



GOVERNMENT OF PUNJAB
PUNJAB REVENUE AUTHORITY
August 01, 2012

NOTIFICATION
(Sales Tax on Services)

No. PRA/Order.06/2012 (4). In exercise of the powers conferred under section 76 of the Punjab Sales Tax on Services Act 2012 (XLIII of 2012), the Punjab Revenue Authority, with the approval of the Government, is pleased to make the following rules:

CHAPTER I
PRELIMINARY

1. **Short title and commencement.** – (1) These rules may be cited as the Punjab Sales Tax on Services (Specific Provisions) Rules 2012.
(2) They shall come into force at once.

CHAPTER II
FINANCIAL SERVICES

2. **Scope of tax.**– The tax shall be payable by every banking company and non-banking financial institution on all its non-interest based services provided to any person against a consideration in the form of fee, commission or charge.
3. **Registration.**– The Provincial head offices of the banking companies and non-banking financial institutions located in the Punjab shall obtain the tax registration from the Authority.
4. **Taxable value.**– The tax shall be paid on the gross amount charged for a service provided to the customers excluding mark-up or interest, if any.
5. **Non-invoicing.**– The banking companies and non-banking financial institutions shall not be required to issue tax invoices for their services, provided that if a recipient of any taxable service is registered person, a tax invoice may be issued to him on demand.
6. **Records.**– Each outlet of the company or institution located in Punjab shall maintain records of the services provided and tax collected thereon in such manner so as to enable the Authority for distinct and correct ascertainment of payment of tax on each category of service provided.
7. **Annual audit report.**– The Provincial head office of the company or institution as the case may be, shall furnish copy of annual audit report to the Authority within fifteen days of its publication and any short collection of tax observed as a result of such audit report shall be paid within thirty days of the publication of the audit report and proof of such payment shall be submitted to the Authority.

CHAPTER III INSURANCE

8. Scope of tax.— (1) All insurance companies shall pay the tax on services provided by them in respect of all kinds of insurance except those exempt from such tax.

(2) The tax shall be calculable on the gross amount of premium charged on risk covered in the insurance policy.

9. Tax accounting month.— The tax in respect of an insurance policy shall be accounted for in the month when premium is received and deposited by the insurance company at the time of filing of return by the 15th day of the following month.

10. Cancellation of contract.— An insurance company shall not be liable to pay tax in respect of a contract or any part thereof if cancelled provided that the tax already paid in respect of services provided in consequence of such contract shall not be refunded under any circumstances.

11. Records.— The insurance companies shall maintain such records so as to enable the Authority or its authorized officers to verify the accuracy of tax collections, declarations and payments.

12. Annual audit report.— A copy of annual audit report shall be submitted to the Authority within fifteen days of its publication and any short payment of the tax observed as a result of such audit shall be paid by the insurance company within thirty days of the publication of the audit report and proof of such payment shall be furnished to the Authority.

CHAPTER IV SHIPPING AGENTS

13. Scope of tax.— Every shipping agent shall pay the tax on monthly basis in respect of his services for shipping of cargo originating or destined to the Punjab.

14. Taxable value.— The agent shall pay tax on the gross commissions charged for the services provided by him as apportioned on the basis of loadable or unloadable cargo originating from or destined to the territory of the Punjab and reimbursable actual expenses, if any, incurred by such agent for and on behalf of his clients shall not be included in the base of taxable value.

15. Port clearance.— The customs authorities may withhold final port clearance to a ship unless the agent furnishes proof of filing of return and proof of payment of tax or give a proper affidavit to the effect that he shall deposit the due tax at the time of filing the tax return and furnish proof thereof, if required.

16. Monthly statements.— The agent shall furnish to the Authority a monthly statement in appropriate form in respect of ships handled and the ship-wise commissions apportioned for the Punjab for the purposes of the tax by the 20th day of the following month.

CHAPTER V ADVERTISEMENTS

17. Scope of tax.— Every person providing services of advertisement on television, radio or cable TV as an advertising agent (including advertising company or firm) shall obtain registration and pay sales tax.

18. Advertisements on television and radio.— (1) In relation to advertisements on television and radio, the expression “taxable services” include the services in respect of advertisements:

- (a) broadcast or telecast by television or radio stations located in the Punjab;
- (b) booked in the Punjab for broadcasting or telecasting on television or radio stations based elsewhere, whether or not possessing landing rights in the Punjab; and
- (c) transmitted on cable TV networks.

