

June 24, 2024

PROVINCIAL BUDGETS 2024
– SINDH, KPK & PUNJAB



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**PROVINCIAL BUDGETS 2024 – SINDH, KHYBER PAKHTUNKHWA (KPK)
AND PUNJAB**

This Memorandum summarizes salient features of the Sindh, KPK & Punjab Finance Bills recently presented in the respective Provincial Assemblies.

This Memorandum can also be accessed on our website www.pwc.com/pk

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SINDH FINANCE BILL, 2024

SINDH SALES TAX ON SERVICES

INCREASE IN STANDARD RATE OF SINDH SALES TAX (SST)

Sindh has maintained a standard rate of SST of 13% since 2016. This was the lowest amongst all the provinces in Pakistan (including Islamabad Capital Territory). Through Finance Bill, 2024 (**FB 2024**), the standard rate of SST is proposed to be enhanced from 13% to 15%, to align with other provinces / ICT. Now, the standard rate of Punjab is 16%, whereas rest have 15%.

Through Notification No. SRB-3-4/8/2013 dated July 1, 2013 (amended from time to time), SRB has notified various reduced rates for different kinds of services. SRB vide press release dated June 16, 2024 has clarified that for new services being proposed to be taxed through FB 2024, reduced rates as well as threshold for hospitals, doctors, education, pet care etc. shall be notified after the approval of FB 2024.

ADDITION OF NEW SERVICES INTO SCOPE OF SST

Following new services are proposed to be taxed at the rate of 15%:

Description of Service	Section & Definition	Tariff Heading
Education Services	2(37A) “ education services ” includes the pre-primary, primary, elementary, secondary, higher secondary, General Certificate of Education, General Certificate of Secondary Education, International General Certificate of Secondary Education, college or university education and also includes vocational, professional, instructional, technical and continuing education services and trainings rendered or provided by institutions like schools, colleges, universities, academia, institutes, teaching hospitals, or such other degree, diploma or certificate awarding institutions but does not include special education for the children with special needs and education under adult literacy programme;”	9857.0000
Services provided or rendered by hospitals and clinics	2(50A) “ hospitals and clinics ” includes the hospitals or institutions, as defined in clause (a) of section 2 of the Pakistan Medical and Dental Council Act, 2022 (Act No. IV of 2023), and also includes a person or an establishment or an institution or an organization or a facility engaged in providing or rendering the services like medical, surgical, psychiatric, obstetric, dental or ophthalmological and similar treatment and care, whether preventive, prophylactic or curative, of persons including patients or sick or injured persons;”;	9858.0000
Pet care services	2(63A) “ Pet care service ” includes grooming, boarding, sitting, training, veterinary and other such services in relation to pets;	9859.0000
Medical Practitioners and Consultants	2(59A) “ medical practitioners and consultants ” means the registered medical practitioners and the registered dental practitioners, as defined in clauses (w) and (x), respectively, of section 2 of the Pakistan Medical and Dental Council Act, 2022 (Act No. IV of 2023)	9815.1000

It may be noted that education and health service sectors were also earlier proposed to be taxed through Finance Bill 2014 but were not made part of Finance Act passed by Sindh Assembly.

Issues in taxation of 'health services'

The services provided by hospitals and clinics involve utilization / consumption of medicines and various other supplies. It is understood that since medicines and supplies are mostly exempt from Federal Sales Tax, SST would not be leviable thereon. It is expected that SRB would clarify this matter whilst finalising the Budget Proposals.

BROADENING OF SCOPE OF TAXABLE SERVICES THROUGH AMENDMENTS IN DEFINITIONS

Scope of certain services is proposed to be broadened through amendments in definitions of those services. The existing and proposed amended definitions are tabulated below:

Section	Existing Definition	Proposed Definition	SST Rate	Impact
2(19)	“business support service” means services provided in relation to business or commerce and includes the processing, clearing and settlement services provided or rendered by any person in relation to securities, commodities and future contracts and also includes evaluation of prospective buyers, telemarketing, call centre facilities, accounting and processing of transactions, processing of purchase orders and fulfillment services, information and tracking of delivery schedules, managing distribution and logistics, customer relationship management services, operational assistance for marketing, formulation of customer service and pricing policies, infrastructural support services and other transaction processing.	“business support service” means services provided in relation to business or commerce and includes the processing, clearing and settlement services provided or rendered by any person in relation to securities, commodities and future contracts and also includes evaluation of prospective buyers, telemarketing marketing or telemarketing , call centre facilities, accounting and processing of transactions, processing of purchase orders and fulfillment services, information and tracking of delivery schedules, managing distribution and logistics, customer relationship management services, operational assistance for marketing, formulation of customer service and pricing policies, infrastructural support services and other transaction processing.	15%	Activities of marketing and telemarketing are proposed to be brought into the scope of Business Support Services.
2(20B)	“car or automobile dealer” , by whatever name called, means a person who is engaged in providing or rendering the services in relation to sale, purchase, transfer, leasing, marketing or booking of cars and automobiles, whether imported or locally assembled or locally manufactured, including new, old and used cars or automobiles.	“car or automobile dealer” , by whatever name called, means a person who is engaged in providing or rendering the services in relation to sale, purchase, transfer, leasing, marketing or booking of cars and automobiles other motor vehicles , whether imported or locally assembled or locally manufactured, including new, old and used cars or automobiles other motor vehicles .	10%	The scope of services provided by 'car and automobile dealer' is proposed to be expanded through substitution of term 'automobiles' with 'other motor vehicles'. All kinds of dealers of motor vehicles are, therefore, proposed to be covered under the said category of service.
2(29A)	“cosmetic and plastic surgery” includes the services provided or rendered by any person, in relation to aesthetic or cosmetic surgery or plastic surgery like abdominoplasty (tummy tuck), blepharoplasty (eyelid surgery), mammoplasty, buttock augmentation and lift, rhinoplasty (reshaping of nose), otoplasty (ear surgery), rhytidectomy (face lift), liposuction (removal of fat from the body), brow lift, cheek augmentation, facial implants, lip augmentation, forehead lift, cosmetic dental surgery, orthodontics, aesthetic dentistry, laser skin surfacing, hair grafting, hair transplant and such other similar surgery.	“cosmetic and plastic surgery” includes the services provided or rendered by any person, in relation to aesthetic or cosmetic surgery or plastic surgery like abdominoplasty (tummy tuck), blepharoplasty (eyelid surgery), mammoplasty, buttock augmentation and lift, rhinoplasty (reshaping of nose), otoplasty (ear surgery), rhytidectomy (face lift), liposuction (removal of fat from the body), brow lift, cheek augmentation, facial implants, lip augmentation, forehead lift, cosmetic dental surgery, orthodontics, aesthetic dentistry, laser skin surfacing, hair grafting, hair transplant and such other similar surgery. <u>Explanation.-For the purpose of this clause, the term “surgery” includes procedure.</u>	- 15% - Certain exemptions are available for cosmetic and plastic surgeries undertaken to restore or reconstruct anatomy or functions of body.	An explanation is proposed to be inserted in the definition of 'cosmetic and plastic surgery' aiming to cover the 'medical procedure' under the scope of surgery.

Section	Existing Definition	Proposed Definition	SST Rate	Impact
2(51)	<p>“hotel” includes motels and guesthouses and means a person, establishment, organization or place, by whatever name called, where rooms or suites are let out on rent, whether or not it has any arrangement for catering or function halls as a part of the hotel or provides any other services, facilities or utilities, but does not include a home or hostel which is exclusively used for the aged or invalid persons or students and is run by or under the control of such a charitable or educational institution as are exempt from the application of the Income Tax Ordinance, 2001 (Ordinance No. XLIX of 2001);</p>	<p>“hotel” includes motels and guesthouses <u>guesthouses, huts, resorts and lodges</u> and means a person, establishment, organization or place, by whatever name called, where rooms or suites <u>or facilities</u> are let out on rent, whether or not it has any arrangement for catering or <u>function halls or for events</u> as a part of the hotel or provides any other services, facilities or utilities, but does not include a home or hostel which is exclusively used for the aged or invalid persons or students and is run by or under the control of such a charitable or educational institution as are exempt from the application of the Income Tax Ordinance, 2001 (Ordinance No. XLIX of 2001);</p>	15%	The services of hotel are taxable under various sub-headings of 98.01. The definition of hotel is proposed to be extended to cover the guesthouses, huts, resorts and lodges. In addition to that, the facilities and events in the hotel are also proposed to be covered under the definition of ‘hotel’.
2(51B) & 2(87A)	<p>“indoor sports and games center”, by whatever name called, includes a person who provides or renders the facility of indoor sports or games whether for amusement, recreation or otherwise, for a consideration in its premises;</p>	<p>“indoor sports and games center”, by whatever name called, includes a person who provides or renders the facility of indoor sports or games whether for amusement, recreation or otherwise, for a consideration in its premises;</p> <p><u>(87A) “sports and games center”, by whatever name called, includes a person who provides or renders facility of games and sports, whether indoor or outdoor, for amusement, recreation or otherwise, in its premises;</u></p>	10%	Definition of ‘indoor sports and games center’ is proposed to be omitted and a new definition of ‘sports and games center’ is proposed to be inserted. Previously, only indoor sports and games centers were taxable. Through this amendment, all the sports and games centers (whether indoor or outdoor) would be subject to SST. Corresponding changes have also been proposed in tariff heading 9821.2000. in both First and Second Schedules
2(67B)	<p>“programme” means any audio or visual matter, live or recorded or re-recorded or subjected to any post-production processes like dubbing, colouring, sub-titling or captioning, intended to be disseminated by transmission of electro-magnetic waves through space or through cables to be received by general public either directly or indirectly through the medium of cables, telecommunication or relay stations;</p>	<p><u>“programme” means any audio or visual or audio-visual matter, presented or transmitted live or recorded or re-recorded or subjected to any post-production processes like editing, dubbing, colouring, sub-titling or captioning, for dissemination through cables, space, internet, radio, television, cinema, theatre or any other means;</u></p>	8%	The definition of ‘programme’ is proposed to be changed so as to also include other modes of transmission / dissemination.
2(72A)	<p>“rent-a-car and automobile rental service” means the services provided or rendered by a person engaged, whether directly or indirectly, in the economic activity of renting cars, cabs, vans or any other passenger motor vehicle;</p>	<p>“rent-a-car and automobile rental service” means the services provided or rendered by a person engaged, whether directly or indirectly, in the economic activity of renting cars, cabs, vans or any other passenger motor vehicle;</p>	10%	Previously, rent-a-car and automobile rental services were confined to passenger vehicles. These are now proposed to include all vehicles.
2(72B)	<p>“renting of immovable property” includes renting, letting, sub-letting, leasing, sub-leasing, licensing or similar other arrangements of immovable property for use in the course or furtherance of business or commerce, but does not include--</p> <p>(i) renting of immovable property by a religious body to another religious body;</p>	<p>“renting of immovable property” includes renting, letting, sub-letting, leasing, sub-leasing, licensing or similar other arrangements of immovable property for use in the course or furtherance of business or commerce, but does not include--</p> <p>(i) renting of immovable property by a religious body to another religious body;</p>	3%	In line with the amendments made in the tariff heading 9821.2000 (proposing an extension in scope of ‘sports and games centers’), exclusion of reference to ‘outdoor’ games and sports in the definition of ‘renting of immovable property’ is proposed.

