

Balochistan Sales Tax**Balochistan Sales Tax on Services Act, 2015.****Commentary**

The Balochistan Sales Tax on Services Bill, 2015 has been passed by the Provincial Assembly of Balochistan on 25th June, 2015 and assented by the Governor Balochistan on 3rd July, 2015.

Balochistan Revenue Authority is now collecting sales tax on the 'taxable services' with effect from 1st July, 2015, in respect of services provided, rendered, initiated, originated, executed, received or consumed in Balochistan except its Tribal Areas.

Balochistan Sales Tax Ordinance, 2000 has been repealed.

Scope of Tax

List of total services is provided in the First Schedule and list of taxable services are mentioned in the Second Schedule of Balochistan Sales Tax on Services Act, 2015.

Taxable Services

Following are the taxable services as mentioned in second schedule of the Balochistan Sales Tax on Services Act, 2015. Rate of Sales Tax on telecommunication services is 19.5% while the rate of all other taxable services is 15%.

Part A

Tariff Classification	Description	Rate of tax
(1)	(2)	(3)
98.12	Telecommunication services	19.5%
9812.1000	Telephone services	19.5%
9812.1100	Fixed line voice telephone service	19.5%
9812.1200	Wireless telephone	19.5%
9812.1210	Cellular telephone	19.5%
9812.1220	Wireless Local Loop telephone	19.5%
9812.1300	Video telephone	19.5%
9812.1400	Payphone cards	19.5%
9812.1500	Prepaid calling cards	19.5%
9812.1600	Voice mail service	19.5%

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9812.1700	Messaging service	19.5%
9812.1710	Short Message service (SMS)	19.5%
9812.1720	Multimedia message serve (MMS)	19.5%
9812.1910	Shifting of telephone connection	19.5%
9812.1920	Installation of telephone extension	19.5%
9812.1930	Provision of telephone extension	19.5%
9812.1940	Changing of telephone connection	19.5%
9812.1950	Conversion of NWD connection to no NWD or vice versa	19.5%
9812.1960	Cost of telephone set	19.5%
9812.1970	Restoration of telephone set	19.5%
9812.1990	Others	19.5%
9812.2000	Bandwidth services	19.5%
9812.2100	Copper line based	19.5%
9812.2200	Fiber-optic based	19.5%
9812.2300	Co-axial cable based	19.5%
9812.2400	Microwave based	19.5%
9812.2500	Satellite based	19.5%
9812.2900	Others	19.5%
9812.3000	Telegraph	19.5%
9812.4000	Telex	19.5%
9812.5000	Telefax	19.5%
9812.5010	Store and forward fax services	19.5%
9812.5090	Others	19.5%
9812.6000	Internet services	19.5%
9812.6100	Internet services including email services	19.5%
9812.6110	Dial-up internet services	19.5%
9812.6120	Broadband services for DSL connection	19.5%
9812.6121	Copper line based	19.5%
9812.6122	Fiber-optic based	19.5%
9812.6123	Co-axial cable based	19.5%
9812.6124	Wireless based	19.5%
9812.6125	Satellite based	19.5%
9812.6129	Others	19.5%
9812.6130	Internet/email/Data/SMS/MMS services on WLL networks	19.5%
9812.6140	Internet/email/Data/SMS/MMS services on cellular mobile networks	19.5%
9812.6190	Others	19.5%
9812.6200	Data Communication Network Services (DCNS)	19.5%
9812.6210	Copper Line based	19.5%
9812.6220	Co-axial cable based	19.5%
9812.6230	Fiber-optic based	19.5%

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9812.6240	Wireless/Radio based	19.5%
9812.6250	Satellite based	19.5%
9812.6290	Others	19.5%
9812.6300	Value added data services	19.5%
9812.6310	Virtual private Network services (VPN)	19.5%
9812.6320	Digital Signature service	19.5%
9812.6390	Others	19.5%
9812.9000	Audiotext services	19.5%
9812.9100	Teletext services	19.5%
9812.9200	Trunk radio services	19.5%
9812.9300	Paging services	19.5%
9812.9400	Voice paging services	19.5%
9812.9410	Radio paging services	19.5%
9812.9490	Vehicle tracking services	19.5%
9812.9500	Burglar alarm services	19.5%
9812.9090	Others	19.5%

