

# SALES TAX ON SERVICES



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## AMENDMENTS PROPOSED IN PART III OF KHYBER PAKHTUNKHWA FINANCE ACT, 2013 (SALES TAX ON SERVICES)

### SALES TAX ON SERVICES

#### 1. REGISTRATION ---- CORRECTIVE AMENDMENT IN SUB SECTION 3 OF SECTION 41:

It has been proposed to make a corrective amendment in sub section (3) of section 41 of the Act. After amendment sub section (3) of section 41 would read as follows:

(3) A person who receives a service, which is a taxable service by virtue of sub-section (2) section-3, section 19 and is not a registered person shall be deemed to be a registered person for the purposes of the tax period in which--

- (a) such person receives the service;
- (b) an invoice for the value of the service is issued or sent to or received by the person; or
- (c) consideration for the service is paid by the person whichever is earlier and all the provisions of this Act and the rules shall be applicable to such person for that particular tax period and any matters relating to, arising out of, or concerning that tax period as if that person had provided the service if that person had provided the service.

#### 2. APPOINTMENT OF OFFICERS ---- SUBSTITUTION / INSERTION IN SECTION 56

**2.1.** Substitution of sub section (2) of section 56: It has been proposed to substitute sub section (2) and the substituted provisions would read as An officer appointed under sub-section (1), shall exercise such powers, pecuniary and territorial jurisdiction and discharge such duties as are conferred on him under this Act and the regulations made under this Act and shall also be empowered and competent to exercise all powers and discharge all duties or functions conferred upon any officer subordinate to him.

**2.2.** Insertion of new sub section (3) in section 56: It has been proposed to insert a new sub section (3) in section 56 which would read as under:

(3) The Authority may, by general or special order impose such limitation, restriction or conditions on the exercise of such powers and discharge of such duties or functions as it may deem fit.";

#### 3. DISTRIBUTION OF POWERS ----- INSERTION OF NEW SECTION 56-A:

It has been proposed to insert new section 56-A which would read as follows:

**"56-A Distribution of Powers** (1) The Authority may, by Notification and subject to such limitations or conditions, as may be specified therein, empower by name or designation-

- (a) an Additional Collector to exercise any of the powers of the Collector (Appeals) till the regular appointment of Collector (Appeal) as specified in section 79 of this Act;
- (b) an Additional Collector to exercise or perform any of the power or function of the Collector;
- (c) a Deputy Collector to exercise or perform any of the powers or function of the Additional Collector;
- (d) an Assistant Collector to exercise or perform any of the powers or function of the Deputy Collector; and

- (e) any other officer to exercise or perform any of the powers or function of the Assistant Collector.
- (2) The officer to whom any powers are delegated under this section shall not further delegate such powers.
- (3) The officer designated or empowered as Collector (Appeals) shall not hear and decide the cases adjudicated by him in terms of section 56 of this Act.

#### 4. APPEAL TO THE APPELLATE TRIBUNAL ---- INSERTION IN SECTION 84:

It has been proposed to amend section 84 which would read as follows:

Where the taxpayer or the officer not below the rank of Additional Collector objects to any order passed by the Collector (Appeals), including an order under sub-section (4) of section 79, and order passed by the Collector or Authority under any of the provisions of this Act the taxpayer or the officer may appeal to the Appellate Tribunal against such order.

#### 5. POWER TO MAKE REGULATION ---- SUBSTITUTION OF SECTION 114:

It has been proposed to substitute the existing provisions of section 114. After substitution, section 114 would read as follows:

**114 power to make regulations**, -Except where any specific provision is provided under this Act which requires the approval of the Council, the Authority may, make regulations or specify procedures, not inconsistent with the rules, to give effect to the purposes of this Act.

#### 6. THE FIRST SCHEDULE ---- INSERTION OF NEW ENTRIES:

Following new entries have been inserted in the First Schedule which contains classification of services.

- |       |                |   |
|-------|----------------|---|
| (i)   | 9803.3000 ---- | Facilities for travel by road;  |
| (ii)  | 9804.3000 ---- | Cargo services by road;   |
| (iii) | 9815.8000 ---- | Visa processing services including advisory or consultancy services for foreign education or for migration; |
| (iv)  | 9876.0000 ---- | Valuation services including competency and eligibility testing services.                                   |

Although new services under new heading have been inserted in the First Schedule but no amendment has been made in the Second Schedule which means that scope of sales tax has not been extended to new services. Second Schedule has already been amended through Notification dated 04.02.2016 when 8 new services were subjected to sales tax by inserting new entries at Sr. Nos. 49 to 57 in the Second Schedule [please see my information No. 95/2016]

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