Section	Existing Definition	Proposed Definition	SST Rate	Impact
	<p>(ii) renting of vacant land or premises solely used for agriculture, aquaculture, farming, forestry, animal husbandry or mining purposes;</p> <p>(iii) renting of land or premises solely used for outdoor games and sports;</p> <p>(iv) renting of buildings solely used for residential purposes or solely used as hostels and boarding homes of a recognized educational institution; and</p> <p>(v) renting of immovable property by hotels, motels, guest houses, clubs and marriage halls and lawns which are otherwise liable to tax under tariff heading 98.01 and the sub-headings thereof.</p>	<p>(ii) renting of vacant land or premises solely used for agriculture, aquaculture, farming, forestry, animal husbandry or mining purposes;</p> <p>(iii) renting of land or premises solely used for outdoor games and sports <u>used or to be used for such games and sports which are otherwise liable to tax under tariff heading 9821.2000;</u></p> <p>(iv) renting of buildings solely used for residential purposes or solely used as hostels and boarding homes of a recognized educational institution; and</p> <p>(v) renting of immovable property by hotels, motels, guest houses, clubs and marriage halls and lawns which are otherwise liable to tax under tariff heading 98.01 and the sub-headings thereof.</p>		
2(91)	<p>“surveyor” means a person engaged in the services of insurance survey, market survey, statistical survey, opinion poll survey and survey relating to risk assessment, loss or damage assessment or claim settlement but does not include the services conducted by the Federal or Provincial or Local Governments for its own purposes and by the recognized educational institutions for the purposes of education and academic research in such institutions;</p>	<p>“surveyor” means a person engaged in the services <u>any kind of specialized or special purpose survey, geological or geophysical survey, surface or sub-surface survey, survey for exploration of minerals</u> of insurance survey, market survey, statistical survey, opinion poll survey and survey relating to risk assessment, loss or damage assessment or claim settlement but does not include the services conducted by the Federal or Provincial or Local Governments for its own purposes and by the recognized educational institutions for the purposes of education and academic research in such institutions;</p>	15%	The scope of services of surveyor is proposed to be extended to encompass the special purpose surveys including surveys for exploration of minerals.
2(98CC)	<p>“truck aggregator” means a person who is an aggregator or operator or intermediary or online market place and canvasses or solicits or facilitates or connects the owner or drivers of trucks or other road transportation cargo vehicles with the business enterprises like manufacturers, producers, importers, exporters, warehouses, distributors, wholesalers, retailers, movers or packers 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 such services.</p>	<p>“truck aggregator” means a person who is an aggregator or operator or intermediary or online market place and canvasses or solicits or facilitates or connects the owner or drivers of trucks or other road transportation cargo vehicles with the business enterprises <u>with the persons including business enterprises</u> like manufacturers, producers, importers, exporters, warehouses, distributors, wholesalers, retailers, movers or packers 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 such services.</p>	15%	Presently, the services of truck aggregators covered only the transactions with ‘business enterprises’. These are now proposed to include other persons as well.

BROADENING OF SCOPE OF TAXABLE SERVICES THROUGH AMENDMENTS IN 'DESCRIPTION' OF RESPECTIVE TARIFF HEADINGS

Certain amendments have been proposed in descriptions of existing taxable entries which are as under:

Tariff Heading	Description in Second Schedule		SST Rate	Impact
	Existing	Proposed		
98.01	Services provided or rendered by hotels motels, guest houses, restaurants, marriage halls, lawns, clubs and caterers	Services provided or rendered by hotels motels, guest houses, <u>farmhouses</u> , restaurants, marriage halls, lawns, clubs and caterers	15% -Certain conditional exemptions are available.	The scope of services is proposed to be extended to include 'farmhouses' in the main heading.
9801.1000	Services provided or rendered by hotels motels and guest houses	Services provided or rendered by hotels motels and guest houses , <u>quest houses and farmhouses</u>	15%	Besides extending the scope of main heading, the services covered under the tariff headings 9801.1000 and 9801.6000 are also proposed to be extended so as to cover guesthouses and farmhouses.
9801.6000	Ancillary services provided or rendered by hotels motels, guest houses / restaurants, marriage halls and lawns, clubs and caterers	Ancillary services provided or rendered by hotels motels, guest houses <u>quest houses, farmhouses</u> / restaurants, marriage halls and lawns, clubs and caterers	- 15% -Certain conditional exemptions are available for clubs and marriage halls / lawns	
9821.2000	Indoor sports and games center	Indoor sports <u>Sports</u> and games center	10%	The services of 'outdoor' sports are proposed to be brought into the scope of SST.
9836.0000	Services provided or rendered by persons engaged in intercity transportation or carriage of goods by road or through pipeline or conduit	Services provided or rendered by persons engaged in intercity transportation or carriage of goods by road or through pipeline or conduit.	- 15% - Reduced rates of 3% and 8% are available subject to certain conditions.	Presently, only services of 'intercity' transportation are subject to SST. Now, all transportation services (intercity and intra-city) are proposed to be taxed under SST Act.
9853.0000	Vehicle parking and valet services	<u>Vehicle towing</u> , vehicle parking and valet services	5%	Towing services are proposed to be brought into the scope of SST.

EXTENDING THE SCOPE OF THE TERM 'ECONOMIC ACTIVITY'

Currently, the activities of an employee providing services in that capacity to an employer are excluded from the scope of the term 'economic activity'. However, it is now proposed that only those services of employee will be excluded from economic activity that are provided by employees with whom the employer is in 'direct' relationship under a contract of employment.

The Sindh Sales Tax on Services (Amendment) Act, 2021 amended the scope of "Economic Activity" to bring into ambit of Sindh Sales Tax such amounts received by the employees from their employers which are in the nature of 'fee' or 'commission'. The FB 2024 proposes to further extend the scope of the term 'economic activity' to cover such activities of an employee, as detailed or engaged by the employer, that are performed for a person other than the employer in connection with or in the course or furtherance of business of the employer.

It appears that this proposal is aimed to enlarge the scope of economic activity for human resource service providers. This proposal will, however, be viewed in the light of judgements of superior appellate fora wherein it is held that cost of employees, being of reimbursable nature, incurred and charged by such service provider cannot be held subject to SST.

DEFINING THE TERM ‘CONSIDERATION’

In the context of ‘value of a taxable service’ for chargeability of SST, the FB 2024 proposes to define the terms ‘consideration’ and ‘consideration in money’ to mean the gross amount charged by the service provider for the taxable services including any amount that is payable for the services and, except in certain circumstances and subject to certain conditions, ‘consideration’ or ‘consideration in money’ is also proposed to include any amount of reimbursable expenditure or cost incurred by the service provider and charged in the course of provision of a service.

This proposal will be viewed in the light of judgements of higher appellate forum wherein it is held that reimbursable expenditure or cost incurred and charged by the service provider cannot be held subject to SST.

ADMISSIBILITY OF INPUT TAX ON SPECIFIED GOODS AND SERVICES

The FB 2024 proposes to restrict claim of input tax credit relating to certain specified goods and services only when directly used and consumed in the provision of a services which, presently, are allowed even when such goods and services are used and consumed in the economic activity of a registered person whilst providing taxable services.

This proposal will likely result in litigations on allowability of input tax claim when the specified goods and services are not directly used and consumed in the provision of services but otherwise used in the overall economic activity relating to provision of taxable service.

INPUT TAX CREDIT ALLOWED TO TELECOMMUNICATION SERVICE PROVIDERS

Presently, telecommunication service providers paying sales tax at the rate of 19.5% *ad valorem* are allowed input tax credit on other taxable goods and services charged to sales tax not exceeding 17% *ad valorem*. To provide alignment with the general sales tax rate under the Federal law, the bill proposes to allow such telecommunication service providers to claim input tax credit on other goods and services at rates not exceeding 18% *ad valorem*.

TIME LIMITATION TO PASS AN ORDER FOR ASSESMENT OF TAX

The bill proposes to restrict the time limitation of 8 years to pass an order for the tax periods ending on or before June 30, 2025. Whereas, for tax periods starting July 1, 2025, and thereafter, the time limitation to pass an order has been proposed to be 5 years from the end of the respective financial year to which the order relates.

WITHDRAWAL OF POWER OF OFFICER OF SRB TO DE-REGISTER A PERSON

Currently, the Board or any officer of the SRB, authorized by the Board may de register a person upon fulfillment of obligations of de-registration.

It is now proposed that power of officer of SRB to deregister a person be withdrawn.

ENHANCING THE SCOPE OF RECORD MAINTENANCE TO INCLUDE RECORDS OF OTHER PROVINCES

Presently, the Act requires registered persons to maintain certain records to permit ready ascertainment of tax liability.

The Bill proposes to enhance the scope of records maintenance to include the record of other Provinces or areas outside Sindh in order to permit reconciliation or ascertainment of tax liability in Sindh.

RETENTION PERIOD OF RECORDS AND DOCUMENTS

The bill proposes to restrict the time limitation of 10 years for maintenance of records and documents for the tax periods ending on or before June 30, 2025. Whereas the time limitation for retention of records and documents for tax periods starting July 1, 2025, and thereafter has been proposed to be 6 years from the end of the financial year to which the records or documents relate.

TIME LIMITATION FOR ISSUANCE OF SHOW CAUSE NOTICE FOR PAYMENT OF TAX NOT LEVIED OR SHORT LEVIED

The bill proposes to restrict the time limitation of 8 years for issuance a show cause notice for recovery of tax not levied or short levied due to inadvertence, error, or miscalculation in cases where the relevant date i.e., the statutory time of payment of tax is prior to July 1, 2025. Whereas, for the cases where the relevant date falls on or after July 1, 2025, the time limitation for the issuance of show cause notice has been proposed to be 5 years from the end of the financial year in which the relevant date falls.

PENALTIES AND PROSECUTION

Penalties for the following offences have been proposed to be enhanced or newly inserted along with the prosecution for such offences:

OFFENCE	PENALTY AND PROSECUTION
Where a person avoids, defies, fails to comply with the e-invoicing system or issues invoices outside the e-invoicing system or refuses, denies, or obstructs the enforcement of provisions of section 54A in any manner.	<p>Penalty is proposed to be increased up to Rs 1 million with a minimum penalty of Rs 100,000 as against the existing penalty of:</p> <p>(i) Rs 100,000 with a minimum penalty of Rs 25,000 for avoidance, defiance, or failure to comply with e-invoicing system; and</p> <p>(ii) Rs 100,000 or an amount equal to the amount of tax involved, whichever is higher in case of refusal, denial, or obstruction of the enforcement of the provisions of section 54A.</p> <p>The place of business of such person is presently liable to be sealed if the person commits three consecutive defaults. The bill now proposes to provide for the sealing of business premises upon repetition of the offence after the first default.</p> <p>The bill also proposes to prosecute such person upon conviction by a Special Judge, to imprisonment which may extend to one year or with fine which may extend to Rs 100,000 or with both.</p>
Where a person avoids, defies, delays, or fails to deposit the amount of service fee levied under the Sindh Sales Tax Special Procedure (Online Integration of Business) Rules, 2022 or fails to report the service fee in the sales tax return in the prescribed manner.	<p>Penalty of Rs 100,000 or twice the amount of service fee involved, whichever is higher has been proposed to be imposed for such offence.</p> <p>Such person shall further be liable, upon conviction by the Special Judge, to imprisonment which may extend to one year or with fine which may extend to Rs 100,000 or with both.</p>

PERIOD OF STAY GRANTED BY COMMISSIONER (APPEALS)

The Commissioner (Appeal) is empowered to stay the recovery of tax payable under the Sindh Act for the maximum period of 120 days. The bill proposes to extend the said period to 180 days.

APPOINTMENT OF THE TECHNICAL MEMBER OF THE APPELLATE TRIBUNAL

The Government notwithstanding the criteria for an appointment as a Technical Member, had the power to appoint any of the following persons to be a Technical Member for a period of ten years from the date of commencement of this Act:

- (i) A person who has worked for a minimum of three years as the Federal Board of Revenue or Provincial Excise and Taxation Department in the rank not below the Bs.20 for 5 years in aggregate, or
- (ii) A person who has worked for a minimum of three years as Collector of Sales Tax (Appeals) under section 30(b) of the Sales Tax Act 1990, for 3 years with service of at least 5 years in Bs. 20, as a Technical Member of the Appellate Tribunal.

Since the said provision is time bound and effectively became redundant after July 1, 2021. The bill proposes to omit the said provision.

CHANGE IN MONETARY LIMIT OF CASE TO BE DISPOSED OF BY THE SINGLE MEMBER BENCH OF THE APPELLATE TRIBUNAL

Currently, the single member bench of the Appellate Tribunal is authorized to dispose of any case where the tax or penalty involved in Rs 5 million. The bill proposes to reduce this limit to Rs 1 million.

REDUCTION IN THE MINIMUM THRESHHOLD TO PRECLUDE RECOVERY OF TAX

Presently, a taxpayer has the option of precluding recovery on payment of 25% of the tax demand during the pendency of appeal before the Commissioner (Appeals). This threshold is proposed to be reduced to 10% of the tax demand. As a result, taxpayer may now avail stay against recovery proceedings until the disposal of appeal by the Commissioner (Appeals) by making payment of 10% of the tax demand.

AGREEMENTS FOR EXCHANGE OF INFORMATION & DISCLOSURE OF INFORMATION

Currently, the provision exists in the income tax, sales tax and federal excise duty laws whereby Federal Government has been empowered for entering into bilateral or multilateral agreements with the provincial governments with respect to exchange of information concerning all three levies. However, no such provision existed in the Sindh Act thus the above said provisions are effectively one sided. The bill proposes to introduce similar provision in the Sindh Act.