Part B

Tariff Classification	Description	Rate of tax
(1)	(2)	(3)
98.01	Services provided or rendered by hotels, motels, guest houses, restaurants, marriage halls, lawns, clubs and caterers.	
9801.1000	Services provided or rendered by hotels	15%
9801.2000	Services provided or rendered by restaurants	15%
9801.3000	Services provided or rendered by marriage halls, lawns, pandal and shamiana	15%
9801.4000	Services provided or rendered by clubs	15%
9801.5000	Services provided or rendered by caterers, suppliers of food and drinks	15%
9801.6000	Ancillary services provided or rendered by hotels, restaurants, marriage halls and lawns, clubs and caterers	15%
98.02	Advertisement	
9802.1000	Advertisement on T.V.	15%
9802.2000	Advertisement on radio	15%
9802.3000	Advertisement on closed circuit T.V.	15%
9802.4000	Advertisement in newspaper and periodicals	15%
9802.5000	Advertisement on cable T.V. network	15%
9802.6000	Advertisement on poles	15%

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9802.7000	Advertisement on billboards	15%
9802.9000	Others Advertisement including those on web or internet	15%
9805.1000	Shipping agents	15%
9805.2000	Stevedores	15%
9805.2100	Ship management services	15%
9805.3000	Freight forwarding agents	15%
9805.4000	Customs agents	15%
9805.5100	Tour operators	15%
9805.6000	Recruiting agents	15%
9805.7000	Advertising agents	15%
9805.8000	Ship chandlers	15%
9805.9000	Share transfer agents	15%
9805.9100	Sponsorship services	15%
9805.9200	Business Support Services	15%
	Services provided or rendered in the matter of sale purchase or hire	
9806.1000	Purchase or sale or hire of immovable property	15%
9806.2000	Property dealers	15%
9806.3000	Cars or automobile dealers	15%
9807.0000	Services provided or rendered by property developers or promoters for	15%
	(a) Development of purchased or leased land or conversion into residential or commercial plots.	
	(b) Construction of residential or commercial units.	
9808.0000	Courier services	15%
9809.0000	Services provided or rendered by persons engaged in contractual execution of work or furnishing supplies	15%
9810.0000	Services provided or rendered for personal care by beauty parlors, beauty clinics, slimming clinics or centres and others	15%
9811.0000	Services provided or rendered by laundries and dry cleaners	15%
98.13	Services provided or rendered by Banking companies, Insurance companies, Cooperative financing societies, modarabas, musharikas, leasing companies, foreign exchange dealers, non-banking financial institutions and other persons dealing in any such services	15%
9813.1000	Services provided or rendered in respect of insurance to a policy holder by an insurer, including a reinsurer	15%
9813.1100	Goods insurance	15%
9813.1200	Fire insurance	15%

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9813.1300	Theft insurance	15%
9813.1400	Marine insurance	15%
9813.1500	Life insurance	15%
9813.1600	Other insurance including reinsurance	15%
9813.3000	Services provided or rendered in respect of leasing	15%
9813.3010	Financial leasing	15%
9813.3020	Commodity or equipment leasing	15%
9813.3030	Hire purchase leasing	15%
9813.3900	Services provided or rendered in respect of modaraba and musharika financing	15%
9813.4000	Services provided or rendered by banking companies in relation to:	15%
9813.4100	Guarantee	15%
9813.4200	Brokerage	15%
9813.4300	Letter of credit	15%
9813.4400	Insurance of pay order and demand draft	15%
9813.4500	Bill of exchange	15%
9813.4600	Transfer of money including telegraphic transfer, mail transfer and electronic transfer	15%
9813.4700	Bank guarantee	15%
9813.4800	Bill discounting commission	15%
9813.4900	Safe deposit lockers	15%
9813.4910	Safe vaults	15%
9813.4990	Other services not specified elsewhere	15%
9813.5000	Issuance, processing and operation of credit and debit cards	15%
9813.6000	Commission and brokerage of foreign exchange dealings	15%
9813.7000	Automated Teller Machine operations, maintenance and management	15%
9813.8000	Service provided as banker to an issue	15%
9813.8100	Others, including the services provided or rendered by non-banking, finance companies, modaraba and musharika companies and other financial institutions	15%
9813.9000	Service provided or rendered by a foreign exchange dealer or exchange company or money changer	15%
9814.1000	Architects or town planners	15%
9814.2000	Contractor of building (including water supply, gas supply and sanitary works), electrical and mechanical works (including air conditioning), multi-disciplinary works (including turn-key projects) and similar other works	15%
9814.3000	Property developers or promoters	15%
9814.9000	Interior decorators	15%

