(As amended up to 30th 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

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;-

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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.

- **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.—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;

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

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

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

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

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

- ⁷[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.".
- ⁸[(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.

⁷Expression added through Finance Act, 2023.

⁸Sub-section (2B) inserted by Finance Act, 2016.

⁹[**Table-1**] [*See* section 3(2)]

S.No.	Description	PCT Heading, if applicable	Rate of Tax
(1)	(2)	(3)	(4)
¹⁴ [1.	(i) Services provided or rendered by hotels, motels, guest houses, farmhouses, marriage halls, lawns, clubs and caterers.	98.01	(i) ¹³ [Fifteen percent
	(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.		(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.".
2.	Advertisement on television and radio,	9802.1000 and	¹³ [Fifteen percent
	excluding advertisements-	9802.2000	
	(a) sponsored by an agency of the Federal or		
	Provincial Government for health education;		

 $^{^9\}mathrm{Existing}$ Schedule re-named as Table-1 through the Finance (Supplementary) Act, 2022.

 $^{^{12}\}mbox{Serial}$ number substituted through Finance Act, 2022.

 $^{^{13}\}mbox{Substituted}$ for the words "sixteen percent" and "seventeen percent" through Finance Act, 2022.

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

	(b) sponsored by the Population Welfare		
	Division relating to educational promotion		
	campaign;		
	(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	9805.2000	¹³ [Fifteen percent
	transact business on behalf of others-	9805.4000 and	
	(a) stevedore;	9805.8000	
	(b) customs agents; and		
	(c) ship chandlers.		
4.	Courier services and cargo services by road	9808.0000	¹³ [Fifteen percent
	provided by courier companies;	9804.9000	
5.	Construction services, excluding:	9824.0000	¹³ [Fifteen percent
	(i) construction projects (industrial and	and	
	commercial) of the value (excluding actual and	9814.2000	
	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.		
6.	Services provided by property developers and	9807.0000	Rs.100 per square
	promoters (including allied services) excluding	and	yard for land
	the actual purchase value or documented cost of	respective sub-	development, and
	land.	headings of	Rs.50 per square
		heading 98.14	feet for building
			construction
7.	Services provided by persons engaged in	9809.0000	¹³ [Fifteen percent
	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.		
8.	Services provided for personal care by beauty	9810.0000	¹³ [Fifteen percent
	parlours, clinics and slimming clinics, body	9821.4000 and	
	massage centres, pedicure centres; including	9821.5000	
	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.		
			12
9.	Management consultancy services.	9815.4000,	¹³ [Fifteen percent
		9819.9300	
10.	Services provided by freight forwarding agents,	9805.3000,	¹³ [Fifteen percent
	and packers and movers.	9819.1400	

¹⁵ [11.	IT services and IT-enabled services.	Respective	Fifteen percent
	Explanation: - For the purpose of this entry –	headings	
	(a) "IT services" include but not limited to		
	software development, software		
	maintenance, system integration, web		
	design, web development, web hosting and		
	network design; and		
	(a) "IT enabled services" 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.		
12.	Services provided by technical, scientific and	9815.5000	¹³ [Fifteen percent
	engineering consultants.		
13.	Services provided by other consultants including	9815.9000	¹³ [Fifteen percent
	but not limited to human resource and personnel	9818.3000	
	development services; market research services	9818.2000	
	and credit rating services.		
14.	Services provided by tour operators and travel	9805.5100	¹³ [Fifteen percent
	agents including all their allied services or	9805.5000	
	facilities (other than Hajj and Umrah).	9803.9000	
15.	Manpower recruitment agents including labour	9805.6000	¹³ [Fifteen percent
	and manpower supplies.		
16.	Services provided by security agencies.	9818.1000	¹³ [Fifteen percent