SUIT, PROSECUTION OR OTHER LEGAL PROCEEDING

Currently no suit, prosecution or other legal proceeding lies in respect of any action taken or any notice issued, or any decision made or any order passed in good faith under this Act, against the following:

- (i) The Government; or
- (ii) Any public servant.

The bill proposes to include the Board or any officer of the Board within the scope of above immunity.

SINDH – OTHER LAWS

STAMP DUTY

REVAMPING OF STAMP DUTY ON CERTAIN CATEGORIES

Stamp duty has been proposed to be revamped on the following categories:

Article	Description of instrument(s)	Proposed Stamp Duty
1	ACKNOWLEDGMENT OR RECEIPT of money or any other consideration relating to immovable property	Rs. 500
3	Agreement or Memorandum of an Agreement – (a) If relating to the (i) sale or transfer of a registered motor vehicle; (ii) If relating to the sale of an immovable property; (iii) If relating to the re-conveyance of mortgaged property; (b) If relating to the execution of an agreement between builder, developer and/or allottee for booking of apartment, shop, house, office or plot in public sale project approved by Sindh Building Control Authority; (c) If not otherwise provided for.	Rs. 1,000 Rs. 5,000 Rs. 1,000
26	Policy of insurance or Renewal of insurance A. Sea Insurance (See Section 7), and Policy by Air (1) For each voyage- (2) For time Where the insurance shall be made for any time not exceeding twelve months B. Fire-Insurance and Other Classes of Insurance, not otherwise included in this Article, Covering Goods, Merchandise, Personal Effects, Crops, and other Property Against Loss or Damage C. Life Insurance Health Insurance or other Insurance not Specially Provided for except such Re-Insurance as is described in the Division of this article D. If not otherwise provided for	0.02% on the sum insured subject to a minimum of Rs 500 0.09% on the sum insured subject to a minimum of Rs 500 Rs. 500 0.15% on the sum insured subject to a minimum of Rs 500 Rs. 500
27	Power of attorney as defined by section 2(21)- (a) when given not for consideration and authorizing the attorney to sell any immovable properties (b) when given for consideration and authorizing the attorney to sell any immovable property (c) in any other case	Rs. 7,000 Same duty as leviable on the Conveyance under Article 16 (A)(i) Rs. 1,000

ENHANCEMENT OF RATE / CHANGE IN BASIS OF LEVYING STAMP DUTY

The rate of Stamp duty / basis of levying Stamp Duty is proposed to be enhanced / amended on the following categories:

Article	Description of Instrument(s)	Existing	Proposed
2	Affidavit, including an affirmation or declaration in the cause of persons by law allowed to affirm or declare instead of swearing. <i>There have been no changes proposed in Exemptions mentioned in the said Article.</i>	Rs. 50	Rs. 500
7	Bill of entry including goods declaration or any documents relating to goods declaration for the purpose of Custom clearance.	Rs. 1,000	Rs. 2,000
9	Bill of Lading (including a through bill of Lading), Note: If a bill of lading is drawn in parts, the proper stamps therefor must be borne by each one of the sets, <i>There have been no changes proposed in Exemptions mentioned in the said Article.</i>	Rs. 300	Rs. 1,000
10	(C) Debenture including a Participation Term Certificate, Term Finance Certificate and Commercial Papers, Whether a mortgage debenture or not), being a marketable security transferable."	0.05% of the amount per annum on first issue and 0.02% per annum of the amount of the commercial paper on subsequent transfer.	0.05% of the amount per annum or part thereof on first issue and 0.02% per annum or part thereof of the amount of the commercial paper on subsequent transfer <u>subject to a minimum of Rs. 500.</u>

Article	Description of Instrument(s)	Existing	Proposed
11	Certificate of Sale (in respect of each property put up as separate lot and sold) granted to the purchaser of any property sold by public auction by a Civil or Revenue Court, or Collector or other Revenue Officer	3% of the amount of purchased money only	Same duty as leviable on the Conveyance under Article 16(A)(i)
16	(A) Conveyance as defined by section 2(2) not being a Transfer charged or exempted under Article No. 31. (i) To and From Real Estate Investment Trusts (REITS). (ii) In any other case. (iii) Lease or Sub-lease to and from Real Estate Investment Trusts (TETS). (B) Transfer or lease by way of assignment.	At the rate of 1% of value in the valuation table or at the floating rate charged on the actual value 2% of the value in accordance with valuation table. 1% in accordance with the valuation table or 0.25% on market value whichever is higher. At the rate of 1% of value in the valuation table or at the floating rate charged on the actual value.	At the rate of 2% of the value in the valuation table or declared value recorded in the instrument whichever is higher Same duty as leviable on the Conveyance under Article 16(A)(i) 1% in accordance with the valuation table or 0.25% on market value whichever is higher. Same duty as leviable on the Conveyance under Article 16(A)(i)
17	Counterpart or Duplicate of any instrument chargeable with duty and in respect of which the proper duty has been paid— Exemptions: Counterpart of any lease granted to cultivator when such lease is exempted from duty	Rs. 500	Rs. 1,000
21	Lease, including an under-lease or sub-lease, an agreement to let or sub-let and the surrender of a lease: i. where the lease relates to open plots, flats, shops, offices, town houses and bungalows, together with the right in the divided share or otherwise of the plot where the value thereof determined in accordance with the valuation table; ii. surrender including lease or sub-lease and pre-lease in respect of open or built-up property in urban areas under section 27-A (except in case when surrender to KDA, DHA or any other Government Agency). iii. Rent-based lease/license/agreement. iv. Lease or Sub-lease to and from Real Estate Investment Trusts (REITs).	At the rate of 1% of value in the valuation table or at the floating rate charged on the actual value. At the rate of 1% of value in the valuation table or at the floating rate charged on the actual value. 1.5% of the total rent due for the entire period of lease/license/ agreement At the rate of 1% of value in the valuation table or at the floating rate charged on the actual value.	Same duty as leviable on the Conveyance under Article No. 16(A)(i) Same duty as leviable on the Conveyance under Article No. 16(A)(i) 1% of the total rent due for the entire period of lease/license/agreement subject to a minimum Rs 500 Same duty as leviable on the Conveyance under Article No. 16(A)(i)
22	Letter of Credit, that is to say the instrument including applications and agreements for opening letter of credit by which one person authorizes another to give credit to the person in whose favour is it drawn – (a) If the amount of Letter of Credit does not exceed Rs. 50,000; (b) If the amount exceeds Rs. 50,000 but does not exceed Rs. 500,000; (c) For any amount exceeding Rs. 500,000	Rs. 200 Rs. 400 Rs. 1000	Rs. 500 Rs. 800 Rs. 2,000
23	Mortgage deed or a deed of further charge not being an Agreement relating to Deposit of Title Deeds, pawn or pledge, Bottomry Bond, Financing documents, Respondentia bonds or Security Bonds: (a) when possession of the property or any part of the property comprised in such deed is given by the mortgagor or agreed to be given;	3% of the amount secured by such deed.	Same duty as leviable on Financing Document under Article 19

Article	Description of Instrument(s)	Existing	Proposed
	(b) when possession is not given agreed to be given as aforesaid; Explanation. A mortgagor who gives to the mortgagee a power-of-attorney to collect rents or a lease of the property mortgaged or part thereof, is deemed to give possession within the meaning of this Article.	2% of the amount secured by such deed.	Same duty as leviable on Financing Document under Article 19
24	Notarial Act, that is to say, any instrument, endorsement, note, attestation, certificate or entry made or signed by a Notary Public in the execution of the duties of his office, or by any other person lawfully acting as a Notary Public	Rs 5	Rs 500
28	Promissory Note as defined by section 2(22)- (a) When payable on demand- (i) When the amount or value does not exceed two hundred fifty thousand rupees; (ii) When the amount exceeds two hundred fifty thousand rupees; (b) When payable otherwise than on demand.	Rs. 500 Rs. 1,000 0.2% of the amount payable otherwise than on demand	Rs. 1,000 Rs. 2,000 0.2% of the amount payable otherwise than on demand subject to a minimum of Rs. 500.
29	Release, that is to say, instrument (not being such a release as is provided for by section (23-A) whereby a person renounces a claim upon another person or against any specified property.	At the rate of 1% of value in the valuation table or at the floating rate charged on the actual value.	Same duty as leviable on the Conveyance under Article No. 16(A)(i)
30	Settlement – A.-Instrument of (including a deed of dower)- (i) where the settlement is made for a religious or charitable purpose. (ii) In any other case.	4.5% of the value of the property settled. At the rate of 1% of value in the valuation table or at the floating rate charged on the actual value or 5% of the value of moveable property settled.	No change proposed. Same duty as leviable on the Conveyance under Article No. 16(A)(i) or 5% of the value of moveable property settled.
32	Trust (i) where Trust is made in respect of immovable property.	At the rate of 1% of value in the valuation table or at the floating rate charged on the actual value.	Same duty as leviable on the Conveyance under Article No. 16(A)(i)

INTRODUCTION OF STAMP DUTY ON NEW INSTRUMENTS

Stamp duty is proposed to be introduced on the following new categories:

Article(s)	Description of Instrument(s)	Proposed Stamp Duty
3-A	Air Tickets issued by any Airlines – (i) For Domestic Flights (ii) For International Flights	Rs. 250 per ticket Rs. 1,000 per ticket
4-A	Allotment orders or issuance or renewal of sanads by the Government	Rs. 5,000
24-A	Partnership or dissolution of Partnership	Rs. 5,000

WITHDRAWAL OF STAMP DUTY

Stamp duty is proposed to be withdrawn on the following categories:

Article(s)	Description of Instrument(s)	Stamp Duty
23	Mortgage deed or a deed of further charge not being an Agreement relating to Deposit of Title Deeds, pawn or pledge (No. 19), Bottomry Bond (No. 16), Financing documents (No. 19), Respondentia bonds (No. 10) or Security Bonds (No. 10): (c) When a collateral or auxiliary or additional substituted security or by way of further assurance for the above-mentioned purposes where principal or primary security is duly stamped for every sum secured not exceeding Rs. 1,000. And for every Rs. 1,000 or part thereof secured in excess of Rs. 1,000 (d) Hypothecation of immovable property not based on interest.	 Rs. 15 Rs. 15 0.2% of the amount of the loan or finance mentioned in the document
23-A	Mortgage deed or any other financing instrument or set of instruments based on interest securing loan from any bank or any other financial institution	1% of the entire amount of loan advanced.

SINDH MOTOR VEHICLES TAX

An amendment is proposed regarding rate of tax for the categories of the specified imported and locally manufactured or assembled motors cars. Further specified imported and locally manufactured jeeps are also included within the scope of section 3 of the Sindh Motor Vehicles Taxation Act, 1958.

The table prior to the proposed amendment and table subsequent to the proposed amendment is as follows:

PRIOR TO THE PROPOSED AMENDMENTS

S.No	Description	Existing rate of tax in Rupees
1	Imported motor cars with engine capacity from 3000 cc and above	150,000
2	Imported motor cars with engine capacity from 2000 cc to 2999 cc	75,000
3	Imported motor cars with engine capacity 1500 cc to 1999 cc	5,000
4	Locally manufactured or assembled motor cars with engine capacity from 1500cc and above	5,000

TABLE SUBSEQUENT TO THE PROPOSED AMENDMENTS

S.No	Description	Proposed rate of tax in rupees
1	Imported Motor Car/Jeeps etc. with engine capacity 3000cc and above	450,000
2	Imported Motor Car/Jeeps etc. with engine capacity 2000cc to 2999cc	275,000
3	Imported Motor Car/Jeeps etc. with engine capacity 1500cc to 1999cc	100,000
4	Locally manufactured or assembled Motor Car/Jeeps etc. with engine capacity 2000cc and above	50,000
5	Locally manufactured or assembled Motor Car/Jeeps etc. with engine capacity 1500cc and to 1999cc	25,000

SINDH PROFESSIONAL TAX

Certain amendments have been proposed in the Seventh Schedule to the Sindh Finance Act, 1964 in the following manner:

Description	Existing rate of tax per annum	Proposed rate of tax per annum
	Amount in rupees	
All Persons assessed to Income Tax , All persons engaged in any professional, trade calling or employment, other than those mentioned hereinafter and assessed to in the preceding financial year	500	2,000
All factories, shops, or establishments, including Video shops, real estate, shops / agencies, and car dealer not assessed to income tax in the preceding financial year	1,000	2,000
All Petrol Pumps & CNG Stations	5,000	20,000

SINDH INFRASTRUCTURE CESS

This cess is presently charged on a composite basis having relation with the value assessed by the Customs authorities and a cess based on the weight of the goods.

