

EXTRACT OF LAWS TO BE AMENDED

THE STAMP ACT, 1899 (Act II of 1899)

SCHEDULE-1

Article Number	Description of Instrument	Proper Stamp-duty
1	2	3
18	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	Two percent of the consideration equal to the amount of the purchase money.

THE WEST PAKISTAN URBAN IMMOVABLE PROPERTY TAX ACT, 1958 (West Pakistan Act V of 1958)

Section 3: (2a) A rebate at the rate of 10% of the tax assessed under subsection (2) shall be admissible to those assesses who pay the tax in advance for the whole year by the 31st day of August of the year to which it relates.

3-A Out of the Tax collected under the Act from within the limits of a Municipal Committee, a Town Committee or a Cantonment Board, the Government shall after retaining 5% thereof as collection charges pay 85% of the balance to such Municipal Committee, Town Committees or Cantonment Board, as the case may be

Section 4: Exemptions. — **1.** The tax shall not be leviable in respect of the following properties, namely:—

- (a) buildings and lands other than those leased in perpetuity, vesting in the Federal Government;
- (b) buildings and lands other than those leased in perpetuity ;
 - (i) Vesting in Government of Khyber Pakhtunkhwa and not administered by a local authority;
 - (ii) Owned or administered by a local authority when used exclusively for public purposes and not used for purposes of profit;
- (c) residential buildings, the area whereof does not exceed five Marlas and the building is occupied by the owner himself:

Provided that the owner does not own any other residential building at the same rating area for which the owner shall submit an affidavit to this effect:

Provided further that if the owner fraudulently avails the concession under this clause, he shall be liable to pay a penalty amounting to five times of the tax so evaded in addition to the tax payable.

Provided further that the owner of such residential buildings shall not be liable to pay arrears of the tax if any for a period falling before the 1st day of July 2004.

(cc) residential buildings owned and occupied by widows; provided that if a widow owns more than one residential building in the same rating area, she shall be exempted from payment of tax in respect of only one building which is self occupied by her.

(d) public parks and playgrounds and libraries;

(e) buildings and lands or portions thereof used exclusively for public worship or public charity including mosques, churches, dharamsalas, gurdwaras, orphanages, alms houses, drinking water fountains, infirmaries for the treatment and care of animals and public burial or burning grounds or other places for the disposal of the dead;

Provided that the following buildings and lands or portions thereof shall not be deemed to be used exclusively for public worship or for public charity within the meaning of this section, namely:-

(i) buildings in or lands on which any trade or business is carried on unless the rent derived from such buildings or lands is applied exclusively to religious purposes or such charitable institutions as may be prescribed:

(ii) buildings or lands in respect of which rent is derived and such rent is not applied exclusively to religious purposes or to public charitable institutions: and

(f) Buildings and lands belonging to minor orphans who are not assessed to income tax.

2. Notwithstanding anything to the contrary contained in Section 3, there shall not be levied and charged any tax under this Act, in relation to buildings and lands occupied by industrial units in any area declared by Government as “Industrial Estates” for a period of three years with effect from the 1st day of July, 2010.

Section 12: Tax When Payable.—The tax shall be payable half yearly by such dates as may be prescribed

Provided that Government may, by notification, direct that in any rating area.

(i) the tax shall be paid yearly;

(ii) the tax for any specified period shall be paid separately.

Section 15: Penalty for default in payment.— (1) If any person on being served with such notice as may be prescribed fails to pay within the period specified in the notice any amount due from him on account of the tax, the prescribed authority may recover from him as penalty a sum not exceeding the amount of the tax so unpaid, in addition to the amount of the tax payable by him

Section 16: Recovery of unpaid dues.— (1) If any sum due on account of the tax levied under section 3 or a penalty imposed under this Act is not paid within the time allowed for its payment and the person from whom it is due does not show cause to the satisfaction of the Collector or any other person authorized by him why he should not pay the same, such sum (inclusive of all costs of recovery) may be recovered under a warrant in the prescribed form or in a form to the like effect to be signed by the Collector.

