

PROVINCIAL FINANCE BILLS 2026



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PREAMBLE

Provincial sales tax on services continues to remain an important area of fiscal policy, revenue mobilization and compliance management for businesses operating across Pakistan. Through the respective Finance Bills, 2026, the Provincial Governments have proposed various amendments in their sales tax laws, covering changes in tax rates, exemptions, input tax adjustment, registration and compliance requirements, enforcement powers, recovery mechanisms and other procedural matters.

This publication provides a brief overview of the key amendments proposed through the Finance Bills, 2026 in the provincial sales tax laws. The objective is to assist taxpayers, businesses and other stakeholders in understanding the nature of these amendments and their likely practical implications from a compliance, cash flow and tax planning perspective.

This publication is intended for information purposes only and should not be relied upon as a basis for making any business, tax, legal or financial decision. Readers are advised to seek specific professional advice based on the applicable law and the facts and circumstances of their case.

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SINDH

SINDH FINANCE BILL 2026

KEY AMENDMENTS

The Sindh Finance Bill, 2026 has introduced several amendments with respect to compliances, administrative, and sector-specific changes to the Sindh Sales Tax on Services Act, 2011. These amendments include continuation of tax liabilities after deregistration, stricter penalties for non-compliant invoicing software providers, enhanced powers of the Sindh Revenue Board, confidentiality of taxpayer information, changes to exemptions, and revised tax rates for selected services.

Key amendments introduced through the Sindh Finance Bill, 2026 are as follows:

DE-REGISTRATION

SECTION 25A

Particulars	Existing Provision	Amendment
Time for de-registration application	3 months	180 days
Liability after de-registration	No specific provision	Tax liabilities relating to the period during which taxable services were provided shall continue notwithstanding de-registration.

OFFENCES AND PENALTIES

SECTION 43

The Sindh Finance Bill, 2026 has introduced a severe penalty for software developers/customizers supplying invoicing software that does not comply with the Sindh Sales Tax on Services Rules, 2011 and the Sindh Sales Tax Special Procedure (Online Integration of Business) Rules, 2022 invoice requirements may face a penalty ranging from Rs.100,000 to Rs.1,000,000.

MANDATORY DISPLAY OF NOTICES

SECTION 52A

The Sindh Finance Bill, 2026 has introduced a new provision i.e. 52A under the Sindh Sales Tax on Services Act, 2011 requiring registered persons to display tax awareness notices/messages at business premises.

DECISION IN APPEAL

SECTION 59

Section 59 of the Sindh Sales Tax on Services Act, 2011 authorizes the Commissioner Appeals to conduct further inquiry of a matter so that the case may not be remanded back for de novo proceedings. Through the Sindh Finance Bill, 2026, the time frame for the conduct of such inquiry has been limited to a period of sixty days.

RECOVERY OF ARREARS OF TAX**SECTION 66**

The Sindh Finance Bill has introduced a significant amendment to section 66 of the Sindh Sales Tax on Services Act by extending the benefit of automatic stay of recovery to appeals filed before the Appellate Tribunal, in addition to appeals pending before the Commissioner (Appeals). This broadens the statutory protection available to taxpayers during the appellate process.

However, the amendment simultaneously increases the mandatory pre-deposit required to obtain such automatic stay from 10% to 20% of the disputed tax demand, thereby balancing the expanded appellate relief with enhanced revenue safeguards for the Government.

DISCLOSURE OF INFORMATION**SECTION 73A**

The Sindh Finance Bill, 2026 has introduced a new section 73A to expressly safeguard the confidentiality of taxpayer information, including returns, statements, assessment records and recovery proceedings. While such information generally cannot be disclosed by SRB officials, the amendment permits disclosure where necessary for the administration of the SST Act or to Federal and Provincial Government departments and authorities that are legally authorized to access such information or are party to information-sharing arrangements with the SRB for tax administration purposes.

AMENDMENTS IN THE FIRST SCHEDULE (LIST OF EXEMPT SERVICES)**FOOD-RELATED EXEMPTION**

The Sindh Finance Bill, 2026 has significantly narrowed the scope of exemption available to food and agricultural commodities. Under the proposed amendment, the exemption shall no longer apply broadly to food and agricultural products and shall instead be restricted to food grains and fresh vegetables and fruits that have not undergone any further processing.