¹⁵Serial 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	¹³ [Fifteen percent
18.	Share transfer or depository agents including	9805.9000	¹³ [Fifteen percent
	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.		
19.	Business support services.	9805.9200	¹³ [Fifteen percent
20.	Services provided by fashion designers, whether	9819.6000	¹³ [Fifteen percent
	relating to textile, leather, jewellery or other		
	product regimes, including allied services,		
	marketing, packing, delivery and display, etc.		
21.	Services provided by architects, town planners	9814.1000	¹³ [Fifteen percent
	and interior decorators.	9814.9000	
22.	Services provided in respect of rent a car.	9819.3000	¹³ [Fifteen percent
23.	Services provided by specialized workshops or	98.20	¹³ [Fifteen percent
	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).		10
24.	Services provided for purposes including	98.22	¹³ [Fifteen percent
	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.	0010 :::00	12
25.	Services provided by underwriter, indenters,	9819.1100, 9819.1200,	¹³ [Fifteen percent
	commission agents including brokers (other than	9819.1200,	
	stock) and auctioneers.	and	

		9819.9100	
26.	Services provided by laboratories other than	98.17	¹³ [Fifteen percent
	services relating to pathological or diagnostic		
	tests for patients.		
27.	Services provided by health clubs, gyms,	9821.1000	¹³ [Fifteen percent
	physical fitness centres, indoor sports and games	and	
	centres and body or sauna massage centres.	9821.2000	
		9821.4000	12
28.	Services provided by laundries and dry cleaners.	9811.0000	¹³ [Fifteen percent
29.	Services provided by cable TV operators.	9819.9000	¹³ [Fifteen percent
30.	Technical analysis and testing services.	9819.9400	¹³ [Fifteen percent
31.	Services provided by TV or radio program		¹³ [Fifteen percent
	producers or production houses.		
32.	Transportation through pipeline and conduit		¹³ [Fifteen percent
	services.		
33.	Fund and asset (including investment)		¹³ [Fifteen percent
	management services.		12
34.	Services provided by inland port operators		¹³ [Fifteen percent
	(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.		¹³ [Fifteen percent
35.	Technical inspection and certification services		[Fifteen percent
	and quality control (standards' certification)		
2.5	services.		¹³ [Fifteen percent
36.	Erection, commissioning and installation		i inteem percent
27	services.		¹³ [Fifteen percent
37.	Event management services.		La moon poroont

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¹¹ [38.	Valuation services; competency and eligibility		¹³ [Fifteen percent
	testing services excluding education testing		
	services provided or rendered under a bilateral		
	•		
	or multilateral agreement signed by the		
	Government of Pakistan],		13.55.6
39.	Exhibition or convention services.		¹³ [Fifteen percent
40.	Services provided in respect of mining of		¹³ [Fifteen percent
	minerals, oil & gas including related and allied		
	activities.		
4.1			¹³ [Fifteen percent
41.	Services provided by property dealers and		Tritteen percent
	realtors.		12
42.	Call centres.		¹³ [Fifteen percent
¹⁴ [43.	Services provided by car/ automobile dealers.		¹³ [Fifteen percent
44.	Advertisement on hoarding boards, pole signs	9802.9000	¹³ [Fifteen percent
	and signboards, and websites or internet.		12
45.	Services provided by landscape designers.	9814.4000	¹³ [Fifteen percent
46.	Sponsorship services.	9805.9100	¹³ [Fifteen percent
47.	Services provided or rendered by legal	9815.2000	¹³ [Fifteen percent
40	practitioners and consultants.	0015 2000	13,55,6
48. 49.	Services provided by accountants and auditors Service provided or rendered by Stockbrokers,	9815.3000 9819.1000,	¹³ [Fifteen percent ¹³ [Fifteen percent
49.	future brokers and commodity brokers, money	9819.1000,	[Fifteen percent
	exchanger, surveyors, outdoor photographers,	9819.5000,	
	event photographers, videographers, art	9819.7000,	
	painters, auctioneers (excluding value of goods)	9819.8000,	
	and registrar to an issue.	9819.9100,	
		9819.9500 and	
		9819.9090	12
50.	Services provided by race clubs:		¹³ [Fifteen percent
51.	Entry/ admission and other services. Services provided or rendered by corporate law	9815.9000	¹³ [Fifteen percent
J1.	consultants.	7013.7000	_
52.	Visa processing services, including advisory or		¹³ [Fifteen percent
	consultancy services for migration or visa		
	application filing services.		

 $^{^{13}}$ Serial number substituted through Finance Act, 2016. 14 Serial numbers 43 to 58 added through Finance Act, 2019.

