The Azad Jammu and KashmirSales Tax (Tax on Services) Act, 2001

(Act XXIV of 2001)

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Legislated

by

AJ&K Legislative Assembly

Compiled by

SABIR HUSSAIN BALOCH

(August-2022)

The Azad Jammu and Kashmir
Sales Tax (Tax on Services) Act, 2001

"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 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 & 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 & Kashmir Sales Tax (Tax on Services) Act, 2001.

(2) It extends to whole of Azad Jammu & 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 expressions used but not defined shall have the 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 [1][rates specified in column (4) of the Schedule to this Act] of the value of the taxable services rendered or provided in the Azad Jammu & Kashmir.

[2][(1A) Notwithstanding the sub-section (1), the export of services shall be charged at the rate of zero percent.]

(2) The Tax shall be charged and levied on the services specified in [3][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 3, [4][*****] of the Sales Tax Act, 1990.

[5][(2-A) The following provisions of the 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) 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-I of Sixth Schedule read with section 13.

(2-B) 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.]

[6][(2-C) Where the taxable service originates from outside Pakistan but is received or terminates in Azad Jammu and Kashmir, the recipient of such service shall be liable to pay the tax to the Government at the rate specified under sub-section (1) and such person shall also be liable to registration under this Act and the rules.]

(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;

(e) penalties and prosecution; and

(f) all other allied and ancillary matters.

[7][THE SCHEDULE

[See section 3(2)]

S. #	Description	Pakistan Custom Tariff (PCT) Heading if applicable	Rate of Tax
(1)	(2)	(3)	(4)
[8][1	Services provided or rendered by hotels, motels, guest houses, farmhouses, restaurants, suppliers of food and drinks,	Respective headings	Fifteen percent]

	clubs including race clubs,		
[9][1-A	Services provided or rendered by marriage halls, lawns (by whatever name called) including "pandal" and "shamiana" services and caterers.	9801.3000 9801.5000 9801.6000	Five percent subject to the condition that no input tax 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 educational promotion campaign; (c) financed out of funds 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)	9802.1000 and 9802.2000	[28][Fifteen] Percent
3	Services provided by persons authorized to transact business on behalf of others,– (a) stevedore; (b) customs agents; and (c) chandlers	9805.2000 9805.4000 and 9805.8000	[28][Fifteen] Percent
4	Courier Services and cargo services by road provided by courier companies.	9808.0000 9804.9000	[28][Fifteen] Percent
5	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;	9824.0000 and 9814.2000	[10][Five percent subject to the condition that no input tax adjustment or refund shall be admissible]

	(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 [11][(vii) Construction Services for hydro power projects in Azad Jammu and Kashmir under China Pakistan Economic Coridoor (CPEC) arrangements that shall be charged to tax under Serial No. 5-A]		
[12][5-A	Construction Services for hydro power projects in AJ&K under CPEC arrangements.	9824.0000 and 9814.2000	One percent subject to the condition that no input tax adjustment or refund shall be admissible]
6	Services provided by property developers and promoters (including allied services) excluding the actual purchase value or documented cost of land	9807.000 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 not exceeding Rs.50 million,- (ii) the contract involving printing or supplies of books.	9809.0000	[28][Fifteen] Percent