EDUCATION SECTOR EXEMPTION

The Sindh Finance Bill, 2026 has restricted the exemption available to educational services to the extent of pre-primary, primary, secondary, post-secondary non-tertiary, and tertiary education services where the fee does not exceed Rs.500,000 per annum per student. The exemption shall also continue to apply to special education institutions, adult literacy programs, and sports education services provided by individuals.

INSURANCE SERVICES EXEMPTION

The Sindh Finance Bill, 2026 has revised the threshold for exemption for life insurance other than group life insurance, of individuals. Now such services having coverage up to Rs. 3,500,000/- shall be exempt from the purview of Sindh sales tax. Whereas, the previous threshold was Rs. 500,000/-.

REINSURANCE SERVICES EXEMPTION

The Sindh Finance Bill, 2026 has exempted reinsurance services relating to crop insurance and export marine insurance. The proposed exemption is intended to facilitate the agriculture and export sectors by reducing the tax cost associated with insurance coverage.

AMENDMENTS IN THE SECOND SCHEDULE PART II

(LIST OF SERVICES LIABLE TO TAX AT A RATE LOWER THAN STANDARD RATE)

READY-MIX CONCRETE SERVICES:

The Sindh Finance Bill, 2026 has replaced construction services with Ready-Mix Concrete services under the reduced rate regime, while retaining the existing sales tax rate of 8%.

DREDGING AND ROCK/SILT REMOVAL SERVICES:

The Sindh Finance Bill, 2026 has introduced a reduced sales tax rate of 8% for dredging and rock/silt removal services.

CONSTRUCTION SERVICES BY PROPERTY DEVELOPERS

The Sindh Finance Bill, 2026 proposes to introduce a new tax regime for construction services provided by property developers and promoters. Under the proposed regime, Sindh Sales Tax shall be payable at the rate of Rs.100 per square yard of land area and Rs.50 per square foot of constructed covered area in respect of such services.

Moreover, the bill proposes to subject services relating to dredging and rock and silt removal to Sindh Sales Tax at the concessional rate of 8%.

INSURANCE AGENT SERVICES

The existing reduced tax rate of 5% applicable to insurance brokerage and agency services is proposed to be rationalized by prescribing a separate tax rate of 2% for services provided by insurance agents and 3% for insurance brokers.

TAX CONSULTANCY AND LEGAL SERVICES:

The Sindh Finance Bill, 2026 proposes to carve out legal services, tax consultancy and preparation services and insolvency and receivership services from the broader category of legal and accounting services and subjecting such services to sales tax at the reduced rate of 8%.

Whereas accounting and auditing services shall now be taxable at the standard rate of 15%.

