

(As amended up to 30th June, 2025)

**The
ISLAMABAD CAPITAL TERRITORY
(TAX ON SERVICES)
ORDINANCE,
2001**

(ORDINANCE NO. XLII OF 2001)

Updated vide Finance Act, 2025

By

a team of Provincial Taxes Wing,
Federal Board Revenue,
Islamabad.

(Any inadvertent error may kindly be reported for necessary correction to any of above mentioned officers at following phone number):

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(Amendments by the Finance Act, 2025 have been shown in RED)

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**The
ISLAMABAD CAPITAL TERRITORY
(TAX ON SERVICES)
ORDINANCE,
2001**

¹[Notification No. F. 2(1)/2001-Punj., dated 18th August, 2001.—The following Ordinance promulgated by the President is hereby published for general information:--

ORDINANCE NO. XLII OF 2001

**AN
ORDINANCE**

to provide for levy of sales tax on services rendered or provided in the Islamabad Capital Territory

WHEREAS it is expedient to provide for levy of sales tax on the services rendered or provided in the Islamabad Capital Territory and for matters ancillary thereto or connected therewith;

AND WHEREAS the President is satisfied that circumstances exist which render it necessary to take immediate action;

NOW, THEREFORE, in pursuance of proclamation of Emergency of the fourteenth day of October, 1999, and the Provisional Constitution Order No. 1 of 1999, read with the Provisional Constitution (Amendment) Order No. 9 of 1999, and in exercise of all powers enabling him in that behalf, the President of the Islamic Republic of Pakistan is pleased to make and promulgate the following Ordinance;-

1. Short title, extent and commencement.—(1) This Ordinance may be called the Islamabad Capital Territory (Tax on Services) Ordinance, 2001.

(2) It extends to whole of Islamabad Capital Territory.

¹Issued by the Ministry of Law and Justice, under the signature of Mr. Justice Faqir Muhammad Khokhar, Secretary, vide Ex. Ord. Gaz. of Pak., 2001, Pt. I, P.923.

(3) It shall come into force at once.

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

3. Scope of tax.— ²[(1) Subject to the provisions of this Ordinance, there shall be charged, levied and paid a tax known as sales tax at rates specified in column (4) of Table-1 of the Schedule to this Ordinance of the value of the taxable services rendered or provided in the Islamabad Capital Territory:

Provided that the services specified in Table-2 of the Schedule shall be charged to tax at such rates and subject to such conditions and limitations as specified therein:]

⁶[Provided further that from such date and in such mode and manner, as may be prescribed through a general order by the Board, any service provider as mentioned in Table 1 and Table 2 of the Schedule shall integrate his businesses with the Board's computerized system for real-time reporting of provision of services.]

³[(1A) Notwithstanding the provision of sub-section (1), the export of services shall be charged at the rate of zero per cent.]

(2) The tax shall be charged and levied on the services specified in ⁴[column (2) of] ⁵[Table-1 or Table-2 of the Schedule to this Ordinance, as the case may be,] in the same manner and at the same time, as if it were a sales tax leviable under sections 3, 3A or 3AA, as the case may be, of the Sales Tax Act, 1990.

[(2A) The following provisions of the Sales Tax Act, 1990, shall apply, *mutatis mutandis*, to the services rendered or provided under this Ordinance, namely: –

- (a) clause (b) of sub-section (2) and sub-sections (6) and (7) of section 3;
- ⁷[b) serial number 2, and serial number 8A 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

²Sub-section (1) substituted by Finance (Supplementary) Act, 2022.

³New sub-section (1A) inserted by the Finance Act, 2021.

⁴The words brackets and figure "column (2) of" inserted by the Finance Act, 2015

⁵Expression substituted by Finance (Supplementary) Act, 2022.

⁶In section 3, – in sub-section (1), in the first proviso, for the semicolon, a colon shall be substituted and thereafter the following new proviso inserted by the Finance Act, 2025.

⁷ expression added through Finance Act, 2023.