Now, the rate in relation to the value of goods is proposed to be revised for each category by 0.6%. The rate of Cess prior to and subsequent to the proposed amendment is as follows:

Net weight of goods	Existing rates of Cess along with distance	Proposed rates of Cess along with distance
Upto 1250 kilograms.	1.20% of total value of goods as assessed by the Custom Authorities plus one paisa per kilometer	1.80% of total value of goods as assessed by the Custom Authorities plus one paisa per kilometer.
Exceeding 1250 kilograms but not exceeding 2030 kilograms.	1.21% of total value of goods as assessed by the Custom Authorities plus one paisa per kilometer	1.81% of total value of goods as assessed by the Custom Authorities plus one paisa per kilometer.
Exceeding 2030 kilograms but not exceeding 4060 kilograms.	1.22% of total value of goods as assessed by the Custom Authorities plus one paisa per kilometer	1.82% of total value of goods as assessed by the Custom Authorities plus one paisa per kilometer.
Exceeding 4060 kilograms but not exceeding 8120 kilograms.	1.23% of total value of goods as assessed by the Custom Authorities plus one paisa per kilometer	1.83% of total value of goods as assessed by the Custom Authorities plus one paisa per kilometer.
Exceeding 8120 kilograms but not exceeding 16000 kilograms.	1.24% of total value of goods as assessed by the Custom Authorities plus one paisa per kilometer	1.84% of total value of goods as assessed by the Custom Authorities plus one paisa per kilometer.
Exceeding 16000 kilograms.	1.25% of total value of goods as assessed by the Custom Authorities plus one paisa per kilometer	1.85% of total value of goods as assessed by the Custom Authorities plus one paisa per kilometer.

KPK FINANCE BILL, 2024

KPK SALES TAX ON SERVICES

COLLECTION AGENT

The definition of the term 'Collection Agent' has been introduced which means State Bank of Pakistan (SBP) or any other Scheduled Bank or entity licensed or authorized by SBP to transfer money abroad for the specified services.

Policy Board has been empowered to declare any other person or class of persons as collection agent and require to collect full or part of the tax charged and deposit in Government treasury in the manner to be prescribed by the Policy Board. Further, Collection agent shall be personally liable for failure to collect, or deposit required tax. Relevant rules are to be prescribed to this effect.

TAX FRAUD

The scope of the term 'tax fraud' has been broadened to include failure to declare and pay the tax charged or collected knowingly, dishonestly or fraudulently and without any lawful excuse.

POWERS OF MANAGEMENT COMMITTEE IN ALLOWING INPUT TAX ADJUSTMENT

The Management Committee has been empowered to allow adjustment of input tax paid under any other law subject to limitation and fixation or re-fixation of the extent of input tax adjustment. These powers have been given overriding effect to any contrary provisions contained in the Act.

INPUT TAX CREDIT NOT ALLOWED

Scope of provisions relating to input tax credit not allowed has been enhanced by restricting the following input tax credits:

- on such goods or services as are liable to sales tax at specific rate or fixed rate or such other rates not based on value or at a rate lesser than standard rate of 15% in case of services or 18% in case of goods, as the case may be
- on goods in respect of which input tax adjustment is barred under the Sales Tax Act, 1990; and
- on services subject to tax under the Islamabad Capital Territory (Tax on Services) Ordinance, 2001.

ORDER OF PENALTY AND DEFAULT SURCHARGE

Enabling provisions to pass an order for imposition of penalty or default surcharge have been introduced in case where a person

- fails to file a return;
- files a return or makes payment of tax after due date;
- fails to furnish any information, explanation, documents, record or any other details as may be required under relevant provisions of the Act; or
- fails to comply with the provisions of tax invoice or monitoring or tracking by electronic or other means.

REGISTRATION

The power of Policy Board with the approval of Government to require any person or class of person to necessarily obtain registration and file return in such form and manner as may be specified in the notification has now been vested with Management Committee.

OFFENCES AND PENALTIES

New offences and penalties have been introduced as under

SR No.	Offences	Punishment or Penalties	Competent Jurisdiction
4A.	Where any registered person, who after integration of its computerized system of the Authority i.e., through Restaurants Invoice Management System(RIMS) or Invoice Management and Reporting System(IMRS) or any other prescribed system, fails to comply with e-invoicing system or fail to upload invoices on Restaurants Invoice Management System(RIMS) or Invoice Management and Reporting System(IMRS) on real-time basis.	Such person shall be liable to pay a penalty of Rs 100,000 or 5% of the tax involved, whichever is higher, for each instance of non-compliance.	Officer of the Authority competent under this Act.
7A.	Where a registered person, a including a person compulsorily registered under this Act, who in non-compliance to the provisions of this Act, fails to produce information / records / documents on receipt of a notice issued by an officer of the Authority, not below the rank of Assistant Collector (AC).	Such person shall be liable to pay a penalty of Rs 200,000 for the first instance of non-compliance – In case of non-compliance for the second time, such person shall be liable to pay a penalty of Rs 500,000 – In case of non-compliance for the third time, such person shall be liable to pay a penalty of Rs 1,000,000	Officer of the Authority competent under this Act.

Scope of the following offence has been revised as under:

SR No.	Previous Offence	Revised Offence
9.	Where a person violates an embargo placed on providing of services or services in connection with recovery of tax.	Where a person violates an embargo placed on providing of services or violates the restrictions imposed vide sealing of business premises in connection with recovery of tax.

DEFAULT SURCHARGE

The rate of default surcharge has been increased as under

- at the rate of 24% in place of 12% per annum of amount of tax charged or amount of refund erroneously made;
- at the rate of 36% in place of 24% per annum of amount of tax evaded;

ACCESS TO PREMISES, STOCKS, ACCOUNTS AND RECORDS

The power of officers to have free access to the business premises, stocks, accounts and records has been subjected to the prior approval of Collector or Management Committee.

UNPAID AND SHORT PAID AMOUNTS RECOVERABLE WITHOUT NOTICE

The power of recovery of tax by attaching bank accounts without prior show cause notice where it is evident from the records and materials taken into the custody by the authorized officer from the business premises of the registered person that tax has been charged or collected from the customer or the service recipient but not paid or short paid by the registered person provided such attachment shall only be exercised with prior approval of the Collector or Management Committee.

Earlier such powers were restricted to the instance where short payment is indicated in the return of the registered person.

REWARD TO WHISTLEBLOWERS

A new concept of whistleblower similar to one incorporated in Federal Tax Laws has been introduced whereby Management Committee has been empowered to sanction reward to whistle blowers with the approval of the Finance Department in cases of reporting of concealment or evasion of tax, tax fraud, corruption or misconduct by officers or officials of the authority subject to the procedure for processing the reward and specifying the apportionment of reward by the Policy Board.

FIRST SCHEDULE – LIST OF SERVICES

Following new classifications and related descriptions of services have been introduced in the First Schedule

Classification	Description
9856.0000	Education services including technical and vocational education services provided by private sector.
9856.1000	Pre-primary education services.
9856.2000	Primary education services.
9856.3000	Lower secondary education services.
9856.4000	Secondary education services.
9856.5000	Upper secondary education services.
9856.6000	Post-secondary non-tertiary education services.
9856.7000	First stage tertiary education services.
9856.8000	Second stage tertiary education services.
9856.9000	Other education and training services and educational support services.
9857.0000	Management services, including fund management and asset management services.

SECOND SCHEDULE – LIST OF TAXABLE SERVICES

Following new categories of taxable services have been introduced:

S#	Description of Services	Headings	Rate of Tax
1.	<p>(v-a) Tax shall be charged on fixed rate basis in respect of wedding/marriage/shaadi halls as per following categories:</p> <p>CATEGORY-A: Where the wedding hall is having a capacity of 500 or above persons and located in a posh area of major city, its rate of fixed tax shall be rupees 25,000 per function.</p> <p>CATEGORY-B: Where the wedding hall is having a capacity of more than 300 but less than 500 persons and located in municipality, its rate of fixed tax shall be rupees 15,000 per function.</p> <p>CATEGORY-C: Where the wedding hall is having a capacity of less than 300 persons and located in suburb or roadside outside main city, its rate of fixed tax shall be rupees 10,000 per function.</p> <p>NOTE: The registered person may opt one of the tax regimes, as specified at under clause (v) and (v-a) above. The existing registered person shall be bound to give his option till 25th June, 2024; provided that the person, liable to be registered in future, shall give such option at the time of registration with the Authority;</p>	9801.0000 9801.1000 9801.2000 9801.3000 9801.4000 9801.5000 9801.6000 9801.7000 9801.8000 9801.9000	Rate as mentioned in 'Description of Services' column
1A.	Services provided by Health Care Centers etc. in private sector.	9821.1000	Five percent (05%) (without input tax adjustment) of the charges (including fixed charges, if any) of such centers or hospital beds/room: Provided that the said charges exceed rupees 10,000/- per day per bed/room.;
29A.	<p>Services provided as facilities for intra-provincial and inter-provincial travel or transportation (including carriage) of persons by road through buses, coaches, coasters, wagon, jeeps, cars, taxies and other motor vehicles primarily meant for passengers' transport or other traveling or transportation services.</p> <p>Clarification: In case of inter-provincial transportation of persons by road through the above means, the value for the purposes of sales tax shall be reduced by 50% where such services originate or terminate in the province</p>	9804.4000 9805.9000	Five percent (5%) without input tax adjustment.

S#	Description of Services	Headings	Rate of Tax
46A.	Management services, including fund and asset management services.	9857.0000	Fifteen Percent (15%);

The rate of tax has been revised for following taxable services:

S#	Description of Services	Headings	Previous Rates	Revised Rates
1.	Services provided or rendered by hotels, motels, guest houses, resorts, accommodation - and/or - food service providing farm -houses, motorway-or-highway-side accommodation - and/or - food provisioning/food servicing or food supply facilities, restaurants (including food service supply chains), ice cream parlors, marriage or wedding halls, marques, lawns, clubs and caterers, suppliers of prepared eatables and drinkables, pandals and shamianas, clubs including such clubs as, though run on mutuality basis, are operated in commercial mode, manner or style, messes, hostels and similar entities, enterprises or undertakings including all such services, facilities, utilities, entertainments, comforts, enjoyments or amusements etc., as are allied, auxiliary or ancillary thereto.	9801.0000 9801.1000 9801.2000 9801.3000 9801.4000 9801.5000 9801.6000 9801.7000 9801.8000 9801.9000	Fifteen Percent (15%)	Thirteen Percent (13%)
13.	Services provided by persons engaged in contractual execution or performance of works (including but not limited to, repair, maintenance, and renovation, upgradation, cleaning, fumigation and decontamination services or janitorial works) or furnishing supplies (excluding transactions involving contractual supply of goods only, without any component of service relating to such goods).	9810.0000 9810.1000 9810.2000 9810.9000 9822.1000 9822.2000 9822.3000	Five Percent (5%) without any input tax adjustment	Fifteen Percent (15%) without any input tax adjustment* <i>* This seems to be a typo in the Finance Bill since restriction on input tax adjustment is placed only in case of a reduced rate.</i>
20.	Cinematographic production, photographic services, recording services and telecasting or broadcasting services including: Film making or film production including drama production whether in serials or otherwise. Tele casting or broad casting services (other than TV cable operators). Videotape and recording services, sound recording services. TV/Radio production house services. Photographic services (services of photography or photographers). e) Other similar, allied, ancillary or auxiliary services. Exemption: Full exemption on telecasting or broad casting services of and by government-owned TV or Radio stations or channels (this exemption shall not be construed to cover any other service or services including advertisements taxable under this Schedule).	9803.0000 9803.1000 9803.2000 9803.3000 9803.4000 9803.5000 9803.9000	One Percent (1%) without any input tax adjustment	Two Percent (2%) without any input tax adjustment
21.	Event management services whether covering all or any of the processes like planning, budgeting, scheduling, site selection, acquiring necessary permits, coordinating transportation and parking, arranging for speakers or entertainers, arranging decor, event security, catering, picturing, video filming, musical enjoyment so or any other allied or connected task.	9846.0000	Eight Percent (8%) without any input tax adjustment	Ten Percent (10%) without any input tax adjustment
22.	Exhibition, convention or carnival services and allied services including renting of purpose-specific property or space for such events.	9825.0000	Eight Percent (8%) without any input tax adjustment	Five Percent (5%) without any input tax adjustment