EDUCATION SERVICES

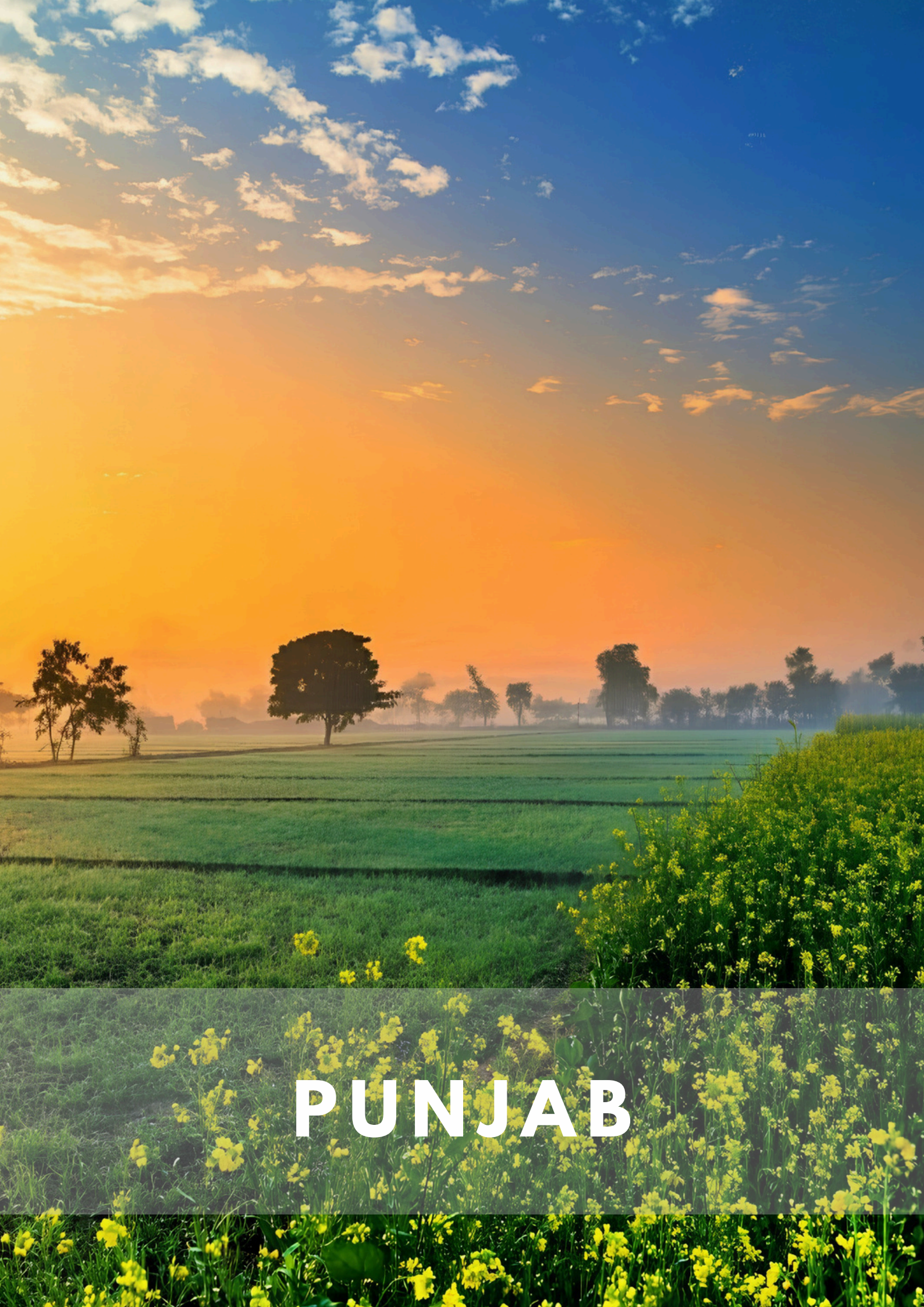
The Sindh Finance Bill, 2026 proposes to restrict the reduced rate of education sector to pre-primary, primary, secondary, post-secondary non-tertiary, and tertiary education services at the rate of 3%, where the annual fee or charges per student exceed Rs.500,000. The proposed rate shall also apply to other education and training services, excluding educational support services.

Furthermore, educational support services are proposed to be subject to Sindh Sales Tax at the rate of 5%.

Services other than the above shall be subject to the standard rate of 15%.

BEAUTY AND WELLNESS SERVICES

The Sindh Finance Bill, 2026 proposes to increase the tax rate applicable to beauty and physical well-being services from 5% to 8% by withdrawing the concessional rate previously available to integrated businesses. Consequently, these services will be subject to a uniform tax rate of 8%, irrespective of POS integration with the Sindh Revenue Board.



PUNJAB

PUNJAB FINANCE BILL 2026

AMENDMENTS IN PUNJAB SALES TAX ON SERVICES ACT, 2012

The Punjab Finance Bill, 2026 introduces significant amendments to the Punjab Sales Tax on Services Act, 2012 aimed at strengthening compliance, restricting inadmissible input tax claims, enhancing enforcement powers of the Punjab Revenue Authority (PRA), and increasing penalties for non-compliance. The Bill also introduces a risk-based input tax management system and revises tax rates for various services.

This Act shall come into force on and from the first day of July 2026.

ACTIVE TAXPAYER

SECTION 2

The Punjab Finance Bill, 2026 has redefined the term "**Active Taxpayer**" under the Punjab Sales Tax on Services Act, 2012. Under the revised definition, a registered person will qualify as an 'active taxpayer' only if its registration has not been suspended or blacklisted by the Authority and it has filed its sales tax returns by the due date for the last two consecutive tax periods.

TAX CREDIT NOT ALLOWED

SECTION 16B

The Punjab Finance Bill, 2026 has amended Section 16B of the Punjab Sales Tax on Services Act, 2012 whereby input tax shall not be admissible on goods or services received against invoices issued by persons not appearing on:

- PRA Active Taxpayers List; or
- Federal Board of Revenue (FBR) Active Taxpayers List.

