**PROPOSED CHANGES IN THE ISLAMABAD CAPITAL TERRITORY (TAX ON SERVICES) ORDINANCE, 2001**

**THROUGH FINANCE BILL 2016-17**

* A new sub-section (2) is proposed to be inserted in section 3 of the Ordinance to empower FBR to exercise following provisions of Sales Tax Act, 1990 for the purposes of ICT Ordinance:

a) (i) to issue notifications for higher and lower rate of tax;

(ii) to issue notification to levy and collect fix amount of tax in lieu of tax under section 3;

(iii) to appoint withholding agent for the purposes of withholding.

b) Zero rating on rendering services to diplomats, privileged organizations etc

c) (i) to issue exemption notification with the approval of ECC.

(ii) to issue exemption notification with retrospective effect

(iii) to place exemption notifications before national assembly which are issued in the financial year.

(iv) these notifications shall stand rescinded on expiry of financial year, if not rescinded earlier.

d) Exemption on services rendered under grants-in-aid, subject to specific consent from FBR, for the agreements signed before 30.06.1996, provided exemption of tax is contained in the agreement.

* A new sub-section 2(B) is proposed to be inserted to exempt regulatory and licensing services provided by organizations established by Federal Government or under a Federal statute from levy of tax on services.