

AZAD GOVERNMENT OF THE STATE OF JAMMU AND KASHMIR
LAW, JUSTICE AND PARLIAMENTARY AFFAIRS DEPARTMENT,
MUZAFFARABAD

Dated the 28th December, 2001

No. LD/Leg/1525-32/2001. The following Act of the Assembly received the assent of the President on the 10th December, 2001 is hereby published for general information:-

(ACT XXIV OF 2001)

AN

ACT

to provide for levy of sales tax on services rendered or provided in Azad Jammu and Kashmir

WHEREAS it is expedient to provide for levy of sales tax on services rendered or provided in Azad Jammu and Kashmir and for matters ancillary thereto or connected therewith;

It is hereby enacted as follows:

1. Short title and commencement.- (1) This Act may be called the Azad Jammu and Kashmir Sales Tax (Tax on Services) Act, 2001.

(2) It extends to whole of the Azad Jammu and Kashmir.

(3) It shall come into force at once and shall be deemed to have taken effect on the 1st day of July, 2000.

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

3. Scope of Tax.- (1) Subject to the provisions of this Act, there shall be charged, levied and paid a tax known as sales tax at the [rate specified in column (4) of the schedule to this Act] of the

1 subsection (1) of Sec. 3 amended four time. the original extract of subsection (1) of Act XXIV of 2001 is reproduced as under:-

“(1) Subject to the provisions of this Act, there shall be charged, levied and paid a tax known as sales tax at the rate of fifteen percent of the value of the taxable services rendered or provided in the Azad Jammu and Kashmir.”

A. In subsection (1) for the words “fifteen” the words “sixteen” subs. by the AJ&K Finance Act, 2008 (Act VI of 2008) dt. 21.07.2008.

B. In subsection (1) of Sec. 3 for the words “sixteen” the words “seventeen”

subs. by the

C. In subsection (1) for the words "seventeen" the words "sixteen" subs. By the AJ&K Finance Act, 2012 (Act I of 2012) dt. 10.07.2012.

value of the taxable services rendered or provided in the Azad Jammu and Kashmir.

(2) The tax shall be charged and levied on the services specified in '[column (2)] the schedule to this Act in the same manner and at the same time, as if it were a sales tax leviable under Section *[xxx] the Sales Tax Act, 1990.

3["(2-A) The following provisions of sales tax Act, 1990, shall apply, mutatis mutandis, to the services rendered or provided under this Act, namely:-

- a) clause b of sub-section (2), sub-section (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-section (2), (3), (6), and (7) of Section 13; and

- d) serial number 48, in column (1) and the entries relating thereto of table-1 of sixth schedule read with Section 13.

(2-B) The tax lived 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 statutes.""]

(3) All the provisions of the Sales Tax Act, 1990 and rules and notifications, orders, and instructions issued thereunder shall, mutatis mutandis, apply to the collection and payment of tax under this Act 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;

In subsection (1) for the words "sixteen" the words "seventeen" subs. By the AJ&K Finance Act, 2013 (Act I of 2013) dt. 06.08.2013.

In subsection (1) for the words "rate of fifteen percent" the words "rate specified in column (4) of the schedule to this Act" subs. By the AJ&K Finance Act, 2015 (Act VI of 2015) dt. 14.07.2015.

Added by Ibid.

In subsection (2) the comma, figures and wards, "3, 3A or 3AA as the case may be" omitted by the AJ&K Finance Act, 2008 (Act VI of 2008) dt. 21.07.2008.

Added by the AJ&K Finance Act, 2016 (Act XXVI of 2016)

dt.02.08.2016.

- (e) penalties and prosecution; and
- (f) all other allied and ancillary matters.

1["THE SCHEDULE

Schedule was subs./amended three time. The original extract of the schedule is reproduced as under:-

1.

"SCHEDULE

Services provided or rendered by hotels, marriage halls, lawns clubs and caterers:-

- (a) Services provided or rendered by hotels;
- (b) Services provided or rendered by marriages halls and lawns;
- (c) | Services provided or rendered by clubs; and
- (d) 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 Sathi Educational promotion campaign funded by USAID; 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.