(i) by distress or sale of the movable property belonging to such person; or

(ii) by attachment and sale of the immovable property belonging to him.

The warrant may be addressed to an officer of the Excise and Taxation Department for execution, and in executing it he may obtain such assistance from other servants of the Department as he may consider necessary.

(2) Notwithstanding anything contained in sub-section (1) any sum on account of the tax levied or penalty imposed under this Act remaining unrecovered shall be recoverable as arrears of land revenue.

(3) Notwithstanding anything contained in any law and notwithstanding any rights arising out of any contract or otherwise whatsoever, any sum due on account of the tax levied under section 3 or as a penalty imposed under this Act in respect of any building or land, shall, subject to the prior payment of the land revenue, if any, due to the Government thereon, be a first charge upon such building or land and upon the movable property, if any, if found within or upon such building or land belonging to the person liable for such tax or penalty.

Section 17: Remuneration of local authority.— When the tax is collected by any local authority such local authority shall be entitled to such remuneration on account of the cost of collection as may be prescribed.

SCHEDULE-II

[See section 3(2)]

1. Building and Lands within the limits of urban areas shall be divided into category A1, A, B, C, and D by the Government through Notification in the Official Gazette depending on location, value, type of business therein, rental value, civic amenities, age of building and other variables related to immovable properties.
2. Buildings acquired for the use by Government, Semi-Government, Non-Governmental Organizations, Development Financial Institutions, private commercial organizations (local/ international shop/ chain, outlets, local and international brands, wedding halls, hotels, restaurants and all shops falling within A1, A and B category of immovable properties), guest houses, hostels, or for any other commercial use or by Banks shall be assessed and taxed 18 percent of the actual annual rent. In case buildings other than those exempted under section 4 of this Act, which are owned and occupied by such organizations, tax shall be levied on the assessed annual rental value of such buildings on the rate prescribed hereinbefore.
3. Both lesser and lessee shall enter into written Agreement in Quadruplicate clearly indicating annual rent to be derived, and share copies thereof with Assessing Authority on annual basis.
4. All payments of rent shall be preferably made through bank transfers or pay order and no cash payment may be accepted
5. Buildings used as shops by the registered owner himself only, divided into three localities namely A1, A, and B, depending on the area shall continue to be assessed and taxed in accordance with the method and rate prescribed in clause 6 and 7 below. All shops categorized as C and D will also continue to be assessed with the same method.
6. The “A1 and A” localities shall, for the time being, be defined in Provincial Capital. Locality “A” may be introduced in divisional headquarters.

7. The locality factors as worked out for computing the tax are-
- | | |
|---|----|
| (a) For A1 locality.
(located within 100 yards of either sides of the
Main road of Peshawar). | 39 |
| (b) For A locality. | 30 |
| (c) for B locality. | 14 |
| (d) for C locality. | 10 |
| (e) for D locality. | 8 |
8. The above factors are for the Provincial Headquarter that is for Peshawar. There shall be a rebate of 10% on the total tax calculated on the basis of the above factor value in respect of former Divisional Headquarters of buildings and 20% rebate on the total tax so calculated in respect of all other rating areas. There shall also be a rebate of 10% on first floor of the building and 20% rebate on floors other than ground and first floor.
9. The tax shall be calculated as under:
- a. area in square yards;
 - b. covered area in square feet; provided that open sheds in the commercial units shall be counted as one half of its total measurements, while calculating the covered area; and
 - c. (a) + (b) multiplied by the locality factor.
10. For educational Institutions:
- a. the tax shall be calculated on the basis of covered area only;
 - b. the area of the plot as required per item 9(a) above shall not be taken for computing the tax. This is to encourage the institutions in providing sports and other recreational facilities to their students; and
 - c. the tax calculated on the basis of (a) above shall get a special twenty percent rebate, being provided to all the educational institutions. Provided that no rebate shall be given to building obtained on rent.
11. Petrol pumps and CNG Stations with convenience store shall be charged at flat rate of Rs.22,500/- and those without store at Rs. 11,250/- per annum.
12. Service Station of vehicles, irrespective of operating in addition to other services such as filling station or otherwise shall be charged at flat rate of Rs.20,000 per annum.
13. Industrial buildings within the limits of rating areas shall be assessed for the purpose of this tax at a flat rate of Rs. 2.50 per square foot of the building only. The provision of 10(b) shall also apply.
14. Buildings and Lands used for erection of Mobile Phone Towers shall be assessed and taxed at the rates:
- (i) Provincial Headquarter Rs.40,000 per annum;
 - (ii) Divisional Headquarter and Rs.30,000 per annum and