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 / clinics, but excluding,- (i) annual turnover not exceeding Rs.3.6 million; or (ii) the facility of air-conditioning not installed or available in the premises	9810.0000 9821.4000 and 9821.5000	[13][Five percent subject to the condition that no input tax adjustment or refund shall be admissible]
9	Management consultancy services.	9815.4000 9819.9300	[28][Fifteen] Percent
10	Services provided by freight forwarding agents, packers and movers	9805.3000 9819.1400	[14][Five percent or Rs.1000/- per bill of lading whichever is higher subject to the condition that no input tax adjustment or refund shall be admissible]
11	Services provided by software or IT based system development consultants	9815.6000	[28][Fifteen] Percent
12	Services provided by technical, scientific and engineering consultants	9815.5000	[28][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	[28][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	[15][Five percent subject to the condition that no input tax adjustment or refund shall be admissible]
15	Manpower recruitment agents including labour and manpower supplies	9805.6000	[28][Fifteen] Percent
16	Services provided by security agencies	9818.1000	[28][Fifteen] Percent
17	Services provided by advertising agents	9805.7000	[28][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	[28][Fifteen] Percent
19	Business support services	9805.9200	[28][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	[28][Fifteen] Percent
21	Services provided by architects, town planners and interior decorators	9814.1000 9814.9000	[28][Fifteen] Percent
22	Services provided in respect of rent-a-car.	9819.3000	[28][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 hardware; car washing or similar service stations and other workshops).	98.20	[16][Five percent subject to the condition that no input tax adjustment or refund shall be admissible]
24	Services provided for specified purposes including fumigation services, maintenances 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 [17][and also including services for Operations and Maintenance of hydro-electric power projects whether the payment for the same is made in local currency or foreign currency].	98.22	[28][Fifteen] Percent
25	Services provided by underwriters, indenters, commission agents including brokers (other than stock) and auctioneers	9819.1100 9819.1200 9819.1300 and 9819.9100	[28][Fifteen] Percent
26	Services provided by laboratories other than	98.17	[28][Fifteen] Percent

	services relating to pathological or diagnostic tests for patients.		
27	Services provided by health clubs, gyms, physical fitness centers, indoor sports and games centers and body or sauna massage centers	9821.1000 and 9821.2000 9821.4000	[18][Five percent subject to the condition that no input tax adjustment or refund shall be admissible]
28	Services provided by laundries and dry cleaners.	9811.0000	[19][Five percent subject to the condition that no input tax adjustment or refund shall be admissible]
29	Services provided by cable TV operators. Technical analysis and testing services.	9819.9000 9819.9400	[28][Fifteen] Percent
30	Services provided by TV or radio program producers or production houses.	--	[28][Fifteen] Percent
31	Transportation through pipeline and conduit services.	--	[28][Fifteen] Percent
32	Fund and asset (including investment) management services	--	[28][Fifteen] Percent
33	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.	--	[28][Fifteen] Percent
34	Technical inspection and certification services and quality control (standards certification) services.	--	[28][Fifteen] Percent
35	Erection, commissioning and installation services.	--	[28][Fifteen] Percent
36	Event management services	--	[28][Fifteen] Percent
37	Valuation services including competency and eligibility testing services.	--	[28][Fifteen] Percent

38	Exhibition or convention services.	--	[28][Fifteen] Percent
39	Services provided in respect of mining of mineral, oil and gas including related surveys and allied activities	--	[28][Fifteen] Percent
40	Services provided by property dealers and realtors.	--	[20][Five percent subject to the condition that no input tax adjustment or refund shall be admissible]
41	Call centers	--	[21][Fifteen] percent
42	Services provided by car / automobile dealers.	--	[22][Five percent subject to the condition that no input tax adjustment or refund shall be admissible]
[23][43	Telecommunication Services.	98.12 (all sub-headings)	Nineteen and a half percent]
[24][43A	Following Telecommunication Services: (a) Mobile phone call, if call duration exceeds five minutes;	Respective sub-heading of 98.12	Seventy Five paisa per call in addition to the rates of tax specified under Serial No.43]
[25][44	IT Services and IT-enabled services [26][**Explanation.-**For the purpose of this entry — "**IT services**" include software development, software maintenance, system integration, web design, web development, web hosting and network design; and "**IT enabled services**" include inbound or outbound call centres, medical transcription, remote monitoring,	Respective heading	Five percent]