S#	Description of Services	Headings	Previous Rates	Revised Rates
34.	Services provided or rendered by under writers including sponsorship services.	9819.1100	One Percent (1%) without any input tax adjustment	Two Percent (2%) without any input tax adjustment
36.	Services provided or rendered by auctioneers.	9819.9100	One Percent (1%) without any input tax adjustment	Two Percent (2%) without any input tax adjustment
39.	Services provided or rendered in respect of quality assurance, quality control, quality inspection (including pre-inspection), quality verification or certification including verification or certification of quality or standards under ISO regime.	9834.0000	One Percent (1%) without any input tax adjustment	Two Percent (2%) without any input tax adjustment
41.	Ride-hailing or ride-hail services like Uber, Cream, Biker and Lyft etc. regardless of the mode, manner or dynamics of the business system involved in such services.	9851.0000	Two Percent (2%) without input tax adjustment	Five Percent (5%) without input tax adjustment
44.	Services relating to or in respect of the installation, erection, commissioning or other permanent structure-affixed/linked/tied placement (whether full or in part) of any industrial, mechanical or electrical plant, machinery or equipment (excluding installation of domestic equipments etc. for residential use).	9853.0000	One Percent (1%) without any input tax adjustment	Two Percent (2%) without any input tax adjustment

Fixed rate of tax/ reduced rate of tax is introduced in respect of following taxable services:

Sr#	Description of Services	Headings
5.	Fixed Rate of Tax: The Custom Agent shall pay tax at the fixed rate of rupees 3,000/- per goods declaration.	9806.0000, 9806.1000, 9806.2000 9806.3000, 9806.4000, 9806.6000 9806.7000, 9806.8000, 9806.9000 9819.1000, 9819.1500, 9842.0000
19.	Fixed Rate of Tax: In case of practitioners, professionals, consultants or advisors of legal profession or field, rupees five hundred (500) shall be deposited as fixed sales tax at the time of filing of each case, appeal or petition and proof of which shall be attached with the Power of Attorney;	9816.0000, 9816.1000, 9816.2000 9816.3000, 9816.4000, 9816.5000 9816.6000, 9816.9000, 9826.0000
26.	Reduced Rate of Tax: In case of health insurance services and services in respect of Government sponsored Sehat Card Plus Programme, the tax shall be charged at the rate of Ten percent (10%) without any input adjustment	9814.0000, 9814.1000, 9814.2000 9814.3000, 9814.4000, 9814.9000

Following entries are substituted as under:

Sr#	Previous Entry	Substituted Entry	Headings
1.	Exemptions and Reduced Tax Rates: (iii) Services provided or rendered by local non-corporate stand-alone hotels or chains of such hotels (including guest houses, clubs and lodges etc.) and restaurants shall be charged to tax at the rate of Eight Percent (8%) without input tax adjustment; provided that where in any case of such restaurant, the Restaurant Invoice Management System (RIMS) is installed and working properly on regular basis, the rate of tax shall be further reduced to Five Percent (5%) without any input tax adjustment: Provided that in case of traditional type restaurants usually called as dhaba or conventional hut-type or similar other road/street side non-air-conditioned restaurants usually serving limited range of pre-cooked or pre-prepared food items with informal seating environment (located or operating anywhere in the tariff areas of the Province) the tax shall be charged and paid at the rate of One Percent (1%).	Exemptions and Reduced Tax Rates: (iii) Services provided or rendered by local non-corporate stand-alone hotels or chains of such hotels (including guest houses, clubs and lodges etc.) and restaurants shall be charged to tax at the rate of six percent (06%) without input tax adjustment; provided that the Restaurants Invoice Management System (RIMS) shall compulsorily installed and working properly on regular basis on all restaurants registered with the Authority: Provided that in case of traditional type restaurants, usually called as dhaba or conventional hut-type or similar other road/street side non-air-conditioned restaurants usually serving limited range of pre-cooked or pre-prepared food items with informal seating environment (located or operating anywhere in the tariff areas of the Province) the tax shall be charged and paid at the rate of two percent (02%).	9801.0000 9801.1000 9801.2000 9801.3000 9801.4000 9801.5000 9801.6000 9801.7000 9801.8000 9801.9000
1.	(iv) In case of traditional accommodation facilities like sarrayae or inns or open air over night bed provisioning services generally located or	In case of traditional accommodation facilities like sarrayae or inns or open air over night bed provisioning	9801.0000 9801.1000 9801.2000

Sr#	Previous Entry	Substituted Entry	Headings
	available around or in the vicinity of railway stations, bus or wagon stands (stations), the rate of tax shall be one percent (1%) without any input tax adjustment if the charges for overnight stay do not exceed rupees three hundred per bed.	services generally located or available around or in the vicinity of railway stations, bus or wagon stands (stations), the rate of tax shall be two percent (02%) without any input tax adjustment if the charges for overnight stay do not exceed rupees three hundred per bed.	9801.3000 9801.4000 9801.5000 9801.6000 9801.7000 9801.8000 9801.9000
1.	(v) In case of marriage or wedding halls including pandals and shamiana and similar other businesses including food services provided therein, the rate of tax shall be eight percent (8%) without any input tax adjustment.	(v) In case of marriage or wedding halls including pandals and shamiana and similar other businesses including food services provided therein, the rate of tax shall be five percent (5%) without any input tax adjustment.	9801.0000 9801.1000 9801.2000 9801.3000 9801.4000 9801.5000 9801.6000 9801.7000 9801.8000 9801.9000
6.	Reduced Rate of Tax: In case of advertisements on or through print media of all types and forms, tax shall be charged at the rate of one percent (1%) without any input tax adjustment.	Reduced Rate of Tax: In case of advertisements on or through print media of all types and forms, tax shall be charged at the rate of two percent (2%) without any input tax adjustment.	9802.0000 9802.1000 9802.2000 9802.3000 9802.4000 9802.5000 9802.6000 9802.7000 9802.8000 9802.9000 9806.5000
27.	Reduced Rate of Tax: The tax on cold storage services (including other forms of warehousing of agriculture produce) regardless of their corporate or non-corporate status shall be charged at the rate of one percent (1%) without any input tax adjustment.	Reduced Rate of Tax: The tax on cold storage services (including other forms of warehousing of agriculture produce) regardless of their corporate or non-corporate status shall be charged at the rate of two percent (1%) without any input tax adjustment.	9844.0000

KPK – OTHER LAWS

KPK URBAN IMMOVABLE PROPERTY TAX

CONVEYANCE IN CASE OF AGRICULTURE LAND AND IMMOVABLE PROPERTY IN AN URBAN AREA

Stamp duty on conveyance in case of agriculture land and immovable property in an urban area has been reduced from Rs 2 to Re 1 for each one hundred rupees or part thereof of the value of land / property.

DUE DATE FOR PAYMENT OF ADVANCE TAX TO AVAIL REBATE @ 20%

Due date for advance payment of tax assessed in respect of urban immovable property has been changed from 31st day of December to 31st day of July for availing rebate of 20%.

EXEMPTIONS

- i. Exemption has been extended to residential buildings with area up to 4.9 Marlas from earlier limit of area upto 3 Marlas.
- ii. Exemption provided to industrial units within jurisdiction of Khyber Pakhtunkhwa EZMIC has been withdrawn.

RATES OF TAX ON RESIDENTIAL AND COMMERCIAL IMMOVABLE PROPERTIES

Existing rates of tax on residential and commercial immovable properties have been revised as provided in Appendix I and Appendix II to this memorandum.

KPK MOTOR VEHICLES TAX

TAX ON MOTOR VEHICLES REGISTERED UNDER THE PROVINCIAL MOTOR VEHICLES ORDINANCE, 1965

The tax in respect of motor vehicles registered under the Provincial Motor Vehicles Ordinance, 1965 shall only be paid to Registering Authorities as defined in said Ordinance or their designated offices in the Province of Khyber Pakhtunkhwa and the tax paid in any other province or area in the country, including Islamabad Capital Territory, shall be recoverable as arrears of land from the owner of motor vehicle.

REVISION OF MOTOR VEHICLES TAX SCHEDULE

The Schedule of tax on motor vehicles has been revised as provided in Appendix III to this memorandum.

ELECTRICITY DUTY

ELECTRICITY DUTY

The rate of electricity duty on the amount of the variable charges or the supply charges worked out according to electricity tariff on energy supplied to Industrial/Commercial Undertaking with generating capacity above 500 Kilo Volt Ampere for Self-Use has been enhanced from 3 (Three) Paisa per unit (Kilo Watt Hour) of energy generated/consumed to Six (6) Paisa per unit (Kilo Watt Hour) of energy generated/consumed.

KPK MOTOR VEHICLES REGISTRATION

PENALTY IN DEFAULT OF REGISTRATION

By way of amendment in Provincial Motor Vehicles Ordinance, 1965; Penalties for delayed registration of locally purchased / imported motor vehicle have been revised as tabulated in Appendix IV to this memorandum.

MOVING / PARKING VIOLATIONS

Penalties on moving and parking violations have been revised as provided in Appendix V to this memorandum.

KPK – REGISTRATION OF REAL ESTATE AND MOTOR VEHICLE DEALERS**FEE FOR REGISTRATION AND ITS RENEWAL**

One time registration fee of Rs 20,000 and annual renewal fee of Rs 15,000 has been introduced for obtaining the certificate of registration / renewal to engage in or carry on the business of real estate agent or a motor vehicle dealer.

KPK TOBACCO DEVELOPMENT CESS

The rate of Tobacco Development Cess on the transportation of different categories of tobacco and its various parts is proposed to be revised as under:

Description	Previous	Revised
for Virginia (Flue-Cured, Barley and Dark-Air-Cured)	Rs 6 / Kg	Rs 50/Kg or 3% of invoice value, whichever is higher
for White Patta /Rustica Tobacco including Khaka, Khara and Rorh made of main stalk (Dandi) and stem of tobacco	Rs 3 / Kg	Rs 30/Kg or 3% of invoice value, whichever is higher
for Snuff	Rs 2.5 / Kg	Rs 7.5/Kg or 3% of invoice value, whichever is higher

KPK - LAND AND AGRICULTURAL INCOME TAX**RATE OF LAND TAX**

The rates of land tax are proposed to be revised as under:

S. No.	Kind/Area of Land	Existing rate Per Acre	Proposed rate Per Acre
1.	Slab of total cultivated land, computed as Irrigated land, by treating one irrigated Acre as equal to three un-irrigated acres, excluding orchards:		
	(i) Not exceeding 1 acre;	Exempted	Exempted
	(ii) upto 12 ½ acres; and	Rs 225	Rs 300 per Acre or part thereof
	(iii) Above 12 ½ acre.	Rs 340	Rs 3,750 + Rs 500 per Acre or part thereof, of the land exceeding 12½ Acres
2.	Orchard		
	upto 1 Acre	Rs 900	Rs 1,000
	1 Acres to 5 Acres	Rs 900	Rs 2,000 per Acre or part thereof
	5 Acres to 12 ½	Rs 900	Rs 9,000 + Rs 3,000 per Acre or part thereof of the land (Orchard) exceeding 5 Acre
	Above 12 ½ Acres	Rs 900	Rs 31,500 + Rs 4,000 per Acre or part thereof, of the land (Orchard) exceeding 12½ Acres

KPK – TAX ON CAPITAL VALUE OF IMMOVABLE PROPERTY

The rate of tax on immovable property where the value of the immovable property is recorded is proposed to be reduced from 2% to 1%.

KPK – ROYALTIES ON MINERALS

Under the KPK Mines and Minerals Act, 2017; the KPK Mineral Investment Facilitation Authority (Authority) is presently responsible to review and recommend to the Government the rates of royalties to be notified by the Government.

It is now proposed through the FB 2024 to empower the Authority to review and recommend the rates of royalties on minerals specified in 'Schedule IV-A' (provided as appendix VI to this memorandum) to the Government through Mineral Development Department of Government.

STAMP DUTY

STAMP DUTY ON ALLOTMENT ORDER OR TRANSFER OF ALLOTMENT ORDER

Rate of stamp duty on allotment order or transfer of allotment order has been rationalized at two percent (2%) of the value of the plot as per Valuation Table of the Federal Board of Revenue (FBR) or Deputy Commissioner, whichever is higher in contrast to earlier fixed duty at Rs 1,200 per Marla and Rs 2,000 per Marla for residential and commercial open plots respectively.