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98.15	Services provided or rendered by professionals and consultants, etc..	
9815.2000	Legal practitioners and consultants	15%
9815.3000	Accountants and auditors	15%
9815.4000	Management consultants	15%
9815.5000	Technical, scientific and engineering consultants	15%
9815.6000	Software or IT based system development consultants	15%
9815.9000	Tax consultants	15%
98.18	Services provided or rendered by specialized agencies	
9818.1000	Security agency	15%
9818.3000	Market research agency	15%
98.19	Services provided or rendered by specified persons of businesses	
9819.1000	Stockbrokers and commodity brokers	15%
9819.2000	Money exchanger	15%
9819.3000	Rent a car and automobile rental service	15%
9819.5000	Surveyors	15%
9819.7000	Outdoor photographers and videographers	15%
9819.9000	Cable TV operators	15%
9819.9300	Management consultants	15%
9819.9400	Technical testing and analysis service	15%
9819.9500	Services provided or rendered by a registrar to an issue	15%
9819.9090	Services provided or rendered by port operators, airport operators, airport ground service providers and terminal operators	15%
98.20	Service provided or rendered by specialized Workshops or undertakings	
9820.1000	Auto workshops, including authorized service stations	15%
9820.2000	Workshops for industrial machinery, constructions and earth-moving machinery or other special purpose machinery, etc.	15%
9820.3000	Workshop for electric or electronic equipment or appliances, etc, including computer hardware	15%
9820.4000	Car or automobile washing or similar service station	15%
98.21	Services provided or rendered in specified fields	
9821.1000	Health care centre, gyms or physical fitness centre, etc	15%
9821.4000	Body massage centre	15%
9821.5000	Pedicure centre	15%
98.22	Services provided or rendered for specified purposes	
9822.1000	Fumigation services	15%
9822.2000	Maintenance or cleaning services	15%
9822.3000	Janitorial services	15%

9823.0000	Franchise services	15%
9824.0000	Construction services	15%
	Management services including fund and assets management services	15%
	Airport services	15%
	Tracking services	15%
	Security alarm services	15%
	Services provided by motels and guest houses	15%
	Event management services including the services by event photographers, event videographer and persons related to such event management	15%
	Exhibition services	15%
9828.0000	Public bonded warehouses	15%
9829.0000	Labour and manpower supply services	15%
9830.0000	Services provided in the matter of manufacturing or processing for other on toll basis	15%
9831.0000	Race Clubs:	
	(a) Service of entry/admission	(a) Rs.200 per entry ticket or entry pass of the person visiting race event.
	(b) Other services	(b) 15%
9832.0000	Services provided or rendered by program producers and production houses	15%
9833.0000	Services provided or rendered by corporate law consultants	15%
9834.0000	Services provided or rendered by fashion designers	15%
9835.0000	Services provided or rendered by call centres	15%
9836.0000	Services provided or rendered by persons engaged in inter-city transportation or carriage of goods by road or through pipeline or conduit	15%

Explanation regarding Taxable Services

- i) A taxable service is a service provided by a person regardless whether such services are provided to a resident person or a non-resident person.
- ii) A taxable service is a service listed in the second schedule to this Act, which is provided by an un-registered / non-resident person to a resident person in the course of an economic activity.
- iii) Where a person has one office in Balochistan and other office outside Balochistan, both offices shall be treated as separate legal persons.
- iv) Balochistan Revenue Authority may prescribe rules for determining the conditions under which a particular service will be considered to have been provided by a person from his registered office or place of business in Balochistan.