⁸[(2B) 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].

⁹[(d) serial number 48, 147 and 163 in column (1), and entries relating thereto of Table 1 of Sixth Schedule read with section 13.”.

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

¹⁰[(4) Notwithstanding the provisions of this section, the Board may, whenever deem necessary, subject to such conditions, restrictions and limitations, specify a Negative List of services exempt from tax under this Ordinance in Table-3 to the Schedule, by notification in the official Gazette.

⁸ Sub-section (2B) inserted by Finance Act, 2016.

⁹ In Sub-section (2A), in clause (d), after the expression “48”, the expression “147 and 163” inserted by the Finance Act, 2025.

¹⁰ Sub-Section (4) inserted by the Finance, Act, 2025.

¹¹[Table-1]
[See section 3(2)]

S. No.	Description	PCT Heading, if applicable	Rate of Tax
(1)	(2)	(3)	(4)
¹⁴ [1.	(i) Services provided or rendered by hotels, motels, guest houses, farmhouses, marriage halls, lawns, clubs and caterers. (ii) Services provided or rendered by restaurants including cafes, food (including ice-cream) parlors, coffee house, coffee shops, deras, food huts, eateries, resorts and similar cooked, prepared or ready-to-eat food service outlets etc.	98.01	(i) ¹³[Fifteen percent (ii) (a) Five percent where payment against services is received through debit or credit cards, mobile wallets or QR scanning subject to the condition that no input tax adjustment or refund shall be admissible; and (b) Fifteen percent where payment received in cash.”.
2.	Advertisement on television and radio, excluding advertisements— (a) sponsored by an agency of the Federal or Provincial Government for health education;	9802.1000 and 9802.2000	¹³ [Fifteen percent

¹¹ Existing Schedule re-named as Table-1 through the Finance (Supplementary) Act, 2022.

¹² Serial number substituted through Finance Act, 2022.

¹³ Substituted for the words “sixteen percent” and “seventeen percent” through Finance Act, 2022.

¹⁴ Serial number 1 and entries relating thereto in columns (2), (3) and (4) are Substituted through Finance Act, 2023.

	(b) sponsored by the Population Welfare Division relating to educational promotion campaign; (c) financed out of funds provided by a 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).		
3.	Services provided by persons authorized to transact business on behalf of others— (a) stevedore; (b) customs agents; and (c) ship chandlers.	9805.2000 9805.4000 and 9805.8000	¹³ [Fifteen percent
4.	Courier services and cargo services by road provided by courier companies;	9808.0000 9804.9000	¹³ [Fifteen percent
5.	Construction 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 tax is otherwise paid as property developers or promoters. (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.	9824.0000 and 9814.2000	¹³ [Fifteen percent

6.	Services provided by property developers and promoters (including allied services) excluding the actual purchase value or documented cost of land.	9807.0000 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 does not exceed Rs.50 million; (ii) the contract involving printing or supplies of books.	9809.0000	¹³ [Fifteen percent
8.	Services provided for personal care by beauty parlours, clinics and slimming clinics, body massage centres, pedicure centres; including cosmetic and plastic surgery by such parlours/clinics, but excluding: (i) annual turnover does not exceed Rs.3.6 million; or (ii) the facility of air-conditioning is not installed or available in the premises.	9810.0000 9821.4000 and 9821.5000	¹³ [Fifteen percent
9.	Management consultancy services.	9815.4000, 9819.9300	¹³ [Fifteen percent
10.	Services provided by freight forwarding agents, and packers and movers.	9805.3000, 9819.1400	¹³ [Fifteen percent
¹⁵ [11.	IT services and IT-enabled services. Explanation: - For the purpose of this entry – (a) “IT services” include but not limited to software development, software maintenance, system integration, web design, web development, web hosting and network design; and	Respective headings	Fifteen percent