KPK INFRASTRUCTURE DEVELOPMENT CESS, 2022 (IDC ACT)

SCOPE OF CESS AND ALLIED MATTERS

Rate of Cess on transportation, carriage or movement of goods has been specified at 2% on transportation, carriage or movement of goods which are:

- manufactured or produced or traded or consumed in the province at a value as determined by reference to the value under the Sales Tax Act, 1990 from the date notified by the Government; or
- imported into or exported out of or transited through the province at a value as determined for purposes of the Customs Act.

Consequently, provision relating to the manner and time of payment of Cess in case of goods transited through the province are proposed to be omitted.

KPK EXCISE DUTY ON UN-MANUFACTURED TOBACCO

Through the KPK Provincial Excise Duty (Un-manufactured Tobacco) Act, 2024; a provincial excise duty has been imposed on unmanufactured tobacco produced in the KPK province to increase provincial revenues and reduce the use of tobacco.

Since the Federal Excise Duty has already been levied on tobacco, cigarettes and allied items by the Federation, the imposition of excise duty by the province may lead to constitutional issues.

LEVY AND COLLECTION OF EXCISE DUTY

The excise duty has been imposed on un-manufactured tobacco produced within the province of Khyber Pakhtunkhwa at the rate of Rs 50 / Kg which is payable at the time of removal of the un-manufactured tobacco from the Green Leaf Threshing Unit.

REGISTRATION AND LICENSING

Every Green Leaf Threshing Unit is required to get itself registered with and obtain license from Directorate General, Excise, Taxation and Narcotics Control, Khyber Pakhtunkhwa. The manner of registration and the conditions for issuance of license are to be prescribed by the Government.

RECORDS AND RETURNS

Every Green Leaf Threshing Unit shall maintain the specified records (which will be open for inspection) and is required to submit returns in the manner as may be prescribed.

APPEALS AND REFERENCES

Any person aggrieved with the order of the District officer, Regional Director and Director General may file an appeal before the Regional Director, Director General and Secretary respectively within 30 days in the prescribed manner. The decision of the Secretary shall be final. However, a reference to the High Court can be filed on a question of law.

PENALTY, COERCIVE MEASURES AND REMOVAL OF GOODS

A penalty shall be levied twice the amount of excise duty on failure to pay excise duty within 30 days of recovery notice in addition to the principal amount.

In case of non-payment of any amount payable within 30 days of the recovery notice, the District Officer may

- seize, confiscate and auction the un-manufactured tobacco; and
- seal the Green Leaf Threshing Unit till the recovery of due amount.

No un-manufactured tobacco shall be removed outside the province till the payment of excise duty by the Green Leaf Threshing Unit.

Appendix-I Rate of tax on Residential Buildings

Part – A:

Sr. No.	Category.	Rate of tax for areas of Provincial Headquarters as notified by Government (per annum) (Rs).			Rate of tax for areas of Divisional Headquarters (per annum) (Rs).		Rate of tax for suburban areas of Divisional Headquarters (per annum) (Rs).		Rate of tax at District Headquarters (per annum) (Rs).		Rate of tax at District other than District Headquarters (per annum) (Rs).	
		A	B	C	Townshi ps.	Other than Townshi ps.	Townshi ps.	Other than Townshi ps.	Townshi ps.	Other than Townshi ps.	Townshi ps.	Other than Townshi ps.
1.	Upto 4.9 Marlas	Exempted	Exempted	Exempted	Exempted	Exempted	Exempted	Exempted	Exempted	Exempted	Exempted	Exempted
2.	Exceeding 4.9 Marlas but not Exceeding 10 Marlas.				Rs.3,000/-	Rs.2,500/-	Rs.2,500/-	Rs.2,000/-	Rs.2,000/-	Rs.1,700/-	Rs.2,000/-	Rs.1,500/-
3.	Exceeding 10 Marlas but not Exceeding 15 Marlas.				Rs.3,500/-	Rs.3,000/-	Rs.3,000/-	Rs.2,700/-	Rs.3,000/-	Rs.2,500/-	Rs.2,500/-	Rs.2,000/-
4.	Exceeding 15 Marlas but not Exceeding 18 Marlas.				Rs.4,700/-	Rs.4,000/-	Rs.4,000/-	Rs.3,500/-	Rs.3,500/-	Rs.3,000/-	Rs.3,000/-	Rs.2,500/-
5.	Exceeding 18 Marlas but not Exceeding 20 Marlas.				Rs.15,000/-	Rs.13,500/-	Rs.13,500/-	Rs.10,000/-	Rs.7,000/-	Rs.6,000/-	Rs.6,000/-	Rs.5,000/-
6.	Exceeding 20 Marlas but not Exceeding 30 Marlas.				Rs.25,000/-	Rs.18,000/-	Rs.15,000/-	Rs.12,000/-	Rs.10,000/-	Rs.8,000/-	Rs.7,000/-	Rs.6,000/-
7.	Exceeding 30 Marlas but not Exceeding 40 Marlas.				Rs.30,000/-	Rs.28,000/-	Rs.25,000/-	Rs.22,000/-	Rs.20,000/-	Rs.18,000/-	Rs.15,000/-	Rs.10,000/-
8.	Exceeding 40 Marlas.				Rs.40,000/-	Rs.37,000/-	Rs.35,000/-	Rs.30,000/-	Rs.25,000/-	Rs.20,000/-	Rs.18,000/-	Rs.15,000/-

Provided that-

- (a) All units, falling under entry at Serial No. 1, are exempted from Urban Immovable Property Tax for the Financial Year 2024-25.
- (b) Rate of tax for the rest of entries from Serial No. 2 to 8 of areas of Provincial headquarters shall be,-
- for category "A", Rs. 5000/- fixed for 5 marla and Rs.1000/- to be charged for every additional marla or part thereof.
 - for category "B", Rs. 4000/- fixed for 5 marla and Rs.800/- to be charged for every additional marla or part thereof.
 - for category "C", Rs. 3000/- fixed for 5 marla and Rs.500/- to be charged for every additional marla or part thereof.

Part-B:

Provided that residential apartments and penthouses shall also be charged with the rates mentioned in SCHEDULE-I above.

Part-C:

Tax on properties let out on rent, lease or other similar arrangement and not in use of their registered owners, shall be double of the rates mentioned in SCHEDULE-1 above; provided that the buildings or lands rented out or leased out under Part-D shall be excluded from the tax rates mentioned under this Part.

Part-D:

Residential lands and buildings acquired for the use on rent:

Sr.No.	Residential premises rented to.	Annual rate of tax (% of actual rent)
1.	Government Organization.	10%
2.	Semi Government Organization.	10%
3.	Non-Governmental Organizations.	10%
4.	Development Financial Institutions.	10%
5.	Corporate Bodies.	10%
6.	Autonomous Bodies.	10%
7.	Public Limited Companies.	10%
8.	Public Sector Commercial Organizations.	10%
9.	Private Limited Companies.	10%
10.	Private Commercial Organizations.	10%
11.	Companies.	10%
12.	Distribution Businesses.	10%
13.	Godowns.	10%
14.	Guest Houses.	10%
15.	All types of Banks and financial institutions.	15%
16.	Lands and buildings other than those exempted under section 4 of the Act, which is owned and occupied by such organizations.	The tax shall be levied on the assessed annual rental value of such lands and buildings on the rates prescribed hereinbefore. The assessment shall be made by a committee duly notified by the Secretary.

Provided that where the actual rent agreement is lower than the prevailing market rent, due to the advance amount paid (PAGGRI) to the owner or middleman then the tax shall be levied on the assessed annual rental value:

Provided further that categorization of the area for this Schedule shall be made by Government into categories "A", "B" or "C"

Appendix-II
Rate of tax on Commercial Buildings

Part A:
Commercial Lands and Buildings acquired for the use on rent:

Sr.No.	Commercial premises rented to.	Annual rate of tax (% of actual rent)
1.	Government organization	10%
2.	Semi Government Organization	10%
3.	Non-Governmental Organizations	10%
4.	Development Financial Institutions	10%
5.	Corporate Bodies	10%
6.	Autonomous Bodies	10%
7.	Public Limited Companies.	10%
8.	Public Sector Commercial Organizations.	10%
9.	Private Limited Companies,	10%
10.	Private Commercial Organizations	10%
11.	Companies	10%
12.	Distribution Businesses	10%
13.	Godowns	10%
14.	Guest Houses	10%
15.	Private hospitals	5%
16.	Medical stores and other businesses working in health sector	5%
17.	Properties being rented out to air ticketing agencies and Jewelers	10%
18.	All types of Banks and Financial Institutions.	15%
19.	Tenant or leaseholder of Evacuee trust properties using the property for commercial and business purposes	5%
20.	Lands and buildings other than those exempted under section 4 of the Act, which are owned and occupied by such organizations,	The tax shall be levied on the assessed annual rental value of such lands and buildings on the rates prescribed hereinbefore. The assessment shall be made by a committee duly notified by the Secretary

Provided that where the actual rent agreement is lower than the prevailing market rent due to the advance amount paid (**PAGGRI**) to the owner or middleman then the tax shall be assessed on the assessed annual rental value."

Provided further that both parties shall enter into a written agreement in quadruplicate indicating annual rent to be derived and share a copy thereof with the assessing authority on an annual basis. For this part, the actual rent means annual rent agreed between the parties:

- i. **Punishment for concealment of facts.**---(1) Any owner or lessee or tenant of the immovable property who commits the offense of concealment of actual rent derived shall be punishable with imprisonment for a term which may extend up to one year (1) years and with a fine not exceeding the amount of tax payable.
- ii. **Imposition of fine.**---Where an owner found guilty of an offense of concealment of actual rent is sentenced to pay a fine, the amount of the fine shall in no case be less than the tax evaded by the assessee or any dependent or associate by the commission of the offense. Provided that the total fine shall not exceed the total tax payable.
- iii. **Recovery of the amount of fines, etc. as arrears of land revenue.**---Any fine or other sum due under this Act, or as determined due by the assessing authority, shall be recoverable as arrears of land revenue.

Part-B:

Tax for properties as per clause 4 shall be calculated with the following formula:

- (a) the formula for tax calculation shall be: (plot area in the square yard (a) + covered area in square feet (b) multiplied by locality factor (c):
 Provided that passageways, washrooms, and other public utilities shall not be counted while calculating/counting the covered area:
 Provided further that open sheds and verandas shall be counted as half of its total measurement while calculating the covered area; and
- (b) locality factors for computing tax liability as per clause (a) above, are given in the table below:

Locality/ Category.	Ground Floor.	Basement.	1 st Floor	2 nd Floor	3 rd Floor	4 th Floor	5 th Floor	All other floors beyond 5 th Floor
A1	22	18	18	16	14	12	10	8
A	18	13	13	11	9	7	5	5
B	12	8	8	7	6	5	5	5
C	7	5	5	5	5	5	5	5
D	5	5	5	5	5	5	5	5

- (c) Plot area in sq. yards shall be counted once on the ground floor. For upper stories, i.e. from the floor and onwards, only the covered area shall be taken into account, and the formula shall be covered area in square feet (b) multiplied by locality factor (c) (b x c).