19. Taxable value.— Value of taxable service for the purposes of the tax shall be the total consideration in money received or the gross amount charged by a registered person from his clients for broadcasting or telecasting of any advertisement on radio, television or cable TV, including all Federal and Provincial levies but excluding the amount of sales tax.

20. Liability of cable operators.— Where any cable operator receives advertisement bookings directly from the clients, he shall pay the tax on the basis of gross amount charged by him including all Federal and Provincial taxes other than the sales tax and such cable operator shall also be liable to registration.

21. Invoicing.— (1) The advertising agent or cable operator shall maintain proper records and account of all services provided by him.

(2) The advertising agent or cable operator shall issue a proper bill of charges for each transaction from a duly bound book of serially numbered bills of charges or electronically generated invoices which shall include the particulars (including registration number if any) of the persons providing and receiving service, description of the service provided and the amount charged.

(3) A copy of the bill referred to in sub-rule (2) shall be given to the person to whom such services have been provided and one copy thereof shall be retained by the person providing services in the said bound book of bills of charges.

(4) Not more than one book of bill of charges shall be used at one time provided that where such person has more than one branches of the establishment, separate books of bill of charges may be used for each such branch.

22. Maintenance of accounts.— The advertising agents and cable operators shall maintain their accounts in a register in the following form namely:

Name and location of the agent / cable operator

S.No.	Bill of charges No. and date	Name of the media company, if any.	Amount of charges billed or to be billed	Amount of sales tax	Remarks if any
(1)	(2)	(3)	(4)	(5)	(6)

23. Tax payment.– (1) The advertising agent shall pay tax on quarterly basis by the 15th day of November, February, May and August on the basis of the amount of commissions charged or billed during the last quarter.

(2) The cable operators shall pay tax on monthly basis on the basis of gross amounts charged and collected by them from their clients and the amounts of bonafide discounts if allowed to the clients, shall not be included in taxable value base.

24. Quarterly statement.– The advertising agent submit to the Authority quarterly statement along with the evidence of payment of tax, before the last day of the month of November, February, May and August, in the following form:

QUARTERLY STATEMENT	
M/s.....for the Quarter ending.....20.....	
(Name and complete address)	
1.	Amount of commissions billed during the quarter.
2.	Sales tax on services paid by the agent: (i) Bank's name. (ii) Bank challan number and date. (iii) Amount.
3.	Sales tax on services paid by others as withholding tax (if any). (i) Name of the person paying the withholding tax. (ii) Bank's name. (iii) Bank challan number and date. (iv) Amount.

CHAPTER VI TELECOMMUNICATION

25. Scope of services.— All telecommunication services falling under four digit classification No.98.12 shall be liable to tax regardless whether or not any description of any sub-classification has been mentioned in column (2) of serial number 6 of the Second Schedule to the Act unless specifically excluded in the said Second Schedule.

26. Tax coverage.— (1) The tax shall be charged and paid by a registered person engaged in providing telecommunication on all such services as:

- (i) are rendered in the Punjab;
- (ii) originate from the Punjab;
- (iii) terminate in the Punjab;
- (iv) are effectively enjoyed and used in the Punjab;
- (v) where sim is activated in the Punjab; or
- (vi) recipient of the service:
 - (a) is present in the Punjab;
 - (b) is resident in the Punjab;
 - (c) has permanent establishment in the Punjab; or
 - (d) has primary residence in the Punjab.

(2) Where a service crosses Provincial or national borders and its charges are divisible either contractually or otherwise between different territories, tax shall be paid only to the extent of charges attributable to the territory of the Punjab.

27. Payment of tax.— Every person engaged in providing telecommunication services shall pay the tax in the following manner:

- (a) in case of post paid telephone services, tax shall be paid by the 21st day of the following second month;
- (b) in case of pre-paid telephone services, the tax shall be paid by the 21st day of the following month; and
- (c) in case of other telecommunication services, the tax shall be paid by the 21st day of the following month.

28. Tax adjustment.— While determining his liability, the registered person shall be entitled to deduct input tax paid on procurement of any specialized equipment or the tax paid on acquiring services in connection with the provision of telecommunication services.