53.	Debt collection services and other debt recovery		¹³ [Fifteen percent
	services.		
54.	Supply chain management or distribution		¹³ [Fifteen percent
	(including delivery) services.		
55.	Services provided or rendered by persons		¹³ [Fifteen percent
	engaged in inter-city transportation or carriage		_
	of goods by road or through pipeline or conduit.		
56.	Ready mix concrete services.		¹³ [Fifteen percent
57.	Public relations services.		¹³ [Fifteen percent
58.	Training or coaching services other than		¹³ [Fifteen percent
	education services.		_
59.	Cleaning services including janitorial services,	9822.2000,	¹³ [Fifteen percent
	collection of waste and processing of domestic	9822.3000 and	
	waste.	9822.9000	
¹⁶ [60.	Electric Power Transmission Services.		Fifteen percent

¹⁶Serial number 60 added through Finance Act, 2023.

¹⁶[Table-2]

S.No.	Description	PCT Heading, if applicable	Rate of Tax
(1)	(2)	(3)	(4)
1.	Construction services, excluding	9814.2000	Zero per cent
		and	subject to the
	(i) Construction projects (industrial and	9824.0000	condition that no
	commercial) of the value (excluding actual		input tax
	and documented cost of land) not		adjustment or
	exceeding Rs.50 million per annum;		refund shall be
	(ii) The cases where sales tax is otherwise paid		admissible
	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.		
2.	Services provided for personal care by beauty	9810.0000,	Five per cent
	parlours, clinics and slimming clinics, body	9821.4000	subject to the
	massage centers, pedicure centers, including	and	condition that no
	cosmetic and plastic surgery by such parlours /	9821.5000	input tax
	clinics, but excluding cases where -		adjustment or
	(i) annual turnover does not exceed Rs.3.6		refund shall be
	million; or		admissible.
	(ii) the facility of air-conditioning is not		
	installed or available in the premises.		
3.	Services provided by freight forwarding agents, and	9805.3000	Five percent or
	packers and movers.	and	Rs.1000 per bill of

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

		9819.1400	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	9803.9000,	Five per cent
	agents including all their allied services or facilities	9805.5000	subject to the
	(other than Hajj and Umrah).	and	condition that no
		9805.5100	input tax
			adjustment or
			refund shall be
			admissible.
5.	Services provided by specialized workshops or	98.20	Five per cent
	undertakings (auto-workshops; workshops for		subject to the
	industrial machinery, construction and earth-		condition that no
	moving machinery or other special purpose		input tax
	machinery etc; workshops for electric or electronic		adjustment or
	equipment or appliances etc. Including computer		refund shall be
	hard ware; car washing or similar service stations		admissible.
	and other workshops).		
6.	Services provided by health clubs, gyms, physical	9821.1000,	Five per cent
	fitness centers, indoor sports and games centers	9821.2000 and	subject to the
	and body or sauna massage centers.	9821.4000	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	Zero per cent
		headings	subject to the
			condition that no
			input tax
			adjustment or
			refund shall be
			admissible.
9.	Services provided by car / automobile dealers.	Respective	Five per cent
		headings	subject to the
			condition that no
			input tax
			adjustment or
			refund shall be
			admissible.
10.	Services provided or rendered by marriage halls	Respective	Five per cent
	and lawns, by whatever name called, including	headings	subject to the
	"pandal" and "shamiana" services and caterers.		condition that no
			input tax
			adjustment or
			refund shall be
			admissible.
¹⁷ [11.	Services provided by software or IT-based system	9815.6000	Five percent
	development consultants.		subject to the
			conditions that no
			input tax
			adjustment or
			refund shall be
			admissible.
12.	Services provided by property developers and	9807.0000	Zero per cent
	promoters (including allied services) relating to low		subject to the

cost housing schemes sponsored or approved by	and respective	condition that no
Naya Pakistan Housing and Development	sub-headings of	input tax
Authority or under Government's Ehsaas	heading 98.14	adjustment or
programme.		refund shall be
		admissible.

 $^{^{17}\}mbox{Serial}$ number 11 substituted through Finance Act, 2022.