EXTENT OF ADJUSTMENT OF INPUT TAX

SECTION 16B

The Punjab Finance Bill, 2026 has reduced the maximum input tax adjustment available to registered persons under section 16C (a provision which restricts adjustment of input tax) from **90%** to **80%** of the output tax liability for a tax period, thereby increasing the minimum net sales tax payable in cash.

ADJUSTMENT OF INPUT TAX ON CERTAIN GOODS AND SERVICES

SECTION 16CC

The Punjab Finance Bill, 2026 has introduced a new section 16CC which requires input tax relating to capital goods, machinery and fixed assets to be adjusted against output tax in **twelve equal monthly instalments**, instead of allowing immediate adjustment, similar to the mechanism available in the Province of Sindh.

ADJUSTMENT OF INPUT TAX ON CERTAIN GOODS AND SERVICES

SECTION 16CCC

The Punjab Finance Bill proposes to introduce a new risk-based input tax management framework, empowering the Authority to evaluate, verify and monitor input tax claims, adjustments, credits and refunds through a system driven by risk parameters, data analytics and taxpayer profiling. Under the proposed framework, the Authority may defer the admissibility of high-risk input tax claims pending verification, disallow claims in whole or in part, seek additional information, or select cases for audit or investigation.

The amendment also provides procedural safeguards by requiring an opportunity of being heard before any adverse action is taken and allows aggrieved taxpayers to seek review before the Commissioner on application who must decide the matter within 30 days.

SIGNIFICANT INCREASE IN PENALTIES

SECTION 48

S.No.	Offence	Existing	Proposed
05	Failure to produce the record	Such person shall pay a penalty of Rs. 25,000/- for the first default and Rs. 100,000/- for each subsequent default	Up to Rs. 100,000/- for first default and Rs. 100,000/- for each subsequent default
	Individual		Up to Rs. 500,000/- for first default and Rs. 500,000/- for each subsequent default
	Company / Association of Persons		
16	Where any person: (a) causes intentional damage to or intervention in the electronic invoice monitoring system; or (b) impedes or obstructs transmission of invoice data to the Authority.	Such person shall be liable to pay a penalty of Rs. 100,000/- for each act of commission.	Such person shall be liable to pay a penalty of Rs. 500,000/- for each act of commission.
17	Where any person fails or refuses to issue a tax invoice.	Rs. 20,000/- on first default and Rs. 50,000/- for each subsequent default.	Rs. 500,000/- on first default and Rs. 1,000,000/- for each subsequent default.
20	Where any person either avoids, defies, fails to comply with electronic invoicing system or issues invoices bypassing the electronic invoicing system.	Such person shall be liable to pay a penalty of up to Rs. 100,000/-, but not less than Rs. 25,000/-.	Such person shall be liable to pay a penalty of up to Rs. 500,000/-, but not less than Rs. 25,000/-.

REVISION IN MONETARY LIMITS FOR ADJUDICATION**SECTION 60**

The Punjab Finance Bill, 2026 proposes to enhance the monetary jurisdiction of officers exercising adjudication powers under section 60(1) of the Punjab Sales Tax on Services Act, 2012.

Under the proposed amendment:

- The monetary limit for cases to be adjudicated by the Assistant Commissioner/Deputy Commissioner is proposed to be increased from Rs. 10 million to Rs. 50 million.
- The adjudication limit of the Enforcement Officer/Audit-cum-Risk Compliance Officer is proposed to be enhanced from Rs. 5 million to Rs. 25 million.

MANDATORY REGISTRATION AND ACTIVE TAXPAYER STATUS FOR LICENSES AND GOVERNMENT CONTRACTS **SECTION 76A**

The Punjab Finance Bill, 2026 proposes to insert section 76A, empowering the Punjab Revenue Authority to require regulatory authorities and government procuring agencies to ensure compliance with sales tax registration requirements. Under the proposed provision, authorities responsible for issuing or renewing licenses, permissions, or No Objection Certificates relating to taxable services shall not grant or renew such approvals unless the applicant is registered under the Punjab Sales Tax on Services Act, 2012 and appears on the Active Taxpayers List maintained by the PRA.

Similarly, procuring agencies shall not award or renew contracts in favour of contractors, suppliers, consultants, or bidders unless they are registered under the Act and included on the Active Taxpayers List.

However, newly established businesses are proposed to be granted relief from these requirements for a period of six months from the date of their registration under the Act.