Amendment in Second Schedule

The Government may, by notification in the official Gazette, make an amendment in Second Schedule by modifying, adding or deleting any entry or entries.

Origin and Reverse Charge in Certain Situations

In following conditions the Sales Tax on Services should be deposited with the Government of Balochistan:

- (1) Where a person is providing taxable services in Province other than Balochistan but the recipient of such services is availing such services in Balochistan.
- (2) Where the recipient of a taxable service is person registered under the Balochistan Sales Tax on Services Act, 2015.
- (3) Where a person is providing taxable services in more than one provinces including Balochistan, such person shall be liable to pay tax to the Government to the extent the tax is charged from a person availing such services in Balochistan.
- (4) Where rendering of a taxable service originates from Balochistan but terminates outside Pakistan.
- (5) Where a taxable service originates from outside Pakistan but is received in Balochistan.

Value of a Taxable Service

- (1) In case the consideration (charges / price) for a service is in kind or is partly in kind and partly in money, the value of the service shall mean the open market price of the service.

The Authority may issue valuation rule for any service for the purpose of determination and payment of tax and prescribe threshold, parameters, standards, methods, formula, criteria or bases for the determination of value of any taxable service.

- (2) In case the provider and the recipient of the service are associated persons and the service is supplied for no consideration or for a consideration which is lower than the price of service, the value of the service shall mean the price at which the service is provided to the other persons who are not associated persons or the open market price for such service.
- (3) In case of trade discounts, the value of the service shall mean the discounted price.

Person Liable to Pay Tax

- (1) Where a taxable service is provided by a person from his office or place of business in Balochistan, the liability to pay the tax shall be on the registered person providing the service.
- (2) Where a taxable service is provided by a non-resident of Balochistan to a resident person of Balochistan, the liability to pay the tax shall be on the person receiving the service.
- (3) The Balochistan Revenue Authority may, by notification in the official Gazette, specify the service or services in respect of which the liability to pay tax shall be on any person, other than the person providing the taxable service, or the person receiving the taxable service.

Provision of Services Over a Period of Time

In case service is provided over a period of time and payment for the same is made on a periodic basis, the service shall be treated as two or more separate and distinct services. Each part of the service will relate to each separate part of the fee / charges.

This section does not apply to services for which payment is made on installments basis.

Collection of Excess Tax

- (1) Any person who has collected the sales tax, which was not payable or which was in excess of the tax actually payable and the incidence of which had been passed on to the person to whom the service was provided, the amount of tax so collected shall be payable to the Government.

Such payable amount to the Government shall be deemed to be an arrear payable under the Act and shall be recovered accordingly.

- (2) The burden of proof that the incidence of tax has been or has not been passed to the person to whom the service is provided shall be on the person collecting the tax.

Time, manner and mode of payment

TIME:

At the time of filing the return.

MANNER:

A taxable service shall be considered to have been provided in the tax period during which:

- (i) it was provided to the recipient;
- (ii) an invoice for the value of the taxable service was sent to the recipient; or
- (iii) consideration for the same was received;

whichever is earlier

MODE:

- Through deposit in a bank designated by the Board; or
- Through such other mode and manner as may be specified by the Board.

Sales of Taxable Activity or Transfer of Ownership

- (1) The fact of sale, transfer or other disposition of any business providing taxable services shall be intimated to the Commissioner within one month of the occurrence of such fact by the former owner.
- (2) The tax chargeable on the taxable services provided in the business referred above shall be paid by the person to whom sale or other disposition is made or ownership is transferred. Every such person shall be liable to registration under this Act.

Liability for Payment of Tax in Case of Private Companies or Business Enterprises

Where any private company or business enterprise is wound up and any tax payable cannot be recovered from the company or business enterprise, every person who was an owner of, or partner in, or director of the company or business enterprise during the relevant period shall be liable for payment of such tax.

