2022. Earlier "Seventeen" was substituted for "eighteen and a half" by Finance Act, 2019.

**Schedule S.No. 38-Substitution.**— Before substitution by Finance Act, 2016 S.No. 38 read as follows:—

"37	Valuation services (including competency and eligibility testing services),	--	Sixteen per cent"
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<sup>1</sup> [44.	Advertisement on hoarding boards, pole signs and signboards, and websites or internet	9802.9000	<sup>2</sup> [Fifteen] per cent
45.	Services provided by landscape designers	9814.4000	<sup>2</sup> [Fifteen] per cent
46.	Sponsorship services	9805.9100	<sup>2</sup> [Fifteen] per cent
47.	Services provided or rendered by legal practitioners and consultants	9815.2000	<sup>2</sup> [Fifteen] per cent
48.	Services provided by accountants and auditors	9815.3000	<sup>2</sup> [Fifteen] per cent
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>2</sup> [Fifteen] per cent
50.	Services provided by race clubs: Entry/ admission and other services	- -	<sup>2</sup> [Fifteen] per cent
51.	Services provided or rendered by corporate law consultants	9815.9000	<sup>2</sup> [Fifteen] per cent
52.	Visa processing services, including advisory or consultancy services for migration or visa application filing services	- -	<sup>2</sup> [Fifteen] per cent
53.	Debt collection services and other debt recovery services	- -	<sup>2</sup> [Fifteen] per cent
54.	Supply chain management or distribution (including delivery) services	- -	<sup>2</sup> [Fifteen] per cent
55.	Services provided or rendered by persons engaged in inter-city transportation or carriage of goods by road or through pipeline or conduit	- -	<sup>2</sup> [Fifteen] per cent
56.	Ready mix concrete services	- -	<sup>2</sup> [Fifteen] per cent

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<sup>1</sup> Serial Nos. 44 to 59 inserted by Finance Act, 2019.

<sup>2</sup> Substituted for "Sixteen" by Finance Act, 2022.

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57.	Public relations services	--	<sup>1</sup> [Fifteen] per cent
58.	Training or coaching services other than education services	--	<sup>1</sup> [Fifteen] per cent
59.	Cleaning services including janitorial services, collection of waste and processing of domestic waste	9822.2000, 9822.3000 and 9822.9000	<sup>1</sup> [Fifteen] per cent]

<sup>2</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	9814.2000 and 9824.0000	Zero per cent subject to the condition that no input tax adjustment or refund shall be admissible

1 Substituted for "Sixteen" by Finance Act, 2022.

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

	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 centres, pedicure centres, 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 per cent 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 machinery	98.20	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible.

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	etc; workshops for electric or electronic equipment or appliances etc. Including computer hardware; car washing or similar service stations and other workshops).		
6.	Services provided by health clubs, gyms, physical fitness centres, indoor sports and games centres and body or sauna massage centres.	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>1</sup> [11.	Services provided by software or IT-based system development consultants	9815.6000	Five percent]

<sup>1</sup> Sr. No. 11 substituted by Finance Act, 2022.

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.]
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**Sr. No. 11-Substitution.**—Before substitution by Finance Act, 2022 Sr. No. 11 read as follows:—

"11 IT services and IT-enabled services. Respective headings Five Percent"

**Explanation.**— For the purpose of this entry—

- (a) "IT services" include software development, software maintenance, system integration, web design, web development, web hosting and network design; and  
 (b) "IT enabled services" include inbound or outbound call centres, medical transcription, remote monitoring, graphics design, accounting services, HR services, telemedicine centers, data entry operations, locally produced television programs and insurance claims processing.

#### THE SCHEDULE

[See section 3(2)]

**1. Services provided or rendered by hotels, <sup>1</sup>[ ] clubs and caterers:—**

(a) Services provided or rendered by hotels;

<sup>2</sup>[ ]

<sup>3</sup>[(b)] Services provided or rendered by clubs, and

<sup>3</sup>[(c)] Services provided or rendered by caterers.

**2. Advertisement on T.V. and radio excluding advertisement:—**

(a) if sponsored by a Government Agency for health education;

(b) if sponsored by Population Welfare Division relating to educational promotion campaign; and

(c) public service messages if telecast on television by World Wildlife Funds for Nature and UNICEF.

**3. Services provided or rendered by persons authorized to transact business on behalf of others:—**

(a) customs agents;

(b) ship chandlers; and

(c) stevedores.

**4. Courier services.**

<sup>4</sup>[ ]

1 Words and commas "marriage halls, lawns," omitted by Islamabad Capital Territory Finance Act, 2005.

2 Sub-serial (b) omitted by Islamabad Capital Territory Finance Act, 2005.

3 Sub-serials (c) & (d) re-numbered by Islamabad Capital Territory Finance Act, 2005.

4 Serial Nos. 5 & 6 omitted by Islamabad Capital Territory Finance Act, 2005.

**Serial No. 1(b)—Omission.**—Before omission sub-serial (b) read as under:—

"(b) Services provided or rendered by marriage halls and lawns."

**Serial Nos. 5 & 6—Omission.**—Before omission serial numbers 5 & 6 read as under:—

"5. Services provided or rendered for personal care by beauty parlours, beauty clinics, slimming clinics.

6. Services provided or rendered by laundries and dry cleaners."