Part-C:

For Educational Institutions:

Sr.No.	Category of educational institute.	Annual tax based on locality (Rs).			
		A-1 and A.	B.	C.	D.
1.	Primary (up to class 5)	40000/-	30000/-	20000/-	10000/-
2.	Middle (up to 8 class)	50000/-	40000/-	30000/-	20000/-
3.	High (up to 10 class)	100000/-	80000/-		30000/-
4.	Higher secondary (up to class 12)	150000/-	120000/-	50000/-	40000/-
5.	Graduate level (up to 16 years education)	200000/-	150000/-	100000/-	100000/-
6.	Post Graduate (18 years education and Ph.D. level)	250000/-	200000/-	120000/-	120000/-

Part-D:**Other special categories:**

Sr.No.	Type of property.	Annual rate of tax.
1.	Industrial building situated in rating area.	Rs.10,000/- up to one kanal (5445 square feet). Above one kanal every additional kanal will be charged @ Rs. 10,000 per kanal.
2.	Grid Stations	As per clause(a) of Part-B
3.	Service stations of vehicles, irrespective of tin in addition to other services.	Rs. 20,000/-
4.	Petrol pumps and CNG stations.	Rs. 50,000/-
5.	Buildings and lands used for the erection of Mobile Phone Towers.	(i) Provincial Headquarters ___Rs.40,000/- (ii) Divisional Headquarter and respective sub-urban areas ___Rs.30,000/- (iii) Divisional Headquarter and respective sub-urban areas ___Rs.20,000/-

Note: Categorization of the area for this schedule shall be made by the Government into Categories "A1", "A", "B" "C" or "D"

Appendix-III

Tax on Motor Vehicles

Sr.No.	Description of Motor Vehicles.	Annual rate
1.	Motorcycle / Scooter.	2500 lifetime.
2.	Truck/ Trailers/ Delivery Vans used for transport or haulage of goods or materials:	
	(i) vehicles not exceeding 1250 kg in unladen weight;	1000/-
	(ii) vehicles with a maximum laden capacity up to 2030 kg;	1500/-
	(iii) vehicles with a maximum laden capacity exceeding 2030 kg. but not exceeding 4060 kg;	1500/-
	(iv) vehicles with a maximum laden capacity exceeding 4060 kg. but not exceeding 6090 kg;	3000/-
	(v) vehicles with a maximum laden capacity exceeding 6090 kg. but not exceeding 8120 kg;	5000/-
	(vi) vehicles with a maximum laden capacity exceeding 8120 kg. but not exceeding 12000 kg;	7000/-
	(vii) vehicles with long trailers or other vehicles with a maximum laden capacity exceeding 12000 kg. but not exceeding 16000 kg; and	10000/-
	(viii) vehicles with long trailers or other vehicles with a maximum laden capacity exceeding 16000 kg.	12000/-
3	Vehicles plying for hire and ordinarily used for the transport of passengers:	
	(a) mechanically propelled tricycle/rickshaw or similar vehicle with seating capacity of not more than three persons.	1000/-
	(b) other commercial vehicles with a seating capacity	
	(i) not more than 4 persons;	1500/-
	(ii) more than 4, but not more than 6 persons;	2000/-
	(iii) more than 6 persons, plying on A routes;	500/-
	(iv) motor vehicles with a seating capacity of more than 6 but not more than 20 persons, plying exclusively within the limits of corporation/municipality or cantonment; and	300 per seat
	(v) motor vehicles with a seating capacity of more than 6 but not more than 20 persons plying exclusively within the limits of corporation, municipality or cantonment or partly within and outside such limits with sixty percent of the total length of the route falling within the limits of a corporation, municipality or cantonment.	300 per seat
4	(a) Private vehicles (cars, jeeps, similar vehicles, etc.) other than those mentioned above having engine size-	
	(i) with engine power not exceeding 1000cc;	2000/-
	(ii) with engine power exceeding 1000 cc but not exceeding 1300 cc;	3000/-
	(iii) with engine power exceeding 1300 cc but not exceeding 1500 cc;	4000/-
	(iv) with engine power exceeding 1500 cc but not exceeding 2500 cc; and	5000/-
	(v) with engine power exceeding 2500 cc.	8000/-
	(b) Other private vehicles (cars, jeeps, similar vehicles, etc.) having,-	
	(i) seating capacity of not more than 3 persons;	1500/-
	(ii) seating capacity of more than 3 but not more than 6 persons; and	2000/-
	(iii) seating capacity of more than 6 persons.	1500 per seat
	Note: The owner, who pays a lump sum amount of tax Rs. 10,000/-, shall be exempted for paying while those who have paid amounts lesser than Rs. 10,000/shall be liable to the tax annually.	
5	All Tractors with or without trailers.	2000/-

Appendix-IV
Penalties on default in registration of Motor Vehicles

Sr.No.	Motor vehicle type/engine capacity of vehicle.	Where the default exceeds 60 days but exceed 6 months (Rs.).	Where the default exceeds 6 months (Rs.).
(i)	Motor cycle/scooter	500/-	800/-
(ii)	Tractor not being used for agricultural purposes	2,000/-	3,000/-
(iii)	Other vehicles upto 800 CC	3,000/-	4,000/-
(iv)	801 - 1000 CC	3,500/-	5,000/-
(v)	1001 - 1300 CC	4,000/-	6,000/-
(vi)	1301 - 2000 CC	5,000/-	8,000/-
(vii)	Above 2000 CC	7,000/-	15,000/-

Appendix-V

PART-I
PENALTIES ON MOVING VIOLATIONS

Sr. No.	Nature of violations.	Penalties.			
		Motor Cycle @ Rs.	Motor Car/Jeep @ Rs.	Light Transport Vehicle @ Rs.	Heavy Transport Vehicle/Public Service Vehicle @ Rs.
1	Exceeding prescribed speed limit	500	1000	1000	1500
2	Carrying Passengers in a Public service vehicle exceeding permissible limit	-	1000	1500	2000
3	Violation of Traffic signals (electronic or manual)	500	1000	1000	1500
4	Overloading by public transport vehicles (goods carries)	-	-	2500 for 1% to 5% of overloading. 5000 for 5.1% to 10% of overloading 7500 for 10.1% to 15% and above of overloading and the vehicle shall be impounded for fifteen days.	5000 for 1% to 5% of overloading. 10000 for 5.1% to 10% of overloading. 15000 for 10.1% to 15% and above 15% of overloading shall not be allowed to ply on road and the vehicle shall be impounded for fifteen days.
5	Overtaking where prohibited	300	500	700	1000
6	Failure to yield the right of way to another vehicles	300	500	700	1000
7	Obstructing movement of emergency vehicles	300	500	700	1000
8	Leading the excess of the restriction of dimension of goods.	-	-	1000	1500
9	Driving at night without proper lights.	500	1000	1000	1500
10	Driving on the wrong side of the road.	1000	2000	2000	4000
11	Disobey traffic signals. (a) Amber Flashing (b) Red Thinking (c) Red Light	500	1000	1000	1500
12	Improper crossing of railway track	300	500	500	1000
13	Following too closely or cutting too sharply	300	500	500	1000
14	Driving with tinted or covered glasses obstructing visibility from within the vehicle	-	1500	1500	2000
15	Jumping traffic queue	200	500	500	1000
16	Failing to dip headlights for other traffic	200	500	500	1000
17	Driving wrong way in one way street	1000	2000	2000	4000
18	Using turn indicator for any purpose other than those prescribed	200	500	500	700
19	Playing where prohibited	300	500	500	1000

Sr. No.	Nature of violations.	Penalties.			
		Motor Cycle @ Rs.	Motor Car/Jeep @ Rs.	Light Transport Vehicle @ Rs.	Heavy Transport Vehicle/Public Service Vehicle @ Rs.
20	Improper loading of goods/ improper loaded goods	-	-	1000	1500
21	Failing to observe lighting hours	300	500	500	1000
22	Obstructing traffic	300	500	500	1000
23	Failure to observe slow sign	300	500	500	1000
24	Riding motorcycle without safety helmet	1000	-	-	-
25	Failure to stop for a school bus	200	300	500	500
26	Turning where prohibited	500	1000	1000	1500
27	Failure to protect learner drivers	200	400	400	600
28	Failure to yield right of way to pedestrians	200	500	700	1000
29	Reckless and negligent driving	1000	1500	2000	3000
30	Driving without driving license	1000	2000	3000	5000
31	Driving an unregistered vehicle	1000	2000	5000	5000
32	Driving a motor vehicle without insurance coverage	200	500	500	1000
33	Driving a transport vehicle without or with a defective speedometer	200	500	500	1000
34	Opening door dangerously	-	500	700	1000
35	Improper turning (Turn from wrong lane)	300	500	700	1000
36	Improper lane usage	300	500	700	1000
37	Blowing horn in silence zone	200	300	500	500
38	Improper U-Turn	200	500	700	1000
39	Refusal to produce license	500	1000	1000	1500
40	Failing to stop when required by the traffic police	500	700	1000	1500
41	Driving without fitness certificate	-	-	1000	2500
42	Driving a vehicle exceeding prescribed weight limit	-	-	2500	15000
43	Using vehicle in unsafe condition	300	500	700	1000
44	Using pressing/musical horns	300	500	1000	1500
45	Driving vehicle in violation of law/rules not otherwise provided	500	1000	1000	1500
46	Smoke emitting vehicle	500	1000	1000	2000
47	Juvenile driving	1000	2000	5000	10000
48	Using mobile phone while driving	1000	2000	3000	5000
49	One wheeling by motorcyclist	5000	-	-	-
50	Repeating the same violations	1200	1200	1200	1200
51	Abetment of the above violations	300	500	700	1000
52	Driving motor vehicle without route permit if any	-	-	5000	5000
53	Repeating the violation at serial No. 52 above	-	-	10000	10000
54	Repeating the violation at serial No. 4 above	-	-	10000	30000
55	Driving without fastening seat belt	-	1000	1000	1000
56	Taking part in an unauthorized race	2000	3000	5000	5000
57	Use of illegal number plate or without number plate	500	1000	1000	1500
58	Charging extra fare	500	1000	2000	3000

Sr. No.	Nature of violations.	Penalties.			
		Motor Cycle @ Rs.	Motor Car/Jeep @ Rs.	Light Transport Vehicle @ Rs.	Heavy Transport Vehicle/Public Service Vehicle @ Rs.
59	Driving any vehicle at night on high beam or using dazzling light/powerful lamps	500	1000	1500	2000
60	Driving when mentally or physically unfit to drive or under influence of drug or alcohol	1000	3000	5000	5000
61	Improper loading of goods (material/liquid spreading on the road/air)	-	-	3000	5000
62	Carrying Passengers/Students outside cabin of the vehicle	-	-	3000	5000
63	Driving vehicle without fastening seat belt by the driver and front seat passenger	-	500	700	1000
64	Driving vehicle having a person below twelve (12) years of age on front passenger seat	-	500	500	1000
65	Driving of Transport vehicle with expired Route Permit (impounding of vehicle till the production of renewed route permit)	-	-	2000	5000
66	Driving of Transport vehicle with expired Fitness Certificate (impounding of vehicle till the production of renewed fitness certificate)	-	-	1000	2500
67	Leaving vehicle in dangerous position	-	500	500	1000
68	Driving vehicle on disqualified license	-	1000	1000	1000
69	Illegal alteration/modification in vehicle	500	1000	2000	2500
70	Failure to stop vehicle after accident	500	1000	1500	2000
71	Taking/plying vehicle without authority (registration book, transfer deed, transfer letter, government certificates, and route permit)	500	1000	1500	2000
72	Disobedience of orders, obstruction, and refusal of information	1000	1000	1000	1000
73	Noise pollution (by illegal modification/alteration)	2000	3000	3000	3000

PART-II
PENALTIES ON PARKING VIOLATIONS

Sr. No.	Nature of violations.	Penalties.			
		Motor Cycle @ Rs.	Motor Car/Jeep @ Rs.	Light Transport Vehicle @ Rs.	Heavy Transport Vehicle/Public Service Vehicle @ Rs.
1	More than 0.5 meters from the kerb	200	300	300	500
2	Parking on a footpath	500	1000	1000	1500
3	Less than 0.5 meter from another car	200	200	300	500
4	Parking on a Zebra Crossing	300	500	700	1000
5	Less than 0.3 meters from a fire hydrant	200	300	300	500
6	Less than 10 meters from an intersection	200	300	300	500
7	Parking in a No Parking Zone	200	300	300	500
8	Parking in front of an entrance to premises	1000	2000	2000	3000
9	Parking in a No Parking Zone	500	1000	1000	2000
10	Parking in front of an entrance to premises	200	300	500	700
11	Parking on a bridge	200	300	500	700
12	Parking on a sidewalk	200	300	500	700

Appendix-VI
RATES OF ROYALTIES

PRECIOUS METALS AND OTHER METALLIC MINERALS GROUP

1.	2.	3.
Sr. No.	Name of Minerals.	Royalty Rates.
1.	Chromite.	Rs.1,500 er ton.
2.	Iron ore (Magnetite and Hematite).	Rs. 1,000 per ton.
3.	Precious metal and base metal group.	10.50% on Ad-Valorem basis (value at first disposal point) .

FUEL MINERALS

1.	2.	3.
Sr. No.	Name of Minerals.	Rates.
1.	Coal.	Rs.1,500 per ton.