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

clinics, and slimming clinics.

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

A. — following amendments made by the AJ&K Finance Act, 2008 (Act VI of 2008) dt. 21.07.2008:-

- (i) Cl. (b) under serial No. 1 shall be omitted.
- (ii) Serial No. 5 and 6 omitted.

B. The existing schedule subs. by the AJ&K Finance Act, 2015 (Act VI of 2015) dt. 14.07.2015 as under:-

"THE SCHEDULE

[See section 3(2)]

Pakistan

Custom

S.# Description Tariff (PCT) | Rate of Tax

Heading if applicable

Q) (2) G) (4)

1 Services provided or rendered by hotels, 9801.1000

motels, guest houses, marriage halls and 9801.3000 Sixteen lawns (by whatever name called) including | 9801.4000 Percent "pandal" and "shamiana" services, clubs 9801.5000

including race clubs, and caterers. 9801.6000

Advertisement on television and radio,

excluding advertisements,-

(a) sponsored by an agency of the Government of Pakistan or Government for health education;

(b) sponsored by the Population Welfare Division relating to educational

. . 9802.1000 .

promotion campaign; and Sixteen

(c) financed out of funds provided by Percent - 9802.2000

any of the 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)

Services provided by persons authorized to 9805.2000 transact business on behalf of others,— .

. 9805.4000 Sixteen

(a) stevedore; and Percent

(b) customs agents; and 9805.8000

(c) chandlers

Courier Services and cargo services by road 9808.0000 Sixteen provided by courier companies. 9804.9000 Percent

Constructions 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 is otherwise paid as property developers or promoters;

(iii) Government civil works including Cantonment Boards; 9824.0000 .

. . oe . Sixteen

(iv) construction of industrial zones, and Percent consular buildings and other 9814.2000 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

Services provided by property developers and Rs.100 per
promoters (including allied services) excluding 9807.000 and | Sduare yard
the actual purchase value or documented cost . for land

~ respective
of land . development

sub-headings

. and Rs.50 per

of heading

98.14 square feet

. for building

construction

7 Services provided by persons engaged in contractual execution of work, excluding,-

(i) annual total value of the contractual Sixteen works or supplies not exceeding 9809.0000 aye Percent Rs.50 million,-

(ii) the contract involving printing or supplies of books.

8 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 / 9810.0000

oa . . 9821.4000 Sixteen

clinics, but excluding,-

. . an Percent

(i) annual turnover not exceeding ae 9821.5000

Rs.3.6 million; or

(ii) the facility of air-conditioning not installed or available in the premises

9 Management consultancy services. 9815.4000 Sixteen

9819.9300 ercent

10 | Services provided by freight forwarding Sixteen

agents, packers and movers ercent or

9805.3000 Rs.400 per

9819.1400 ill of lading

whichever is

igher

1 | Services provided by software or IT based Sixteen

9815.6000

system development consultants ercent

2 Services provided by technical, scientific and 9815.5000 Sixteen

engineering consultants ercent

3_| Services provided by other consultants 9815.9000

including but not limited to human resource 98 83 000 Sixteen

and personnel development services; market " ercent

. teat . 9818.2000

research services and credit rating services

4 | Services provided by tour operators and travel | 9805.5100 Sixteen

agents including all their allied services or 9805.5000 ercent

facilities (other than Hajj and Umrah) 9803.9000

5 | Manpower recruitment agents including labour 9805.6000 Sixteen

and manpower supplies ercent

6 | Services provided by security agencies 9818.1000 Sixteen

ercent

7 | Services provided by advertising agents 9805.7000 Sixteen

ercent

8 | Share transfer or depository agents including

services provided through manual or electronic Sixteen

book entry system used to record and maintain | 9805.9000 x

.. : ~ ercent

securities and to register the transfer of shares,

securities and derivatives

9 | Business support services 9805.9200 Sixteen
ercent

20 | Services provided by fashion designers,
whether relating to textile, leather, jewellery or Sixteen
other product regimes, including allied 9819.6000 wrcent

services, marketing, packing, delivery and
display etc.