AMENDMENTS IN SECOND SCHEDULE

REVISION IN REDUCED SALES TAX RATES

The Punjab Finance Bill, 2026 proposes to increase the reduced rate of Punjab Sales Tax applicable to various services covered under Part III of the Second Schedule from 5% to 8%, thereby revising the concessional tax regime currently available to such services.

Services provided by Hotels, Motels and Guest Houses

The Punjab Finance Bill, 2026 proposes to introduce a differential tax regime for restaurants and similar services based on the mode of payment.

Under the proposed amendment, payments received through debit cards, credit cards, mobile wallets, or QR-based payment channels shall be subject to tax at the rate of 8% without input tax adjustment, whereas payments received through other modes shall be taxable at the rate of 16%.

FOREIGN EXCHANGE SERVICES

The Punjab Finance Bill, 2026 proposes to introduce a reduced tax regime for foreign exchange services provided by exchange companies, forex dealers, money changers, and other persons engaged in currency exchange activities.

Such services shall be subject to Punjab Sales Tax at the rate of 3% without input tax adjustment. Tax will be levied on the spread charges earned in connection with the purchase and sale of foreign currencies, as permitted by the State Bank of Pakistan.

EVENT MANAGEMENT SERVICES

The Punjab Finance Bill, 2026 further proposes to remove event management services from their existing classification under the reduced rate schedule and introduce these as a separate taxable category subject to levy of Punjab Sales Tax at the rate of 8% without input tax adjustment.



KPK

KPK FINANCE BILL 2026

AMENDMENTS IN THE KHYBER PAKHTUNKHWA SALES TAX ON SERVICES ACT, 2022

The Khyber Pakhtunkhwa Finance Bill, 2026 proposes significant amendments to the Khyber Pakhtunkhwa Sales Tax on Services Act, 2022 with the objective of strengthening digital compliance, enhancing enforcement mechanisms, expanding the scope of liability for tax evasion, and modernizing the provincial sales tax framework in line with emerging technological developments and business practices.

The proposed amendments primarily focus on electronic invoicing, regulation of Point-of-Sale systems, strengthening recovery powers of the Authority, and enhancing accountability of third-party service providers involved in the recording and reporting of taxable transactions.

INTRODUCTION OF POINT-OF-SALE SYSTEM DEFINITION

SECTION 2

The Khyber Pakhtunkhwa Finance Bill, 2026 proposes to introduce a comprehensive definition of the term **"Point of Sale System" (POS System)** under the Act. The proposed definition is sufficiently broad to cover software applications, cloud-based platforms, devices, terminals and any other electronic or digital arrangements used for generating, issuing, recording, storing, transmitting or reporting invoices and fiscal documents relating to taxable services.

EXPANSION OF TAX FRAUD PROVISIONS

SECTION 2

The Khyber Pakhtunkhwa Finance Bill, 2026 further proposes to expand the scope of tax fraud by including within its ambit persons who directly or indirectly facilitate or enable suppression or misreporting of taxable activities through manipulation of software, hardware, electronic invoicing systems or Point of Sale Systems.

JOINT AND SEVERAL LIABILITY OF PERSONS WHERE TAX REMAINED UNPAID SECTION 22

The Khyber Pakhtunkhwa Finance Bill, 2026 proposes to expand the scope of liability for unpaid tax by introducing joint and several liability for collection agents and persons involved in the design, development, supply, installation, operation, or management of Point-of-Sale systems that facilitate or contribute to the concealment, suppression, or misreporting of taxable transactions. The amendment further extends liability to persons who knowingly fail to take reasonable corrective measures despite indications of system manipulation or tax evasion.

ELECTRONIC INTEGRATION, E-INVOICING AND DIGITAL COMPLIANCE**SECTION 34A**

The Khyber Pakhtunkhwa Finance Bill, 2026 proposes a new section 34A to be inserted to provide a legal framework for electronic integration, e-invoicing, and digital compliance, empowering the Government to prescribe requirements for real-time reporting and verification of invoices and transactions, and to introduce related compliance measures and incentive schemes for promoting tax documentation and compliance. Detailed framework may be prescribed through a notification or promulgation of related rules.

OFFENCES AND PENALTIES**SECTION 53**

The Khyber Pakhtunkhwa Finance Bill, 2026 proposes to substitute the existing section 53 with an entirely new and substantially expanded framework governing offences and penalties under the Act.