	(a) “IT enabled services” include but not limited to inbound or outbound call centres, medical transcription, remote monitoring, graphics design, accounting services, human resources (HR) services, telemedicine centres, data entry operations, cloud computing services, data storage services, locally produced television programs and insurance claims processing. ⁶		
12.	Services provided by technical, scientific and engineering consultants.	9815.5000	¹³ [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	¹³ [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	¹³ [Fifteen percent]
15.	Manpower recruitment agents including labour and manpower supplies.	9805.6000	¹³ [Fifteen percent]
16.	Services provided by security agencies.	9818.1000	¹³ [Fifteen percent]
17.	Services provided by advertising agents.	9805.7000	¹³ [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	¹³ [Fifteen percent]
19.	Business support services.	9805.9200	¹³ [Fifteen percent]
20.	Services provided by fashion designers, whether relating to textile, leather, jewellery or other	9819.6000	¹³ [Fifteen percent]

¹⁵Serial number 11 and entries relating thereto in columns (2), (3) and (4) are Substituted through Finance Act, 2023.

	product regimes, including allied services, marketing, packing, delivery and display, etc.		
21.	Services provided by architects, town planners and interior decorators.	9814.1000 9814.9000	¹³ [Fifteen percent]
22.	Services provided in respect of rent a car.	9819.3000	¹³ [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 hard ware; car washing or similar service stations and other workshops).	98.20	¹³ [Fifteen percent]
24.	Services provided for purposes including fumigation services, maintenance and repair (including building and equipment maintenance and repair including after sale services) or cleaning services, janitorial services, dredging or de-silting services and other similar services etc.	98.22	¹³ [Fifteen percent]
25.	Services provided by underwriter, indenters, commission agents including brokers (other than stock) and auctioneers.	9819.1100, 9819.1200, 9819.1300 and 9819.9100	¹³ [Fifteen percent]
26.	Services provided by laboratories other than services relating to pathological or diagnostic tests for patients.	98.17	¹³ [Fifteen percent]
27.	Services provided by health clubs, gyms, physical fitness centres, indoor sports and games centres and body or sauna massage centres.	9821.1000 and 9821.2000 9821.4000	¹³ [Fifteen percent]
28.	Services provided by laundries and dry cleaners.	9811.0000	¹³ [Fifteen percent]
29.	Services provided by cable TV operators.	9819.9000	¹³ [Fifteen percent]

30.	Technical analysis and testing services.	9819.9400	¹³ [Fifteen percent
31.	Services provided by TV or radio program producers or production houses.	--	¹³ [Fifteen percent
32.	Transportation through pipeline and conduit services.	--	¹³ [Fifteen percent
33.	Fund and asset (including investment) management services.	--	¹³ [Fifteen percent
34.	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.	--	¹³ [Fifteen percent
35.	Technical inspection and certification services and quality control (standards' certification) services.	--	¹³ [Fifteen percent
36.	Erection, commissioning and installation services.	--	¹³ [Fifteen percent
37.	Event management services.	--	¹³ [Fifteen percent
38.	Valuation services; competency and eligibility testing services excluding education testing services provided or rendered under a bilateral or multilateral agreement signed by the Government of Pakistan],	--	¹³ [Fifteen percent
39.	Exhibition or convention services.	--	¹³ [Fifteen percent
40.	Services provided in respect of mining of minerals, oil & gas including related and allied activities.	--	¹³ [Fifteen percent
41.	Services provided by property dealers and realtors.	--	¹³ [Fifteen percent
42.	Call centres.	--	¹³ [Fifteen percent
¹⁴ [43.	Services provided by car/ automobile dealers.	--	¹³ [Fifteen percent