respective sub-urban areas; and

- (iii) District Headquarter and Rs.20,000 per annum;
respective sub-urban areas.

THE WEST PAKISTAN MOTOR VEHICLE TAXATION ACT, 1958
(West Pakistan Act XXXII of 1958)

Section 3: Imposition of Tax: (1) A tax shall be leviable on every motor vehicle in equal installments for quarterly periods, commencing on the first day of July, the first day of October, the first day of January, and the first day of April, at the rate specified in the Schedule to this Act

Provided that for reasons specified therein the Government may by notification, in respect of any class of motor vehicles or motor vehicles plying in any specified area or along any specified route, prescribe a rate lower than the rate mentioned in the Schedule. Provided further that any broken period in such quarterly periods shall, for purpose of levying the tax be considered as a full period.

(2) The tax shall be paid upon a license to be taken out and paid for under the provisions of this Act by the person who keeps the motor vehicle for use.

(3) A rebate equal to 15 percent of the amount of annual tax for a financial year will be given if the amount of annual tax is paid in lump sum on or before the 31st day of July of the financial year.

THE PROVINCIAL MOTOR VEHICLES ORDINANCE, 1965
WEST PAKISTAN ORDINANCE No. XIX OF 1965.

Section 25: (1) An application for registration of a motor vehicle shall be made to the registering authority by the owner personally or through a duly authorized agent, in Form "F" as set forth in the First Schedule, to this Ordinance, and shall be accompanied by the following:-

(a) Import permit and the bill of lading through which the motor vehicle is imported and papers indicating the payment of customs duty, etc; leviable on the import of such a motor vehicle;

(b) Sale authority letter and invoice issued by the authorized manufacturer of the motor vehicle or by his authorized dealer in Pakistan; and

(c) In case of re-registration under section 30 of this Ordinance, the registration certificate issued by the original registering authority together with a "No Objection Certificate (NOC)" issued by it.

Section 30: (1) When a motor vehicle not required to be registered in the Province by virtue of sub-section (1) of section 29 is kept in the Province for a period exceeding twelve months, the owner of the vehicle shall apply to the registering authority, within whose jurisdiction the vehicle then is, for the assignment of a new registration mark and shall present the certificate of registration of the vehicle to that registering authority.

(2) The registering authority, to which application is made under subsection (1), shall assign the vehicle a registration mark referred to in section 25 to be carried thence forth on the vehicle and shall enter the mark upon the certificate of registration of the vehicle before returning it to the applicant and shall also, in communication with the registering authority by

whom the vehicle was previously registered, arrange for the transfer of the registration of the vehicle from the records of that registering authority to its own records.

**THE KHYBER PAKHTUNKHWA REAL ESTATE AGENTS AND MOTOR VEHICLES
DEALERS (REGULATION OF BUSINESS) ORDINANCE, 1983.**
KHYBER PAKHTUNKHWA ORDINANCE NO. VIII OF 1983.

Section 3: (1) No person shall engage in or carry on the business of a real estate agent or a motor vehicles dealer unless he is registered with the registering authority and holds a valid certificate issued by such authority:

Provided that in the case of a person who is already carrying on the business of a real estate agent or a motor vehicles dealer on the date of commencement of this Ordinance, this provision shall not be applicable until the expiry of a period of ninety days from the date of such commencement.

