



GOVERNMENT OF PAKISTAN  
FEDERAL BOARD OF REVENUE  
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No.1(43)SECY(ITC)/2020-P-001

Islamabad, the 09<sup>th</sup> January, 2026

From

Danish Qamar  
Secretary Law & Clarification

To

1- Director Plans, National Logistics Corporation, P.O Box 514 Harding Road Rawalpindi

**SUBJECT: CLARIFICATION ON APPLICABILITY OF SALES TAX/ WHT ON TEMPORARY IMPORT OF TSHD ON TIME CHARTER FOR NDMS DREDGING WORKS**

With reference to your letter No. [NLC/NDMS/Customs/2026-02](#), dated [05.01.2025](#) regarding the applicability of withholding tax on payments for charter hire services, it is explained as follows:

**Income Tax:**

2. Charter hire payments are treated as fees for technical services rendered under the Income Tax Ordinance, 2001. The applicable withholding tax provisions depend on the residency status of the service provider:

i. Resident Service Provider: Payments made to a resident entity or individual fall under Section 153(1)(b) of the Income Tax Ordinance, 2001, which requires deduction of tax at source on fees for services. In certain cases, if the payment is made under a contract other than sale of goods or professional services, Section 153(1)(c) may also apply. The payer (NLC) is responsible for collecting and depositing the tax with the Federal Board of Revenue (FBR).

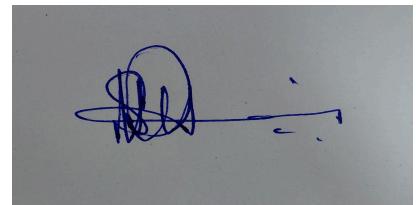
ii. Non-Resident Service Provider: Payments to non-resident service providers are subject to Section 152 and Section 107 of the Income Tax Ordinance, 2001, which may mandate deduction of tax at source on the gross amount of the payment. The applicable rate depends on the nature of services and is specified in the First Schedule as well as the Agreement for the avoidance of double taxation entered into with the residence of service provider.

3. It is therefore recommended that the residency status of the service provider be verified before making payments. Withholding tax, if applicable, may be deducted in accordance with the relevant provision of law and the Agreement for avoidance of double taxation and deposited into Government's treasury.

**4. Sales Tax:**

Under the serial number 167 of Table-1 of Sixth Schedule to the Sales Tax Act, 1990 exemption from sales tax is available to goods temporarily imported into Pakistan, meant for subsequent exportation charged to zero-rate of customs duty under PCT heading 99.19, 99.20 and 99.21, subject to the similar restrictions, limitations, conditions and procedures as are envisaged for the purpose of applying zero-rate of customs duty on such goods under the Customs Act, 1969 (IV

of 1969). Any import not covered under the aforementioned PCT headings shall be chargeable to sales tax in accordance with Section 3(1) of the Sales Tax Act, 1990.



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