44.	Advertisement on hoarding boards, pole signs and signboards, and websites or internet.	9802.9000	¹³ [Fifteen percent
45.	Services provided by landscape designers.	9814.4000	¹³ [Fifteen percent
46.	Sponsorship services.	9805.9100	¹³ [Fifteen percent
47.	Services provided or rendered by legal practitioners and consultants.	9815.2000	¹³ [Fifteen percent
48.	Services provided by accountants and auditors	9815.3000	¹³ [Fifteen percent
49.	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	¹³ [Fifteen percent
50.	Services provided by race clubs: Entry/ admission and other services.	- -	¹³ [Fifteen percent
51.	Services provided or rendered by corporate law consultants.	9815.9000	¹³ [Fifteen percent
52.	Visa processing services, including advisory or consultancy services for migration or visa application filing services.	- -	¹³ [Fifteen percent
53.	Debt collection services and other debt recovery services.	- -	¹³ [Fifteen percent
54.	Supply chain management or distribution (including delivery) services.	- -	¹³ [Fifteen percent
55.	Services provided or rendered by persons engaged in inter-city transportation or carriage of goods by road or through pipeline or conduit.	- -	¹³ [Fifteen percent
56.	Ready mix concrete services.	- -	¹³ [Fifteen percent
57.	Public relations services.	- -	¹³ [Fifteen percent
58.	Training or coaching services other than education services.	- -	¹³ [Fifteen percent
59.	Cleaning services including janitorial services, collection of waste and processing of domestic waste.	9822.2000, 9822.3000 and 9822.9000	¹³ [Fifteen percent
¹⁶ [60.	Electric Power Transmission Services.	- -	Fifteen percent

¹⁶Serial number 60 added through Finance Act, 2023.

¹⁷[Table-2]

S.No.	Description	PCT Heading, if applicable	Rate of Tax
(1)	(2)	(3)	(4)
1.	Construction 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 tax is otherwise paid as property developers or promoters; (iii) Government civil works including cantonment boards; (iv) Construction of industrial zones, consular building and other organizations exempt from income tax; and (v) Residential construction projects where the covered area does not exceed 10,000 square feet for houses and 20,000 square feet for apartments.	9814.2000 and 9824.0000	Zero per cent subject to the condition that no input tax adjustment or refund shall be admissible
2.	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 cases where - (i) annual turnover does not exceed Rs.3.6 million; or (ii) the facility of air-conditioning is not installed or available in the premises.	9810.0000, 9821.4000 and 9821.5000	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible.
3.	Services provided by freight forwarding agents, and packers and movers.	9805.3000 and 9819.1400	Five percent or Rs.1000 per bill of lading, whichever is higher subject to

¹⁷Table-2 inserted by Finance (Supplementary) Act, 2022.

			the condition that no input tax adjustment or refund shall be admissible.
4.	Services provided by tour operators and travel agents including all their allied services or facilities (other than Hajj and Umrah).	9803.9000, 9805.5000 and 9805.5100	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible.
5.	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 equipment or appliances etc. Including computer hard ware; car washing or similar service stations and other workshops).	98.20	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible.
6.	Services provided by health clubs, gyms, physical fitness centers, indoor sports and games centers and body or sauna massage centers.	9821.1000, 9821.2000 and 9821.4000	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible.
7.	Services provided by laundries and dry cleaners.	9811.0000	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible.
8.	Services provided by property dealers and realtors.	Respective headings	Zero per cent subject to the

			condition that no input tax adjustment or refund shall be admissible.
9.	Services provided by car / automobile dealers.	Respective headings	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible.
10.	Services provided or rendered by marriage halls and lawns, by whatever name called, including “pandal” and “shamiana” services and caterers.	Respective headings	Five per cent subject to the condition that no input tax adjustment or refund shall be admissible.
¹⁸ [11.	Services provided by software or IT-based system development consultants.	9815.6000	Five percent subject to the conditions that no input tax adjustment or refund shall be admissible.
12.	Services provided by property developers and promoters (including allied services) relating to low cost housing schemes sponsored or approved by Naya Pakistan Housing and Development Authority or under Government’s Ehsaas programme.	9807.0000 and respective sub-headings of heading 98.14	Zero per cent subject to the condition that no input tax adjustment or refund shall be admissible.

¹⁸Serial number 11 substituted through Finance Act, 2022.