120

21 | Services provided by architects, town planners | 9814.1000 Sixteen
and interior decorators 9814.9000 Percent

22 | Services provided in respect of rent-a-car. 9819.3000 Sixteen
Percent

23 | Services provided by specialized workshops or
undertakings (auto-workshops; workshops for
industrial machinery, construction and earth-
moving machinery or other special purpose 98.20 Sixteen
machinery etc; workshops for electric or " Percent
electronic equipments or appliances etc
including computer hardware; car washing or
similar service stations and other workshops).

24 | Services provided for specified purposes
including fumigation, services, maintenances
and repair (including building and equipment :
. oe . Sixteen
maintenance and repair including after sale 98.22
. . . eran Percent
services) or cleaning services, janitorial
services, dredging or desilting services and
other similar services etc.

25 | Services provided by underwriters, indenters, 9819.1100
commission agents including brokers (other 9819.1200 Sixteen
than stock) and auctioneers 9819.1300 x
ercent
and
9819.9100

26 | Services provided by laboratories other than :
. : . . . Sixteen
services relating to pathological or diagnostic 98.17
: ercent
tests for patients.

27 | Services provided by health clubs, gyms, 9821.1000
physical fitness centers, indoor sports and and Sixteen
games centers and body or sauna massage 9821.2000 ercent
centers 9821.4000

28 | Services provided by laundries and dry 9811.0000 Sixteen
cleaners. ercent

29 | Services provided by cable TV operators. 9819.9000 Sixteen
Technical analysis and testing services. 9819.9400 ercent

30 | Services provided by TV or radio program _ Sixteen
producers or production houses. ercent

31 | Transportation through pipeline and conduit _ Sixteen
services. ercent

32 | Fund and asset (including investment) _ Sixteen
management services ercent

33 _| Services provided by Inland port operators
(including airports and dry ports) and allied
services provided at ports and services :
. . . : Sixteen
provided by terminal operators including -
an . Percent
services in respect of public bonded

warehouses, excluding the amounts received
by way of fee under any law or by-law.

34 | Technical inspection and certification services Sixteen
and quality control (standards certification) - x
. Percent
services.

35 _| Erection, commissioning and installation _ Sixteen
services. Percent

[See section 3(2)]

Pakistan

Ss. i. Custom Tariff

Description (PCT) Heading Rate of Tax

if applicable

qd) (2) (3) (4)

36 Event management services Sixteen

~ ercent

37 Valuation services including competency and | __ Sixteen

eligibility testing services. ercent

38 Exhibition or convention services. Sixteen

~ ercent

39 Services provided in respect of mining of Si

mineral, oil and gas including related surveys - ixteen

and allied activities ereent

40 Services provided by property dealers and Sixteen

realtors. ~ ercent

41 Call centers Eighteen and

~ a half percent

42 Services provided by car / automobile dealers. Sixteen

7 ercent"]

Cc. following amendments made by the AJ&K Finance Act, 2018 (Act IV

of 2018) dt. 20.06.2018.

(i) Serial No.1 and entries relating thereto in column (2), (3) and (4) subs.

(ii) a new Serial No. 1-A and entries relating thereto in columns (2), (3) and (4) added.

(iii) against Serial No. 5, 8, 14, 23, 27, 28, 40 and 42, in column (4), for the words "Sixteen Percent", the words "Five Percent

sul

shall be admissible'

bstituted with effect from 25.05.2017.

sul

(iv) ag

bject to the con

ainst Serial No.

ition that no input tax adjustment or refund

" subs. and shall be deemed to have been so

0, in column (4), for the words, figures and

expressions "Sixteen percent or Rs.400 per bill of lading whichever is higher", the words, figures and expression "Five

pe
sul

shall be admissible'
bstituted with effect from 25.05.2017.

sul

bject to the con

recent or Rs.1000/- per bill of lading whichever is higher

ition that no input tax adjustment or refund
" subs. and shall be deemed to have been so

(v) against Serial No. 5, in column (2), after cl. (vi), new cl. (vii)
added and shall be deemed to have been so added with effect
from 30.01.2018.