THE KHYBER PAKHTUNKHWA FINANCE ACT, 1990
(KHYBER PAKHTUNKHWA ACT NO. IV OF 1990)

Section 7: Tax on Professions, Trades and Callings.---(1) There shall be levied and collected a tax, for each financial year, from persons engaged in professions, trades, callings or employment described in column 2 of the Table below at the rate specified against each category in column 3 thereof:

Provided that where a person falls in more than one category of profession, trade, calling, etc., he shall be liable to pay tax in respect of the one where the rate of tax is highest.

THE KHYBER PAKHTUNKHWA FINANCE ORDINANCE, 2002.
KHYBER PAKHTUNKHWA ORDINANCE NO. XXIII OF 2002.

Section 4: Tax on hotels.—There shall be levied and collected every year a tax on hotels, payable by the owner or management thereof at the rate of ten per cent of the room rent per lodging unit per day, on the basis of fifty per cent of the total number of lodging units available in the hotel concerned; provided that the assessment in relation to a hotel at a hill station shall be made at the aforesaid rate for six months only in a year, that is from 1st day of April to 30th day of September (both days inclusive):

Provided further that hotel in Kaghan valley of the Khyber Pakhtunkhwa shall be exempted from tax for a period starting from 1st July, 2010 to 30th June, 2012.

THE KHYBER PAKHTUNKHWA FINANCE ACT, 2010
(KHYBER PAKHTUNKHWA ACT NO. VIII OF 2010)

Section 2: Levy of tax on capital value of immovable property.---(1) A tax on the capital value of immovable property, to be called the capital value tax, shall be payable by every individual, association of persons, firm or a company, which acquires by purchase, gift, exchange, surrender, power of attorney including revocable power of Attorney and time-bound (not exceeding sixty days) executed between spouses, father and son or daughter, grand parents and grand children, brother and sister or relinquishment of rights by the owner (whether effected orally or by deed or obtained through Court decree), except by inheritance or gift from spouse, parents, grand parents, a brother and a sister of an immovable property or a right to the use thereof for more than twenty years, or renewal of the lease or any premium paid thereon, at the rates specified in sub-section (2).

(2) The rates of tax in respect of immovable properties are as under:

(a) Immovable property other than commercial property, industrial property and residential flats situated in urban areas measuring at least 500 square yards or one kanal (whichever is less) and more,-

No.	Description of Immovable property	Rate of Tax
(i)	Where the value of the immovable property is recorded.	One and a half percent of the recorded value of the landed area.
(ii)	Where the value of the immovable property is not recorded.	Twenty five rupees per square foot of the landed area.
(iii)	Where the immovable property is a constructed property.	Ten rupees per square foot of the constructed area in addition to the value worked out above.

(b) Immovable Commercial and Industrial property of any size situated in an urban area,-

No.	Description of Immovable property	Rate of Tax
(i)	Where the value of the immovable property is recorded.	One and a half percent of the recorded value of the landed area.
(ii)	Where the value of the immovable property is not recorded.	Twenty five rupees per square foot of the landed area.
(iii)	Where the immovable property is a constructed property.	Ten rupees per square foot of the constructed area in addition to the value worked out above.

(c) Commercial immovable property including residential flats situated in Plazas or Multi-story buildings of any size situated in an urban area

No.	Description of Immovable property	Rate of Tax
(i)	Where the value of the immovable property is recorded.	One and a half percent of the recorded value of the immovable property provided that the amount of tax per Sq-ft of constructed area for floor indicated below shall not be less than: Rs. 8/ per Sq-ft for basement Rs. 10/ per Sq-ft for ground floor Rs. 8/

		per Sq-ft for 1st floor Rs. 7.5/ per Sq-ft for 2nd floor Rs. 7/ per Sq-ft for 3rd floor and above.
(ii)	Where the value of the immovable property is not recorded.	The amount of tax per Sq-ft of constructed area for floor indicated below shall be: Rs. 8/ per Sq-ft for basement Rs. 10/ per Sq-ft for ground floor Rs. 8/ per Sq-ft for 1st floor Rs. 7.5/ per Sq-ft for 2nd floor Rs. 7/ per Sq-ft for 3rd floor and above.

