



COMMENTS ON BALOCHISTAN FINANCE BILL 2021

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❖ PREAMBLE

The budget 2021-22 was presented on 18th June 2021 by Finance Minister, in which some changes are also proposed in The Balochistan Sales Tax on Services 2015 Act, 2015 (Act No Vi of 2015) briefed as follows:

1. ADDITION OF NEW TAXABLE ACTIVITIES

a) BEACHING

Beaching includes any activity under which a ship, vessel, boat, or any similar structure whether complete, incomplete, damaged or undamaged is moved from sea waters to the shore or grounded in shallow waters for the purpose of cargo/goods loading or unloading, embarking or disembarkation of persons/passengers, repairs, maintenance, dismantling, breaking or for any other similar purpose.

Also proposed to be added in Second Schedule in PCT code= 9805.2100 with Rate of Tax = 15%

b) CAB AGGREGATOR

Cab aggregator also included which means a person who is an aggregator or operator or intermediary or online market place who canvasses or solicits or facilitates passengers for travel by motor vehicles like taxi, cab, car, van, motorcycle and rickshaw, and who connects the passenger or the intending passenger to a driver of any of the aforesaid motor vehicles through telephone, cellular phone, internet, web based services or GPS or GPRS-based services, electronic or digital means, whether or not he charges or collects any fee, fare, commission brokerage or other charges or consideration for providing or rendering such services.

Also proposed to be added in Second Schedule in PCT code= 9819.3100 with Rate of Tax = 15%

c) DEPOT FOR STORAGE INCLUDING COLD STORAGE

Depot for storage including cold storage means the facility or space provided or rendered or let out on

rent or otherwise for the storage, cold storage or warehousing of goods including those in loft- of liquids and gases, but not including the storage of food grains and fresh vegetables and fruits not subjected to further processing and also not including the storage in public bonded warehouses as defined in clause 125 of Section 2.

d) ONLINE MARKETPLACE SERVICES

Online marketplace services mean an information technology platform run by e-commerce entity or organization over an electronic network that acts as facilitator in transactions that occur between a buyer and a seller or between a service provider and service recipient.

Also proposed to be added in Second Schedule in PCT code= 9869.0000 with Rate of Tax = 15%

e) PILOTAGE

Pilotage means any activity involving rendering or providing of any service connected with guiding or providing a parking of a ship or vessel in water near the shore and includes toeing of a vessel or ship from mooring to the shore and its anchorage near or on a berth, wharf, or dock.

f) SITE PREPARATION AND CLEARANCE, EXCAVATION AND EARTH MOVING AND DEMOLITION SERVICES.

Site Preparation and clearance, excavation and earth moving services means any services provided or rendered to any person by another person, in relation to site preparation and clearance, excavation and earthmoving and demolition and such other similar activities, including-

- (i) Drilling, boring and core extraction services for construction, geophysical, geological, and similar purposes but not including the services in relation to mining of minerals, oil or gas (as covered under tariff heading 9866.0000) or – landfill, leveling, trench digging, rock removal, blasting, and similar services; or
- (ii) Soil stabilization; or
- (iii) Horizontal drilling or passage of cables or drainpipes; or

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- (iv) Land reclamation work; or
(v) Contaminated topsoil stripping work; or demolition or wracking of building structure or road.

Also proposed to be added in Second Schedule in PCT code= 9870.0000 with Rate of Tax = 15%

g) SUPPLY OF MOVABLE PROPERTY BY WAY OF LEASE, LICENSE, OR SIMILAR ARRANGEMENT

Supply of movable property by way of lease, license or similar arrangement means the services provided or rendered, to any person by another person, by way of lease, license, renting, hire purchase, or similar arrangements wherein usage takes place of machinery, equipment, appliances, and other tangible goods including bulldozers, excavators, road rollers, and levelers, cranes, construction machinery and equipment, earthmoving machinery and equipment, scaffolding, generators, refrigerators, or in relation to such usage or renting.

Explanation: The Dealers of second-hand goods other than car or automobile, as classified under tariff heading 9806.5000, and also the rent a car or automobile rental services, as classified under tariff heading 9819.3000, shall be excluded from the purview of this clause.

h) TRAINING SERVICES

Training Services means the training services provided or rendered by any person, institute, or establishment, by whatever name called, for imparting skill or knowledge or lesson on any subject or field, with or without issuance of a certificate, and includes the services of vocational, professional, technical, commercial, or specialized trainings, courses, seminars, workshops, and lectures, imparted for consideration but does not include the services of coaching or training of sports.

i) WASTE COLLECTION, TRANSPORTATION, PROCESSING, AND MANAGEMENT SERVICES

Waste collection, transportation, processing, and management services means services provided in the matters of collection, processing, transportation,

disposal, recycling, and management of all kinds of wastes, waste materials and garbage and includes road and street cleaning services, whether manually, mechanically, or otherwise.

Also proposed to be added in Second Schedule in PCT code= 9822.2100 with Rate of Tax = 15%

2. REDUCE RATE FOR CONSTRUCTION SERVICES ON FEDERAL GOVERNMENT PROJECTS

Contractor of building (including water supply, gas supply and sanitary works), roads and bridges, electrical and mechanical works (including air conditioning), horticultural works, multi-discipline works (including turn-key projects), and similar other works the rate of tax is 6% for all services specified at tariff headings 9814.2000 and 9824.0000 without input tax credit or adjustment to the extent of contracts for which payment is made from the **Provincial Consolidated Fund**. Now it is proposed to add payment from **Federal Consolidated Fund** in this reduce rate also.

3. EXEMPTION FROM TAX UNDER REPAIR AND MAINTENANCE SERVICES

The repair and maintenance services are chargeable at 15%, now it is proposed to exclude such service which is rendered to persons involved in or having a core business activity of generating power through wind or solar energy only.

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