	graphics design, accounting services, HR services, telemedicine centers, data entry operations, locally produced television programs and insurance claims processing.]		
[27][45	Advertisement on hoarding boards, pole signs and signboards, and websites or internet	9802.9000	[28][Fifteen] percent
46	Services provided by landscape designers	9814.4000	[28][Fifteen] percent
47	Sponsorship services	9805.9100	[28][Fifteen] percent
48	Services provided or rendered for purchase or sale or hire of immovable property	- -	[28][Fifteen] percent
49	Services provided or rendered by legal practitioners and consultants	9815.2000	[28][Fifteen] percent
50	Services provided by accountants and auditors	9815.3000	[28][Fifteen] percent
51	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	[28][Fifteen] percent
52	Services provided by race clubs: Entry/admission and other services	- -	[28][Fifteen] percent
53	Services provided or rendered by corporate law consultants	9815.9000	[28][Fifteen] percent
54	Visa processing services, including advisory or consultancy services for migration or visa application filing services	- -	[28][Fifteen] percent
55	Debt collection services and other debt recovery services	- -	[28][Fifteen] percent
56	Supply chain management or distribution (including delivery) services	- -	[28][Fifteen] percent
57	Services provided or rendered by persons engaged in intercity transportation or carriage of goods by road or through	- -	[28][Fifteen] percent

	pipeline or conduit		
58	Ready mix concrete services	- -	[28][Fifteen] percent
59	Public relations services	- -	[28][Fifteen] percent
60	Training or coaching services other than education services	- -	[28][Fifteen] percent
61	Cleaning services including janitorial services, collection of waste and processing of domestic waste	9822.2000, 9822.3000, and 9822.9000	[28][Fifteen] percent]

3. Repeal.-The Azad Jammu & Kashmir Sales Tax (Tax on Services) Ordinance, 2001(Ordinance XLVI of 2001) is hereby repealed.

HISTORY

1. The rate of tax was enhanced from "fifteen" to "sixteen percent" through AJK Finance Act, 2008 dated 21.07.2008. Again the rate of tax was raised to "seventeen percent" through AJK Finance Ordinance, 2011 dated 28.04.2011, dated 23.08.2011, dated 19.12.2011 & AJK Finance Ordinance 2012 dated 12.04.2012. The rate of tax was reduced to "sixteen percent" through AJK Finance Act, 2012 dated 10.07.2012. The rate of tax was again raised to "seventeen percent" through AJK Finance Act, 2013 dated 06.08.2013. Lastly, substituted for words ***"rate of seventeen percent"*** by AJK Finance Act, 2015 dated 14.07.2015.
2. Sub-section (1A) of Section 3 inserted, w.e.f. 01.07.2021, by AJK Finance Act, 2021 dated 30.07.2021.
3. The word and figure added by AJK Finance Act, 2015 dated 14.07.2015
4. The comma, figures and words ***"3A or 3AA as the case may be,"*** omitted by AJK Finance Act, 2008 dated 21.07.2008
5. Sub-section 2-A and 2-B inserted by AJK Finance Act, 2016 dated 02.08.2016.
6. Sub-section (2-C) inserted by AJK Finance Act, 2020 (XXII of 2020) dated 20.07.2020.
7. The Schedule substituted by AJK Finance Act, 2015 dated 14.07.2015. Before substitution the said schedule was as under:

The SCHEDULE

1. *Services provided or rendered by hotels, marriage halls, lawns, clubs and caterers:-*
   - *(a) Services provided or rendered by hotels;*
   - *(b) [a][omitted]*
   - *(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 compaign funded by USAID; and*
   - *(c) Public Service messages if telecast on television by World Wide 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. *[b][Omitted].*

6. [b] *[Omitted].*

a. Clause (b) of Serial No.1 omitted by AJK Finance Act, 2008 dated 21.07.2008. Before omission the said clause was as under:

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

b. Serial No.5 & 6 omitted by AJK Finance Act, 2008 dated 21.07.2008. Before omission the said clause appears as under:

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.