PRECIOUS AND SEMI-PRECIOUS GEM STONES GROUP

1.	2.	3.
Sr. No.	Name of Minerals.	Royalty Rates.
1.	Precious and Semi-Precious Gemstones granted through auction inclusive of royalty.	Identified mines are to be auctioned as mining lease inclusive of royalty and large scale mining concession through competitive bidding.
2.	Precious and Semi-Precious Gemstones granted through normal procedure other than auction.	10.50% on Ad-Valorem basis (value at first disposal point).
3.	Nephrite.	Rs. 75 per kg

OTHER MINERAL NOT SPECIFIED IN THE SCHEDULE

1.	2.	3.
Sr. No.	Name of Minerals.	Royalty Rates.
1.	Other groups of minerals	03% on the ad valorem basis (value at first disposal points)

CONSTRUCTION AND INDUSTRIAL MINERAL GROUP

Sr. No.	Name of the Mineral	Royalty Rates
1	Amphibolite	Rs. 200 Per ton
2	Barite	Rs. 500 Per ton
3	Ball Clay	Rs. 150 Per ton
4	Bauxite	Rs. 300 Per ton
5	Bentonite	Rs. 100 Per ton
6	Beryle (Industrial)	Rs. 150 Per ton
7	China Clay	Rs. 100 Per ton
8	Chalk	Rs. 200 Per ton
9	Calcite	Rs. 200 Per ton
10	Celestite	Rs. 200 Per ton
11	Dolomite	Rs. 120 Per ton
12	Feldspar	Rs. 120 Per ton
13	Fire Clay	Rs. 200 Per ton
14	Fuller Earth	Rs. 120 Per ton
15	Fluorite (Industrial)	Rs. 1000 Per ton
16	Gypsum	Rs. 100 Per ton
17	Granite (Black)	Rs. 1500 Per ton
18	Granite (Others)	Rs. 500 Per ton
19	Garnet Schist	Rs. 1000 Per ton
20	Granite Schist	Rs. 300 Per ton
21	Graphite	Rs. 350 Per ton
22	Garnet (Industrial)	Rs. 500 Per ton
23	Hornblendite	Rs. 120 Per ton
24	Limestone (Cement Factory)	Rs. 250 Per ton
25	Limestone (Others)	Rs. 120 Per ton
26	Laterite (Cement Factory)	Rs. 200 Per ton
27	Laterite (others)	Rs. 200 Per ton
28	Marble (super white)	Rs. 2000 Per ton
29	Marble (white grey, off white, red and white, chitral white).	Rs. 1000 Per ton
30	Marble (sunny grey, sunny white, zebra, badal, grey and strawberry, black and similar colours).	Rs. 300 Per ton
31	Marble (Kanda)	Rs. 150 Per ton
32	Mica/Muscovite	Rs. 1000 Per ton
33	Magnesite	Rs. 400 Per ton
34	Marl (cement factory and others)	Rs. 250 Per ton
35	Nepheline Synite	Rs. 400 Per ton
36	Orpiment	Rs. 300 Per ton
37	Phosphate	Rs. 1000 Per ton
38	Quartz (industrial)	Rs. 500 Per ton

Sr. No.	Name of the Mineral	Royalty Rates
39	Quartzite	Rs. 120 Per ton
40	Red Ocher	Rs. 120 Per ton
41	Red Oxide	Rs. 300 Per ton
42	Rock Salt	Rs. 150 Per ton
43	Stand Stone (cement factory and others)	Rs. 300 Per ton
44	Schist	Rs. 120 Per ton
45	Soap Stone	Rs. 800 Per ton
46	Silica Sand (cement factory)	Rs. 300 Per ton
47	Silica Sand (others)	Rs. 250 Per ton
48	Slate Stone (cement factory)	Rs. 250 Per ton
49	Slate Stone (others)	Rs. 250 Per ton
50	Shale Clay (cement factory)	Rs. 250 Per ton
51	Shale Clay (others)	Rs. 250 Per ton
52	Serpentine (industrial)	Rs. 250 Per ton
53	Sulphur Ore	Rs. 30 Per ton
54	Vermiculite	Rs. 120 Per ton

PUNJAB FINANCE BILL, 2024

PUNJAB SALES TAX ON SERVICES

There are no amendments proposed through the Punjab Finance Bill, 2024 in the Punjab Sales Tax on Services Act, 2012.

STAMP DUTY

By way of amendments proposed through FB 2024 in the Stamp Act, 1899, it has been proposed that stamp duty in respect of following instruments shall be revised:

Sr No.	Document	Previous duty	Proposed revised duty
		Rupees	
(i)	Affidavit including affirmation or declaration in case of persons by law allowed to affirm or declare instead of swearing. <i>[certain exemptions already provided under the law remain the same]</i>	100	300
(ii)	Agreement or memorandum of an agreement: <ul style="list-style-type: none"> relating to sale of immovable property; and if not otherwise provided for <i>[residuary category]</i> 	1,200 100	3,000 500
(iii)	Cancellation of instrument, if attested and not otherwise provided for	100	500
(iv)	Contract made or entered into by a contractor with Government, Corporation, Local Body, Local Authority, agency or organization controlled by Federal or Provincial Government, to execute any work, with duly leviable according to amount of contract in the following manner: <ul style="list-style-type: none"> Up to Rs 500,000; Rs 500,001 to Rs 1,000,000 Rs 1,000,001 to Rs 1,500,000 Rs 1,500,001 to Rs 15,000,000 Rs 15,000,001 and above 	1,200 2,000 3,000 5,000 10,000	3,000 5,000 8,000 15,000 30,000
(v)	Instrument of Divorce	100	1,000
(vi)	Power of attorney (not chargeable with a fee under the law relating to Court-fees): <ul style="list-style-type: none"> Executed for authorizing not more than ten persons; and When given without consideration authorizing the attorney to sell any immovable property executed between spouses or between one wife or widow and another wife or widow of the same husband, or between father, mother, son, daughter, grandparents, grandchildren or siblings. 	500 1,200	2,000 3,000
(vii)	Re-conveyance of mortgaged property	100	1,000
(viii)	Surrender of lease	100	1,000

PUNJAB URBAN IMMOVABLE PROPERTY TAX

Through the FB 2024, the mode and manner prescribed for determination of value of immovable property and computation of property tax thereon are proposed to be revamped. Presently, property tax is payable at the rate of 5% of 'annual value' of the building and land, that is either computable based on annual rent at which the property could be let out or the same is determined according to valuation tables notified by or under the authority of the Government.

Now, it is proposed that the property tax shall be chargeable based on 'taxable value' of the property, determinable on the basis of valuation table notified under the Stamp Act, 1899. Further, the Government shall also be empowered to determine the taxable value of a building or land through issuance of a valuation table and categorize a certain property as high value property, by notification in official gazette.

Through insertion of Schedule, following rates have been proposed for determination of property tax based on taxable value of the property:

Sr. #	Taxable Value	Residential Properties	Commercial Properties
		Proposed rates of tax	
1.	Up to Rs 5 million	Exempted	0.07%
2.	Exceeding Rs 5 million and up to Rs 10 million	0.07%	0.07%
3.	Exceeding Rs 10 million and up to Rs 25 million	0.08%	0.08%
4.	Rs 25 million and above	0.09%	0.09%

In case the tax payable, under above table, is lower than the tax payable on and before December 31, 2024; then the tax shall be payable as given below until such tax payable becomes equal to or greater than the tax payable as per the above table:

Sr. #	Taxable Value	Residential Properties	Commercial Properties
		Proposed rates of tax	
1.	Up to Rs 5 million	Exempted	Tax on and before 31.12.2024
2.	Exceeding Rs 5 million and up to Rs 10 million	Tax on and before 31.12.2024 + 10%	Tax on and before 31.12.2024 + 10%
3.	Exceeding Rs 10 million and up to Rs 25 million	Tax on and before 31.12.2024 + 10%	Tax on and before 31.12.2024 + 10%
4.	Rs 25 million and above	Tax on and before 31.12.2024 + 20%	Tax on and before 31.12.2024 + 20%

DEFINITION - OWNER

The scope of the term 'owner' in connection with the building and land presently include 'lessee in perpetuity' among other classifications. It is now proposed to be substituted to include 'lessee in possession'.

EXEMPTIONS

Certain exemptions from the purview of tax are prescribed under the present Act including residential house / vacant plot having nominal annual value. The bill has now proposed to substitute the extent of the exemption to include buildings and lands used or intended to be used exclusively as residential property, the taxable value of which does not exceed Rs 5 million.

SELF-ASSESSMENT

Through the bill, the procedure has been proposed for self-assessment of value of land and building by the owner in the manner as may be prescribed, and based thereon, property tax shall be paid/ settled by the owner along with filing of online declaration of correctness and truthfulness. Further, relevant legal provisions have been proposed to be incorporated to enable audit of self-assessment. In case of any variation, the assessing authority shall collect the actual tax along with onetime penalty equivalent to amount of tax evaded.

In case the owner has not filed the self-assessment declaration of land and building, it is proposed that the assessing authority may issue notice for compliance within the time frame not exceeding two weeks.

HARDSHIP

To address any hardship case, it is proposed that a grievance committee may be constituted by the Government through notification in the official Gazette. This committee may by an order containing reasons, exempt land and building from payment of whole or any part of tax under the Act.

PUNJAB MOTOR VEHICLES TAX

MOTORCYCLES

A tax of Rs 1,500 is, presently chargeable under the Punjab Motor Vehicles Taxation Act, 1958 at the time of registration of motorcycles, scooters and motorcycles drawing a side trailer or cabin.

Through the Bill, it has been proposed that tax of Rs 1500 is also made applicable in respect of transfer of registration of such vehicles within ten years of registration. However, 10% rebate for each financial year will be available against the aforesaid fee.

MOTOR VEHICLES (OTHER THAN TRICYCLES/ TRUCKS/ TRAILER VANS/ DELIVERY VANS/ IMPORTED VEHICLES, VEHICLES PLYING FOR HIRE)

Tax is presently leviable/ payable in respect of subject vehicles on the basis of seating capacity/ engine power thereof as a fixed amount, irrespective of value of vehicles.

Through the Bill, while fixed amount of tax would remain chargeable only in respect of vehicle with engine capacity up to 1000cc, in case of vehicles with higher engine power, tax has been proposed to be made leviable on the basis of invoice value thereof. The existing and proposed rates of tax on subject vehicles are given below:

Sr. No.	Description of Motor Vehicles	Existing Annual Rate of Tax (Rs)	Proposed Annual Rate of Tax
(a)	Vehicle having seating capacity of not more than three persons.	500	Tax rate depends upon the engine power of the vehicle, as detailed in below-mentioned section, irrespective of the seating capacity
(b)	Vehicle having seating capacity of more than three persons but not more than six persons -		
	(i) with engine power up to 1000 cc;	15,000 (only at the time of registration)	In case of registration – Rs 20,000 In case of transfer (within 10 years) – Rs 20,000 as reduced by rebate of 10% for each financial year

Sr. No.	Description of Motor Vehicles	Existing Annual Rate of Tax (Rs)	Proposed Annual Rate of Tax
	(ii) with engine power exceeding 1000cc but not exceeding 1300 cc.	1,800	0.2% of invoice value
	(iii) with engine power exceeding 1300cc but not exceeding 1500 cc.	6,000	
	(iv) with engine power exceeding 1500cc but not exceeding 2000 cc.	9,000	
	(v) with engine power exceeding 2000cc but not exceeding 2500 cc.	12,000	0.3% of invoice value
	(vi) with engine power exceeding 2500cc.	15,000	
	(vii) three door 4x4 vehicle with engine power exceeding 2500cc.	15,000	
(c)	Vehicle having seating capacity of more than 6 persons –		
	(i) other than buses and station wagons not plying for hire.	2,500 per seat	Tax rate depends upon the engine power of the vehicle, as detailed in above-mentioned section, irrespective of the seating capacity
	(ii) buses and station wagons not plying for hire.	300 per seat	

It is also proposed through the bill that in cases where the proposed annual rate of tax given against clauses (b) and (c) above is less than the substituted rates, the substituted rates would continue to remain applicable.

PUNJAB EXCISE DUTY ON MINERALS

Under the Minerals (Labour Welfare) Act, 1967; Excise duty is leviable/ chargeable as a ‘cess’ on specified minerals dispatched from mines, at the rate not less than one rupee or more than five rupees per ton, as may be fixed by the Government through notification in official gazette.

Through the FB 2024, the range specified for fixation of excise duty by the Government on minerals is proposed to be enhanced to “thirty rupees to fifty rupees per ton”.