(vi) after Serial No. 5, new Serial No. 5-A, and entries relating
thereto in columns (2), (3) and (4) added and shall be deemed
to have been so added with effect from 30.01.2018.

(vii) after Serial No. 42, new serial no 43 and corresponding
entries in column (2), (3) and (4) added.

1 Services provided or rendered | 9801.1000
by hotels, motels, guest houses Sixteen
and clubs including race clubs. 9801.4000 Percent
“1- | Services provided or rendered Five Percent
by marriage halls, lawns (by subject to
whatever name called) the
including “pandal” and 9801.3000 condition
“shamiana” services and 9801.5000 that no input
caterers. tax
9801.6000 adjustment
or refund
shall be
admissible”

2 Advertisement on television
and radio, excluding
advertisements,-
(a) sponsored by an
agency of the
Government of
Pakistan or
Government for health
education;
(b) sponsored by the
Population Welfare
Division relating to 9802.1000
educational promotion :
campaign; and Sixteen
> Percent
(c) financed out of funds 9802.2000
provided by any of the

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)

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Services provided by persons

authorized to transact business | 9805.2000

on behalf of others,— 9805.4000 Sixteen

(a) stevedore; and Percent

(b) customs agents; and 9805.8000

(c) chandlers

Courier Services and cargo 9808.0000 Sixteen

services by road provided by Percent

courier companies. 9804.9000

Constructions 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 is ;
otherwise paid as Five Percent
property developers or subject to
promoters; the

i a 9824.0000 condition

(iii) Government civil that no input
works including and tax
Cantonment Boards; —_| 9814.2000 adjustment

(iv) construction of or refund
industrial zones, shall be

admissible

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

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square feet for houses
and 20,000 square feet
for apartments

“(vii) Construction Services
for hydro power
projects in Azad
Jammu and Kashmir
under China Pakistan
Economic Corridor

(CPEC) arrangements
that shall be charged to
tax under Serial No. 5-
A”

“5- | Construction Services for One Percent
hydro power projects in AJ&K subject to
under CPEC arrangements. the

condition
9824.0000 and | that no input
9814.2000 tax
adjustment
or refund
shall be
admissible.”

6 Services provided by property Rs.100 per
developers and promoters square yard
(including allied services) 9807.000 and for land
excluding the actual purchase respective development
value or documented cost of and Rs.50
land sub-headings of per square

heading 98.14 | feet for
building
construction

7 Services provided by persons
engaged in contractual
execution of work, excluding,-

(i) annual total value of Sixteen
the contractual works or 9809.0000
Percent

supplies not exceeding Rs.50
million,-

(ii) the contract involving
printing or supplies of books.

8 Services provided for personal care by beauty parlours, clinics and slimming clinics, body Five Percent massage centers, pedicure : : : subject to centers; including cosmetic and the plastic surgery by such parlours 9810.0000 condition / clinics, but excluding,- 9821.4000 that no input (i) annual turnover not and tax exceeding Rs.3.6 adjustment million; or 9821.5000 or refund (ii) the facility of air- shall be et admissible conditioning not installed or available in the premises

9 | Management consultancy 9815.4000 Sixteen SeTVICes. 9819.9300 Percent

10 | Services provided by freight Five percent forwarding agents, packers and or Rs.1000/- movers per bill of lading whichever is higher 9805.3000 subject to the 9819.1400 condition that no input tax adjustment or refund shall be admissible

11 | Services provided by software Sixt or IT based system development | 9815.6000 rxteen Percent consultants

12 | Services provided by technical, Sixteen scientific and engineering 9815.5000 Percent consultants

13 | Services provided by other 9815.9000 consultants including but not Sixteen limited to human resource and 9818.3000 Percent personnel development 9818.2000

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services; market research
services and credit rating
services

14 | Services provided by tour Five Percent
operators and travel agents subject to
including all their allied the
services or facilities (other 9805.5100 condition
than Hajj and Umrah) 9805.5000 that no input

9803.9000 adjustment
or refund
shall be
admissible

15 | Manpower recruitment agents Sixt
including labour and manpower | 9805.6000 rxteen

: Percent
supplies

16 | Services provided by security 9818.1000 Sixteen
agencies . Percent

17 Services provided by 9805.7000 Sixteen
advertising agents Percent

18 | Share transfer or depository
agents including services
provided through manual or
electronic book entry system Sixteen
used to record and maintain 9805.9000 Percent
securities and to register the
transfer of shares, securities
and derivatives

19 | Business support services 9805.9200 Sixteen

Percent

20 | Services provided by fashion
designers, whether relating to
textile, leather, jewellery or Sixteen
other product regimes, 9819.6000
: f : : Percent
including allied services,
marketing, packing, delivery
and display etc.