Under the proposed regime, penalties shall be imposed according to the nature and severity of the offence and the jurisdiction prescribed in the penalty schedule. The revised framework is expected to substantially increase enforcement actions relating to non-registration, non-filing of returns, non-payment of tax, non-maintenance of records, non-issuance of invoices and digital non-compliance.

Emphasis has been placed on violations involving electronic invoicing systems and Point of Sale Systems, reflecting the Government's intention to curb tax evasion through technology-enabled monitoring and enforcement mechanisms.

STRENGTHENING OF SEARCH AND INSPECTION POWERS**SECTION 60**

The Khyber Pakhtunkhwa Finance Bill, 2026 proposes to strengthen the search and inspection powers of the Authority while simultaneously introducing procedural safeguards for taxpayers.

Under the proposed amendment, an authorized officer conducting search or inspection proceedings shall be required to provide a copy of the approval granted by the Management Committee or the Collector before or at the time of undertaking such action. Furthermore, the scope of power to inspect is proposed to be expanded to expressly include electronic devices, digital media, storage facilities and other locations within business premises where records, invoices or transactional data are reasonably believed to be maintained or concealed.

STRENGTHENING OF RECOVERY MECHANISM**SECTION 74**

The Khyber Pakhtunkhwa Finance Bill, 2026 proposes to strengthen the Authority's recovery powers by allowing attachment of any bank account maintained by a tax defaulter, whether such account is maintained for business or personal purposes.

The amendment further clarifies that recovery notices issued by the Authority shall be binding upon the banking institution irrespective of the branch where the account is maintained. In addition, where a bank official intentionally delays compliance or facilitates a taxpayer in avoiding recovery proceedings, the Authority may impose a personal penalty of up to Rs.500,000 or five percent of the recoverable amount, whichever is higher.

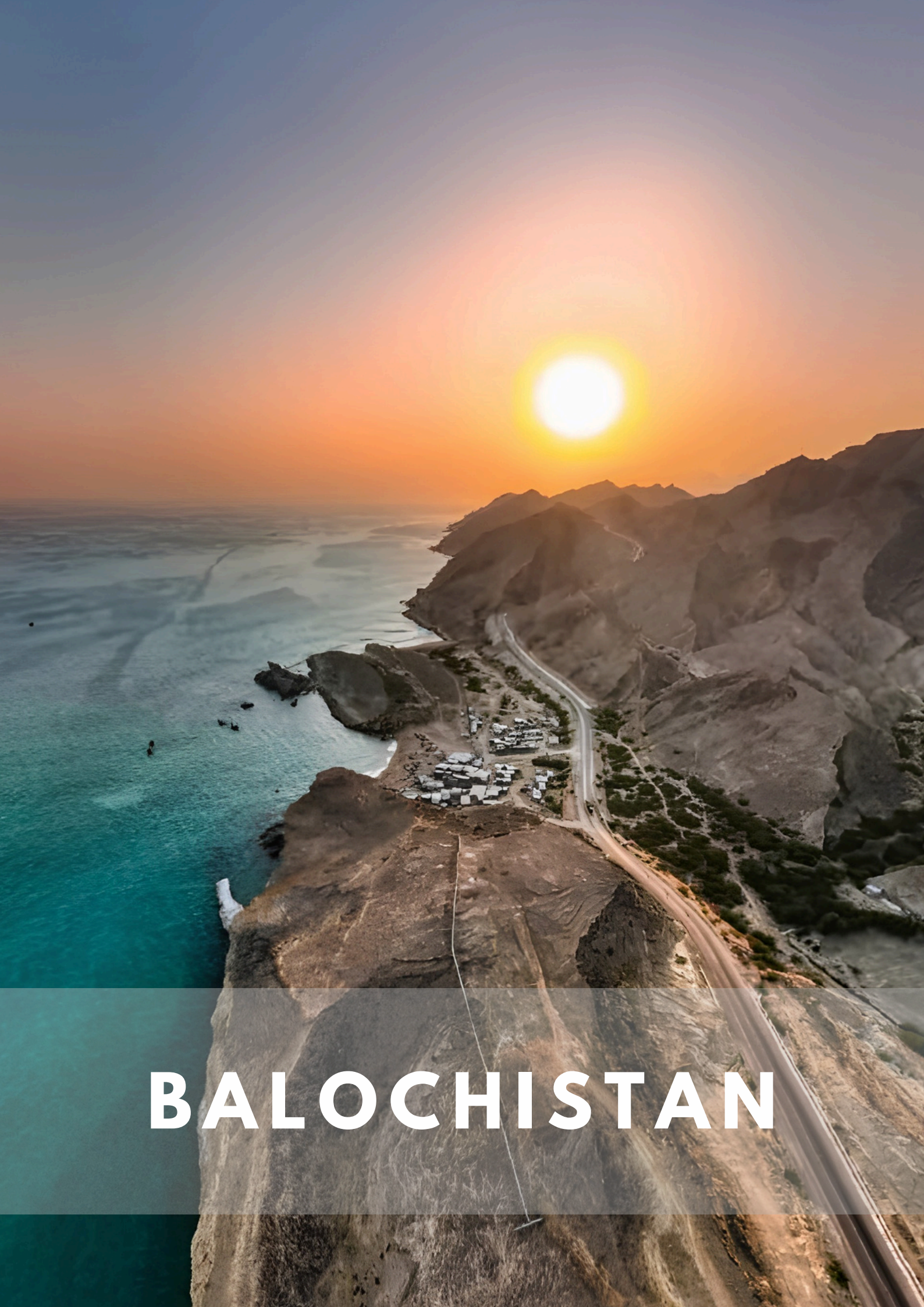
REVISION OF REDUCED RATE PROVISIONS UNDER THE SECOND SCHEDULE PART II**- REVISION OF REDUCED SALES TAX RATE FOR ADP-FUNDED PROJECTS**