8. S. No. 1 and enries relating thereto in column (2), (3) and (4) of the Schedule substituted by AJK Finance Act, 2022 (Act II of 2022) dated 06.07.2022. Before substitution this provision was as under:

[a][1	Services provided or rendered by hotels, motels, guest houses and clubs including race clubs.	9801.1000 9801.4000	Sixteen Percent]

a. S. No 1 substituted by AJK Finance Act, 2018 (Act IV of 2018) dated 20.06.2018. Before substitution this entry was as under:

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 9801.4000, 9801.5000 9801.6000	Sixteen Percent

9. S. No. 1-A and enries relating thereto in column (2), (3) and (4) of the Table inserted by AJK Finance Act, 2018 (Act IV of 2018) dated 20.06.2018.
10. Substituted and shall be deemed to have been so substituted with effect from 25.05.2017 for "***Sixteen Percent***" by AJK Finance Act, 2018 (Act IV of 2018) dated 20.06.2018.
11. Clause (vii) added and shall be deemed to have been so added with effect from 30.01.2018 by AJK Finance Act, 2018 (Act IV of 2018) dated 20.06.2018.
12. S. No. 5-A added and shall be deemed to have been so added with effect from 30.01.2018 by AJK Finance Act, 2018 (Act IV of 2018) dated 20.06.2018.
13. Substituted and shall be deemed to have been so substituted with effect from 25.05.2017 for "***Sixteen Percent***" by AJK Finance Act, 2018 (Act IV of 2018) dated 20.06.2018.
14. Substituted and shall be deemed to have been so substituted with effect from 25.05.2017 for ***"Sixteen percent or Rs.400 per bill of lading whichever is higher"*** by AJK Finance Act, 2018 (Act IV of 2018) dated 20.06.2018.
15. Substituted and shall be deemed to have been so substituted with effect from 25.05.2017 for "***Sixteen Percent***" by AJK Finance Act, 2018 (Act IV of 2018) dated 20.06.2018.
16. Substituted and shall be deemed to have been so substituted with effect from 25.05.2017 for "***Sixteen Percent***" by AJK Finance Act, 2018 (Act IV of 2018) dated 20.06.2018.
17. The expression inserted by AJK Finance Act, 2020 (XXII of 2020) dated 20.07.2020.
18. Substituted and shall be deemed to have been so substituted with effect from 25.05.2017 for "***Sixteen Percent***" by AJK Finance Act, 2018 (Act IV of 2018) dated 20.06.2018.
19. Substituted and shall be deemed to have been so substituted with effect from 25.05.2017 for "***Sixteen Percent***" by AJK Finance Act, 2018 (Act IV of 2018) dated 20.06.2018.
20. Substituted and shall be deemed to have been so substituted with effect from 25.05.2017 for "***Sixteen Percent***" by AJK Finance Act, 2018 (Act IV of 2018) dated 20.06.2018.
21. Substituted for "***sixteen***" by AJK Finance Act, 2022 (Act II of 2022) dated 06.07.2022. Earlier it was substituted for "***Eighteen and a half***" by AJK Finance Act, 2019 (Act XVIII of 2019) dated 29.06.2019.
22. Substituted and shall be deemed to have been so substituted with effect from 25.05.2017 for "***Sixteen Percent***" by AJK Finance Act, 2018 (Act IV of 2018) dated 20.06.2018.
23. S. No.43 inserted by AJK Finance Act, 2018 (Act IV of 2018) dated 20.06.2018.
24. S. No.43A inserted, w.e.f. 01.07.2021, by AJK Finance Act, 2021 dated 30.07.2021.

25. S. No.44 added by AJK Finance Supplementary (Amendment) Act, 2019 (Act VI of 2019) dated 22.03.2019
26. Explanation added, w.e.f. 01.07.2021, by AJK Finance Act, 2021 dated 30.07.2021.
27. S. No.45 to 61 added by AJK Finance Act, 2019 (Act XVIII of 2019) dated 29.06.2019.
28. Substituted for "***Sixteen***" by AJK Finance Act, 2022 (Act II of 2022) dated 06.07.2022.

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