21 | Services provided by architects, 9814.1000 Sixteen
town planners and interior

9814.9000 Percent

decorators

127

22 | Services provided in respect of 9819.3000 Sixteen
rent-a-car. Percent

23 | Services provided by
specialized workshops or Five Percent
undertakings (auto-workshops; :

: : subject to
workshops for industrial th
machinery, construction and ce

? : condition
earth-moving machinery or :

: that no input
other special purpose 98.20 tax
machinery etc; workshops for :

: : adjustment
electric or electronic
: : or refund
equipments or appliances etc
: : shall be
including computer hardware; . ot
; . : admissible
car washing or similar service
stations and other workshops).

24 | Services provided for specified
purposes including fumigation,
services, maintenances and
repair (including building and
equipment maintenance and Sixteen
. : 98.22

repair including after sale Percent
services) or cleaning services,
janitorial services, dredging or
desilting services and other
similar services etc.

25 | Services provided by 9819.1100
underwriters, indenters, ; 9819.1200
commission agents including Sixteen
brokers (other than stock) and | 9819.1300 P
: ercent
auctioneers
and
9819.9100

26 | Services provided by
laboratories other than services 98.17 Sixteen
relating to pathological or ; Percent
diagnostic tests for patients.

27 | Services provided by health 9821.1000 Five Percent
clubs, gyms, physical fitness subject to
: and

centers, indoor sports and the
games centers and body or 9821.2000 condition
sauna massage centers 9821.4000 that no input

tax

128

adjustment
or refund
shall be
admissible

28 | Services provided by laundries Five Percent
and dry cleaners. subject to
the

condition
9811.0000 that no input
tax

adjustment
or refund
shall be
admissible

29 | Services provided by cable TV | 9919.9000 Sixteen
operators. Technical analysis Percent
and testing services. 9819.9400

30 | Services provided by TV or Sixteen
radio program producers or -- Percent
production houses.

31 | Transportation through pipeline Sixteen
and conduit services. ~ Percent

32 | Fund and asset (including Sixteen
investment) management -- Percent
services

33 | Services provided by Inland
port operators (including
airports and dry ports) and
allied services provided at ports
and services provided by Sixteen
terminal operators including ~ Percent
services in respect of public
bonded warehouses, excluding
the amounts received by way of
fee under any law or by-law.

34 | Technical inspection and
certification services and Sixteen
quality control (standards ~ Percent
certification) services.

35 | Erection, commissioning and -- Sixteen

installation services. Percent

36 | Event management services Sixteen

~ Percent

37 | Valuation services including :

competency and eligibility -- Sixteen

: : Percent

testing services.

38 | Exhibition or convention Sixteen

services. ~ Percent

39 | Services provided in respect of

mining of mineral, oil and gas Sixteen

including related surveys and ~ Percent

allied activities

40 | Services provided by property Five Percent

dealers and realtors. subject to

the

condition

that no input

~ tax

adjustment

or refund

shall be

admissible

41 | Call centers Eighteen

-- and a half

percent

42 | Services provided by car / Five Percent

automobile dealers. subject to

the

condition

that no input

~ tax

adjustment

or refund

shall be

admissible

43 | Telecommunication Services 98.12 Nineteen and

(all sub- a half

headings) percent"

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Repeal.- The Azad Jammu and Kashmir Sales Tax (Tax on

Services) Ordinance, 2001 (Ordinance XLVI of 2001) is hereby repealed.

Sd/-(Irshad Ahmed Qureshi)
Deputy Secretary