Assessment of Tax

- (1) Where an officer of the Authority is of the opinion on the basis of any information acquired during an audit, inquiry, inspection or otherwise, that a registered person has not paid the tax due on taxable services provided by him or has made short payment, the officer shall make an assessment of the tax actually payable by that person and shall impose a penalty and charge default surcharge in accordance with section 48 and 49.
- (2) No assessment order shall be made unless a notice to show cause is given to the person within five year of the tax period of which the assessment relates. Officer shall also specify the ground of assessment and provide such person an opportunity of being heard.

Issuance of Tax Invoices

A registered person providing a taxable service shall issue a numbered and dated tax invoice containing the following particulars:-

- (a) name, address and registration number of the service provider;
- (b) name, address and registration number, if any, of the service recipient;
- (c) description of service or services;
- (d) amount of the tax; and
- (e) value inclusive of the tax

Records

Registered person shall maintain following records in English or Urdu and retain for five years:-

- (a) records of taxable service provided indicating:-
 - (i) the description and type of service;
 - (ii) the value of the service;
 - (iii) the particulars of the person to whom the service was provided; and
 - (iv) any other information as may be specified by the Authority;
- (b) records of exempt service; and
- (c) such other records as may be specified by the Authority.

The registered person shall produce such records as and when required by an officer not below the rank of the Assistant Commissioner.

Audit and Appeal

Procedures for audit and appeals [Commissioner (Appeals) SRB, Appellate Tribunal and High Court] are available in the law.

Offences and Penalties

A list of offences alongwith penalties are provided in section 48 of the Balochistan Sales Tax on Services Act, 2015. Detail of Offences and Penalties are mentioned below.

S.No	Offences	Penalties	Section
1	Any person who is required to apply for registration under this Act fails to make an application for registration before providing any taxable services	Such person shall be liable to pay a penalty of ten thousand rupees or five percent of the amount of the tax he would have been liable to pay had he been registered, whichever is higher. In the case of non-compliance of compulsory registration, the minimum penalty shall be ten thousand rupees; If such person who is required to get himself registered under this Act, fails to get registered within ninety days of providing taxable services, he shall be further liable, upon conviction by a Special Judge, to imprisonment for a term which may extend	25

		to one year or with fine which may extend to the amount of the tax he would have been liable to pay had he been registered, or with both.	
2	Where any person fails to furnish a return within the due date	Such person shall be liable to pay a penalty of five thousand rupees provided if a return is not filed within fifteen days of the due date, a penalty of hundred rupees for each day of default shall be levied.	35
3	Where any person fails to deposit the amount of the tax due or any part thereof in the time or manner laid down under this Act or the rules.	(a) Such person shall be liable to pay a penalty of ten thousand rupees or five percent of the tax payable for that period, whichever is higher (b) If the amount of the tax due is not paid even after the expiry of a period of sixty days of issuance of the notice for such payment by an officer, not below the rank of Assistant Commissioner, the person shall be further liable, upon conviction by a Special judge, to imprisonment for a term which may extend to three years, or with fine which may extend to the amount of the unpaid tax, or with both. (c) No penalty shall be levied if any miscalculation is made for the first time during a year.	3, 4, 10 11, 17, 18 and 68
4	Any person who fails to maintain record required under the Act or the rules.	Such person shall pay a penalty of ten thousand rupees or five percent of the total tax payable for the tax period for which he has failed to maintain the required record, whichever is higher.	30, 31 and 32
5	Where a registered person who, without any reasonable cause, in non-compliance with the provisions of this Act fails to produce records on receipt of notice from the Authority or any officer of the Authority directing him to produce such records.	Where such person is a Company, it shall be liable to pay a penalty of ten thousand rupees. Where such person is not a Company, he shall be liable to pay a penalty of five thousand rupees. Where such person fails to produce the record within sixty days of receipt of the notice, he shall be liable to pay the penalty prescribed for the offence at serial No. 4 above.	30, 32, 53 and 57
6	Any person who knowingly or fraudulently: (a) submits a false or forged document to any officer of the Authority; or (b) destroys, alters, mutilates or falsifies the records; or	Such person shall be liable to pay a penalty of twenty thousand rupees or one hundred percent of the tax payable for the tax period to which the offence relates, whichever is higher. Such person shall be further liable, upon conviction by a Special Judge, to	General