29. Submission of statements.— (1) The registered person or each sale outlet of the registered person shall along with the proof of payment of the tax submit its revenue office-wise or service outlet-wise monthly statement by the dates specified in rule 26 in the following formats either in hard or in soft (electronic) form:

FORM I
POST-PAID TELEPHONE SERVICES

M/S. ----- REGISTRATION NO. ----- PERIOD -----

Name and location of the Revenue Office/Service Outlet	Description of services provided	Classification	Amount billed or ought to be billed during the month	Tax payable
(1)	(2)	(3)	(4)	(5)

Tax paid	Balance payable (if any)	No. and date of treasury challan	Particulars of the Bank branch
(6)	(7)	(8)	(9)

**FORM II
PREPAID TELEPHONE SERVICES**

M/S. ----- REGISTRATION NO.-----PERIOD -----
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Name and location of the Service Outlet	Description of services provided	Classification	No. and value of pre-paid cards sold during the month	
			No.	Amount or value
(1)	(2)	(3)	(4)	(5)

Tax paid	Tax paid	Balance payable (if any)	No. and date of treasury challan	Particulars of the Bank branch
(6)	(7)	(8)	(9)	(10)

**FORM III
OTHER TELECOMMUNICATION SERVICES**

M/S. ----- REGISTRATION NO.-----PERIOD -----
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Name and location of the Revenue Office/Service Outlet	Description of services provided	Classification	Amount billed or ought to be billed during the month	Tax payable
(1)	(2)	(3)	(4)	(5)

Tax paid	Balance payable (if any)	No. and date of treasury challan	Particulars of the Bank branch
(6)	(7)	(8)	(9)

(2) Late submission or default in submission of the statements required to be filed under sub-rule (1) shall attract default surcharge and penalties under the Act.

CHAPTER VII CUSTOMS CLEARANCE

PART A CUSTOMS HOUSE AGENTS (CLEARING AGENTS)

30. Scope of tax.— The tax shall be payable on all services provided by the custom house agents (by whatever name called) in respect of import and export cargo clearance from customs or other port agencies whether through sea ports, dry ports or airports.

31. Taxable value.— (1) All kinds of fees, commissions and charges received by the customs house agent shall be included in the taxable value base.

(2) The actual considerations received for transportation charges, demurrage, wharf age, customs-duties, excise duty, sales tax, provincial duties or taxes, toll taxes, municipal charges, port charges, handling charges, packing charges, labor payment and such other reimbursable expenses against proper receipts or invoices or bills shall not be reckoned for the purpose of calculating sales tax.

32. Quoting registration number.— The customs agent shall quote his tax registration number on the goods declaration filed with customs department.

33. Entitlement for tax receipt.— (1) Where a custom house agent has provided services to an unregistered client from the Punjab at ports outside the Punjab, he shall be liable to pay the tax to the Authority in respect of export-cargo originating anywhere from the Punjab and import cargo destined to anywhere in the Punjab.

(2) Where a client of services mentioned in sub-rule (1) is a registered person, such client shall deduct and pay the tax to the Authority on reverse charge basis.

Explanation: For the purpose of sub-rule (2), registered person includes a person registered under the Sales Tax Act, 1990. He shall file a separate return in respect of the tax deductible and payable under the said sub-rule (2).

PART B SHIP CHANDLERS

34. Value of services.— (1) Value of taxable services for the purposes of the tax shall be total consideration received or the gross amount charged by a ship chandler for providing the services including all Federal and Provincial taxes and levies but excluding the amount of sales tax.

(2) Where any fee or commission is realized from the service charges paid to the ship chandlers, the same shall be included in the base for calculating the tax liability.

35. Reimbursable expenses.— Reimbursable actual expenses like transportation charges, port charges, handling or labor charges, which a ship-chandler pays on behalf of his clients against a proper receipt or bill shall not be taken into account for the purpose of determining sales tax.

36. Cost of commodities.— Where a ship chandlers has supplied any commodities on board, the actual cost shall not be included in the tax assessable value of services of the same have been supplied on zero rate basis provided that commission or profit paid to or earned by the ship chandler in respect of such commodities shall be reckoned for the purpose of levy of sales tax.

CHAPTER VIII STEVEDORES

37. Scope of tax.— All services provided by stevedores in respect of or connection with the loading, unloading , embarkation or disembarkation of import and export cargo shall be chargeable to sales tax.

38. Taxable value.— Only such gross commissions, fees and charges shall be reckoned for calculating tax as are relatable or attributable to the cargo originating from or destined to the territory of the Punjab.

CHAPTER IX STOCK BROKERAGE

39. Scope of tax.— All stock brokers engaged in the business of brokerage for the sale and purchase of stocks shall be liable to pay the tax on the gross amounts of their commissions.