The Finance Bill proposes significant changes to the reduced sales tax regime for government-funded and development projects. The term "government-funded project" has been broadly defined to cover projects financed wholly or partly through public funds, including ADP and PSDP schemes, grants, loans, and budgets of government departments and public sector entities.

Under the proposed changes, projects approved on or after 1 July 2025 under the Annual Development Program (ADP) will be subject to sales tax at the rate of 4%, without input tax adjustment. However, ongoing projects approved between 1 July 2021 and 30 June 2025 will generally continue to enjoy the reduced rate of 2%, subject to certain conditions.

- SERVICES PROVIDED THROUGH VIRTUAL ASSET AND ONLINE TRADING PLATFORMS

The Bill also proposes a new reduced tax rate of 5%, without input tax adjustment, on services provided through digital and online platforms facilitating the trading or exchange of virtual assets and similar digital instruments.



BALUCHISTAN

BALOCHISTAN FINANCE BILL 2026

AMENDMENTS IN THE BALOCHISTAN SALES TAX ON SERVICES ACT, 2015

The Balochistan Finance Bill, 2026 has introduced a number of significant amendments to the Balochistan Sales Tax on Services Act, 2015 aimed at clarifying the scope of taxation, strengthening revenue administration, rationalizing exemptions and revising the tax treatment of selected sectors. The proposed amendments also seek to facilitate the transition towards the negative list taxation regime and provide greater certainty regarding the continuity of tax treatment for existing taxable services.

A summary of the key amendments are as under:

DEFINITION RATIONALIZATION AND EXPANSION OF PLACE OF BUSINESS SECTION 2

The Balochistan Finance Bill, 2026 proposes to expand the definition of "Place of Business in Balochistan" by expressly recognizing factory premises situated within the province as constituting a place of business, irrespective of the location of the company's registered office, thereby reinforcing the jurisdiction of the Balochistan Revenue Authority over businesses carrying on economic activities in Balochistan.

Furthermore, the Bill seeks to omit certain redundant definitions contained in clauses (24), (73), (178), and (182A) of section 2 to streamline the statutory framework.

TAX LIABILITY INDEPENDENT OF REGISTRATION STATUS SECTION 10

The Balochistan Finance Bill, 2026 proposes to insert a new subsection (4A) in section 10 to clarify that a person shall not be exempt from any tax liability merely on the ground that such person was not registered under the Act or the Rules made thereunder.

The amendment reinforces the principle that tax liability arises from the provision of taxable services and not from registration status.

COLLECTION OF EXCESS TAX SECTION 17

The Balochistan Finance Bill, 2026 proposes to insert sub-section (1A) in Section 17, reinforcing that no refund of tax paid under the Act shall be admissible unless the claimant establishes that the burden of tax has not been passed on to any other person, including the recipient of the services.

**CABINET APPROVAL FOR OVER-AGE APPOINTMENT OF APPELLATE TRIBUNAL MEMBERS
SECTION 66**

The Balochistan Finance Bill, 2026 proposes to amend the provisions relating to the appointment and reappointment of members of the Appellate Tribunal by introducing an additional oversight mechanism for appointments beyond the prescribed age limit.