	(c) makes a false statement, false declaration, false representation, false personification, or gives any false information.	imprisonment for a term which may extend to five years or with fine which may extend to an amount equal to the tax payable for the tax period to which the offence relates, or with both.	
7	Where any person who denies or obstructs the access of an authorized officer to the business premises, registered office or to any other place where records are kept, or otherwise refuses access to accounts of records.	Such person shall be liable to pay a penalty of twenty five thousand rupees or one hundred percent of the tax payable for the tax period to which the offence relates, whichever is higher. Such persons shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to five years, or with a fine which may extend to an amount equal to the tax payable for the tax period to which the offence relates, or with both.	31, 32 and 56
8	Where any person commits, cause to commit or attempts to commit tax fraud, or abets or connives in the commission of tax fraud equal to twenty five thousand rupees or more.	Such person shall be liable to pay a penalty of up to five hundred thousand rupees, but not less than twenty five thousand rupees, or one hundred percent of the tax payable for the tax period to which the offence relates, whichever is higher. Such person shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to five years, or with fine which may extend to an amount equal to the tax payable for the tax period to which the offence relates, or with both.	2 (43)
9	Where any person violates any embargo placed on providing of service in connection with recovery of the tax	Such person shall be liable to pay a penalty of twenty five thousand rupees or ten percent of the amount of the tax sought to be recovered, whichever is higher. Such person shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to one year, or with fine which may extend to amount equal to the amount of the tax sought to be recovered, or with both.	70
10	Where any person obstructs any officer of the Authority in the performance of his official duties under this Act or the rules	Such person shall be liable to pay a penalty of twenty five thousand rupees or one hundred percent of the tax payable for the tax period to which the offence relates, whichever is higher. Such person shall be further liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to one year or with fine not exceeding fifty thousand rupees or with both.	General

11	Where any person who fails to fulfill any of the conditions, limitations or restrictions prescribed in a notification issued under any of the provisions of the Act or the rules.	Such person shall be liable to pay a penalty of five thousand rupees or three percent of the tax payable for the tax period to which the offence relates, whichever is higher.	General
12	Where any person who contravenes any provision of this Act or the rules for which no penalty has specifically been provided in this section.	Such person shall be liable to pay a penalty of ten thousand rupees or three percent of the tax payable for the tax period to which the offence relates, whichever is higher.	General
13	Where any person repeats an offence for which a penalty is provided under this Act.	Such person shall be liable to pay twice the amount of penalty provided under the Act for the said offence.	General
14	Where any person:- (a) knowingly and without lawful authority gains access to or attempts to gain access to the computerized system; or (b) unauthorizedly uses or discloses or publishes or otherwise disseminates information obtained from the computerized system; or (c) falsifies any record or information stored in the computerized system; or (d) knowingly or dishonestly damages or impairs the computerized system; or (e) knowingly or dishonestly damages or impairs any duplicate tape or disc or other medium on which any information obtained from the computerized system is kept or stored; or (f) unauthorizedly uses unique user identifier of any other registered user to authenticate a transmission of information to the computerized system; or (g) fails to comply with or contravenes any of the conditions prescribed for security of unique user identifier.	Such person shall pay a penalty of twenty five thousand rupees or one hundred percent of the amount equal to the loss caused to the tax revenue. Such person shall further be liable, upon conviction by the Special Judge, to imprisonment for a term which may extend to one year, or with fine which may extend to an amount equal to the loss caused to the tax revenue, or with both.	General

Default Surcharge

In addition to the tax due and penalty, if a registered person does not pay the tax due on time or manner specified, shall pay default surcharge as below:

- (a) the person liable to pay any amount of tax or charge shall pay default surcharge at the rate of inter-bank rate plus three percent per annum of the amount of the tax due; and
- (b) in case a person who has committed tax fraud shall pay default surcharge at the rate of two percent per month of the amount of tax evaded.

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