40. Extent of services.— A stockbroker shall pay tax on all such services which he provides to a person hailing from the Punjab or which he provides at any stock exchange located in the Punjab.

41. Self-investment.— Where a stockbroker has himself purchased stocks from his own financial resources with a view to sell the same to any other person other than the concerned joint-stock company, he shall pay the tax on the basis of commission workable on open market rates at the time of sale of such stocks.

CHAPTER X HOTELS, CLUBS AND CATERERS

42. Tax coverage.— (1) The tax shall be charged and paid on kinds of services including but not limited to the provisioning of food items, drinks (water, soft drinks and others) and other eatables served by hotels, clubs and caterers, whether for consumption inside or outside the premises.

(2) In relation to hotels and clubs, the tax shall also be charged and paid on services like renting of rooms or accommodation, or any other premises, provision of games, sports, or gym, running of health clubs, commercial centres, rent-a-car, tourism services and other businesses, facilities or utilities provided by the hotels and clubs.

(3) The food items served by flight-kitchens on-board the conveyance leaving for a destination outside Pakistan shall not be charged to tax.

43. Valuation of services of clubs.– (1) In relation to clubs, the value of taxable services for the purpose of the tax shall be the gross amount charged or the consideration in money including fee relating to award of new membership, monthly membership fee and all Federal or Provincial taxes, if any, which clubs receive from its members or clients for providing taxable services.

(2) The value under sub-rule (1) shall not include the consideration received on account of refundable deposits or security amounts unless the same are deducted or adjusted in full or in part as settlement or recovery of dues for services.

44. Filing of return.– The hotels and caterers shall submit the monthly return along with the payment of tax due by the 15th day of the following month provided that in respect of supplies made by the clubs, the due date for filing of return and deposit of tax due shall be the 15th day of the second month following the month in which supplies were made by the club.

45. Menu card.– Every hotel and club shall print in its menu card or list of food items to be supplied, the price of each item or combination of food, inclusive of all duties and taxes, whether Provincial or Federal, including the sales tax. The recipient or consumer of food shall be invoiced or billed on the basis of the prices shown in the menu card or price list.

46. Invoicing.– The registered persons shall issue serially numbered the tax invoice, bills, vouchers or cash memos and the persons using computerized accounting system may issue computer-generated cash memos or as the case may be a computer-generated tax invoices.

Explanation: For the purpose of this chapter:

- (i) Membership includes temporary membership, associate membership, honorary membership or membership of any affiliated club using the services of the other club; and
- (ii) In relation to hotels, the provisions of this chapter shall apply for collection and payment of the tax on all the services like gym, sports, swimming, golf, events organized, exhibitions, shows, parties, used by the clients in addition to the food, drinks and other eatables.

CHAPTER XI COURIER SERVICES

47. Tax coverage.— The tax shall be payable on every booking (consignment booked) through courier services in the Punjab.

48. Provincial level courier services.— A person providing courier services only in the Punjab shall get registration in the name of his headquarter office.

49. Regionalization of service activities.— Every such person as is providing courier service within as well as outside the Punjab shall designate its regional office in the Punjab for the purposes of carrying out its obligations under the Act and rules made thereunder in respect of the services chargeable to the tax under the Act.

50. Courier service outlets.— The person providing courier services shall intimate to the Authority within one month of the commencement of these rules or of his registration, the particulars of his all service outlets in the Punjab.

51. Service of a co-loader.— Where one courier agency utilizes the service of another company for in-transit movement of documents, goods, articles or cargo, the service provided by the co-loader shall not be charged to tax if charges thereof are included in the charges billed by the courier agency to the concerned customers.

52. Services provided by other businesses.— (1) For the purpose of removal of doubt, it is clarified that the courier services provided by air lines, post offices, railways, road passenger or cargo transport businesses shall be liable to the tax under the Act.

(2) No input tax adjustment shall be available to such businesses or entities with reference to the tax payable on courier services.

53. Remission of tax.— Where during the custody of a courier service provider, any document, goods, articles or cargo is destroyed for reasons beyond human control and charges of service are refunded to the customers, the tax shall be deemed to have been remitted and adjustment to that effect shall be taken in the return of relevant tax period or of the next tax period.

54. Provision of additional facility.— Where a person providing courier service also provide additional facilities such as warehousing or storage, packing, inventory management, charges of such additional facilities shall be included in the gross amount of charges for courier service for the purpose of levy of tax.

**CHAIRPERSON
PUNJAB REVENUE AUTHORITY**