THE KHYBER PAKHTUNKHWA FINANCE ACT, 2013.
(KHYBER PAKHTUNKHWA ACT NO. XXI OF 2013)

Section 5: Powers and functions of the Authority.---(3) Subject to the provisions of this Act and the relevant fiscal law, the Authority may, where appropriate, issue notifications, circulars and instructions for the enforcement of any of the provisions of the Act or any other fiscal law administered by the Authority.

Section 20: Application of principles of origin and reverse charge in certain situations.---(2) Where the recipient of a taxable service is a person registered under this Act, he shall deduct the whole amount of tax in respect of the service received and pay the same to the Government

Section 26: Scope of tax and allied matters.---(1) Subject to the provisions of this Act, there shall be charged, levied, collected and paid a tax on the value of a taxable service at the rate specified in the Second Schedule.

(2) Government may, on the recommendation of the Authority and subject to such conditions and restrictions as the Government may impose, by notification in the official Gazette, declare that in respect of any taxable service provided by a registered person or a class of registered persons, the tax shall be charged, levied and collected at such higher, lower, fixed or specific rate as may be specified in the said notification.

(3) Notwithstanding other provisions of this Act, the Authority may, with the prior approval of the Government and by notification in the official Gazette and subject to the conditions, restrictions, limitations or otherwise, fix the limit or threshold of annual turnover of any service or class of services provided by any person or class of persons below which such person or class of persons shall be exempt from payment of tax under this Act.

(4) A person required to pay tax under this Act shall be entitled to deduct from the payable amount, the amount of tax already paid by him on the receipt of taxable services used exclusively in connection with taxable services provided by such person subject to the condition that he holds a true and valid tax invoice not older than six tax periods, showing the amount of tax earlier charged and paid under this Act on the services so received but the Authority may, by notification in the official Gazette, disallow or restrict such deduction in case of any service or services as it may deem appropriate.

Section 40: Assessment of tax.---(1) Where on the basis of any information acquired during an audit, inquiry, inspection or otherwise, an officer of the Authority is of the opinion that a registered person has not paid the tax due on taxable services provided by him or has made short payment, the officer shall make an assessment of the tax actually payable by that person and shall impose a penalty and charge default surcharge in accordance with sections 64 and 65.

Section 41: Registration.--- (3) A person who receives a service, which is a taxable service by virtue of sub-section (2) of section 19, and is not a registered person shall be deemed to be a registered person for the purposes of the tax period in which-

(a) such person receives the service;

(b) an invoice for the value of the service is issued or sent to or received by the person; or

(c) consideration for the service is paid by the person whichever is earlier and all the provisions of this Act and the rules shall be applicable to such person for that particular tax period and any matters relating to, arising out of, or concerning that tax period as if that person had provided the service.

Section 55: Return deemed to have been made.---A return purporting to be made on behalf of a person by his duly appointed representative, agent or e-intermediary shall, for all purposes of this Act or the rules, be deemed to have been made by such person or under his authority unless proved to the contrary.

PRINCIPLES OF APPLICATION AND INTERPRETATION: For the purposes of application and interpretation of the SECOND SCHEDULE and all allied matters, the following principles shall be binding and followed as an integral part thereof:

16. In cases where tax is to be calculated on the basis of fraction, the following formula shall be used:

17. Where during providing of any services by a person who is providing his services by virtue of his professional credentials, procures any durable and repeat-use goods (not the consumable materials) purely on behalf of and for his client out of the funds provided or to be provided by the client and title of such goods is on acquisition and continues to be in the name of the client, value of such goods shall not be included in the value of services despite their being meant for use or having been used in the providing of services by such person.”.

$$(a/100+a) \times \text{Value of Service}$$

Note: “a” is the applicable rate of tax.