Under the proposed amendments, where a Judicial Member or Technical Member has attained the age of sixty-five years or more, the matter shall be referred to the Provincial Cabinet for approval before appointment or reappointment can be made.

**PRESERVATION OF EXISTING TAX RATES AFTER ADOPTION OF NEGATIVE LIST
SECTION 78C**

The Balochistan Finance Bill, 2026 proposes to introduce a transitional provision to ensure that all services which were subject to sales tax as of 30 June 2025 shall continue to remain taxable at the same rates unless specifically exempted or subjected to a reduced rate through subsequent legislation or notifications.

**REMOVAL OF DIFFICULTIES IN IMPLEMENTATION OF NEGATIVE LIST METHOD
SECTION 78D**

The Balochistan Finance Bill, 2026 through insertion of Section 78D proposes to empower the Authority to issue orders for removing operational difficulties arising from the implementation of the negative list taxation model.

The Authority may, for a period of three years from the commencement of the Balochistan Finance Act, 2025, make necessary modifications, additions or omissions in the application of the provisions of the Act to facilitate effective implementation of the new regime.

AMENDMENTS IN THE FIRST SCHEDULE (EXEMPT SERVICES)

TOUR OPERATORS

The Balochistan Finance Bill, 2026 proposes to restrict the exemption for tour operators to Hajj and Umrah tour package services and requires monthly filing of sales tax returns.

SUPPORT AND OPERATION SERVICES

The Balochistan Finance Bill, 2026 proposes to withdraw the exemption available to support and operational services relating to hunting.

EDUCATION SERVICES

The Balochistan Finance Bill, 2026 proposes to restrict the exemption available to education services by excluding educational institutions operating for commercial purposes and sports education services from the scope of exemption.

HEALTHCARE SERVICES

The Balochistan Finance Bill, 2026 proposes to limit the exemption available to hospitals and clinics by excluding cosmetic and plastic surgery procedures undertaken for aesthetic purposes.

Furthermore, hospital room and bed charges exceeding Rs.10,000 per day, including fixed charges, shall no longer qualify for exemption.

PASSENGER TRANSPORT SERVICES

The Balochistan Finance Bill, 2026 proposes to introduce a new exemption entry for passenger transport services while specifically excluding rent-a-car services, vehicle rental services, services provided through cab aggregators and chartered flight services operating within or originating from Balochistan.

INSURANCE AND REINSURANCE PREMIUMS

The Balochistan Finance Bill, 2026 proposes to introduce exemptions for insurance premiums, reinsurance premiums, and services associated with Export Processing Zones. The exemption for insurance premiums is limited to premiums charged by the company designated under the Balochistan Public Property Insurance Act, 2026, in respect of insurance policies covering risks situated in Balochistan or policyholders resident or registered in Balochistan. Similarly, the exemption for reinsurance premiums applies only to premiums paid by such designated company in respect of cessions or retrocessions arising from those qualifying insurance policies.

SERVICES ASSOCIATED TO EXPORT PROCESSING ZONES

The Balochistan Finance Bill, 2026 proposes to exempt services provided within notified Export Processing Zones where the Government of Balochistan holds a profit-sharing interest of up to ten percent.

The exemption shall remain available for a period of fifteen years and shall apply only to investments and operations undertaken by foreign investors in relation to notified industrial projects.

AMENDMENTS IN THE THIRD SCHEDULE (REDUCED RATE SERVICES)

The following amendments have been proposed to the 'reduced rates' of certain services:

Description	Existing rate	Revised rate
POS-Integrated Restaurants and Eateries	2%	4%
Services provided or rendered by marriage halls, lawns, mandap, pandal and shamiana, including floral and decoration, etc.	10,000 rupees per event or 2% of service fees, whichever is higher.	10,000 rupees per event or 4% of service fees, whichever is higher.
Technical, scientific and engineering consultants	6%	8%
Commission agents	4%	8%
Cosmetic and plastic surgery and Transplantations	4%	6% or Rs. 50,000 per month, whichever is higher
Education Services	N/A (Newly inserted)	0% (Input tax credit/adjustment shall not be admissible.)
Services provided or rendered by Hospitals/ Institutes and Clinics.	N/A (Newly inserted)	3% (input tax credit/adjustment shall not be admissible)

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