

FOR THE EXTRAORDINARY GAZETTE ISSUE OF
THE KHYBER PAKHTUNKHWA

PROVINCIAL ASSEMBLY SECRETARIAT
KHYBER PAKHTUNKHWA

NOTIFICATION

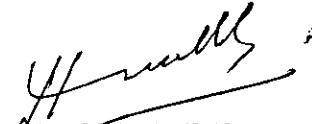
Dated Peshawar, the 28/06/2019.

No.PA/Khyber Pakhtunkhwa/Bills-55/2019/ 23812 The Khyber Pakhtunkhwa Finance Bill, 2019 having been passed by the Provincial Assembly of Khyber Pakhtunkhwa on 26th June, 2019 and assented to by the Governor of the Khyber Pakhtunkhwa on 27th June, 2019 is hereby published as an Act of the Provincial Legislature of the Khyber Pakhtunkhwa.

THE KHYBER PAKHTUNKHWA FINANCE ACT, 2019.
(KHYBER PAKHTUNKHWA ACT NO. XXVII OF 2019)

(First published after having received the assent of the Governor of the Khyber Pakhtunkhwa in the Gazette of the Khyber Pakhtunkhwa. (Extraordinary), dated the 28/06/2019).

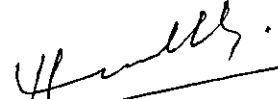
(Here print as in the accompaniment).


SECRETARY,
Provincial Assembly of Khyber
Pakhtunkhwa.

No. and date (as per notification above).

A copy of the above notification with the accompaniment is forwarded to the Manager, Government Stationery and Printing Department, Peshawar, with the request to publish the same in the extraordinary issue of the Khyber Pakhtunkhwa Government Gazette of today's date and distribute copies thereof immediately in accordance with the list given overleaf.


Proof should be sent to this Secretariat before publication.


SECRETARY,
Provincial Assembly of Khyber
Pakhtunkhwa.

E.No. PA/Khyber Pakhtunkhwa /Bills-55/2019/ 23813-17 Dated 28/06/2019

A copy of the above is forwarded to:-

1. The Principal Secretary to Governor, Khyber Pakhtunkhwa.
2. The Secretary to Government of Khyber Pakhtunkhwa, Law Department.
3. The Secretary to Government of Khyber Pakhtunkhwa, Finance Department.
4. The Director Information, Khyber Pakhtunkhwa.
5. The Director I.T/ Special Secretary Provincial Assembly of Khyber Pakhtunkhwa.


SECRETARY,
Provincial Assembly of Khyber
Pakhtunkhwa.

AN
ACT

*to levy, continue, revise and exempt certain taxes, fees, cess and duty
in the Province of the Khyber Pakhtunkhwa.*

WHEREAS it is expedient to levy, continue, revise and exempt certain taxes,
fees, cess and duty in the Province of the Khyber Pakhtunkhwa;

It is hereby enacted as follows:

1. **Short title, extent and commencement.**---(1) This Act may be called the Khyber
Pakhtunkhwa Finance Act, 2019.

(2) It shall extend to whole of the Province of the Khyber Pakhtunkhwa.

(3) It shall come into force on the first day of July, 2019 except the
amendment in clause (c) of section 9 of this Act, which shall come into force from the
dates, as mentioned in sub-section (2) of section 21A of the Khyber Pakhtunkhwa
Finance Act, 2013 (Khyber Pakhtunkhwa Act No. XXI of 2013), inserted through this
Act.

2. **Substitution of Schedule-II of the West Pakistan Act No. V of 1958.**---In the
West Pakistan Urban Immovable Property Tax Act, 1958 (W.P. Act No. V of 1958), for
the existing "Schedule-II", the "Schedule-II", as specified in the Appendix-I, appended to
this Act, shall be substituted.

3. **Amendment of section 7 of the Khyber Pakhtunkhwa Act No. IV of 1990.**---
In the Khyber Pakhtunkhwa Finance Act, 1990 (Khyber Pakhtunkhwa Act No. IV of
1990), in section 7, in sub-section (1), for the existing "TABLE", the "TABLE", as
specified in Appendix-II, appended to this Act, shall be substituted.

4. **Amendment of section 6 of the Khyber Pakhtunkhwa Act No. I of 1995.**---In
the Khyber Pakhtunkhwa Finance Act, 1995 (Khyber Pakhtunkhwa Act No I of 1995), in
section 6, in sub-section (8), for the words "Six thousand" and "Two thousand and five
hundred", the words "Twenty thousand" and "Eight thousand" shall respectively be
substituted.

5. **Amendment of section 11 of the Khyber Pakhtunkhwa Act No.1 of 1996.**---In
the Khyber Pakhtunkhwa Finance, 1996 (Khyber Pakhtunkhwa Act No. I of 1996), in
section 11, in sub-section (1), for clauses (a), (b) and (c), the following shall respectively
be substituted, namely:

Assit. Law Officer
Govt. of Khyber Pakhtunkhwa
Law Department

- “(a) for Virginia (flue-cured, barley and dark-air-cur); Rs. 6 per kilogram
- (b) for white patta/rustica tobacco including khaka, khara and roth made of the main stalk (dandi) and stem of tobacco; and Rs. 3 per kilogram
- (c) for snuff/ naswar. Rs. 2.5 per kilogram.”

6. **Substitution of First Schedule of the Khyber Pakhtunkhwa Ord. No. IV of 2000.**---In the Khyber Pakhtunkhwa Land Tax and Agriculture Income Tax Ordinance, 2000 (Khyber Pakhtunkhwa Ord. No. IV of 2000), for the existing “First Schedule”, the “First Schedule”, as specified in Appendix-III, appended to this Act, shall be substituted.

7. **Amendment of section 4 of the Khyber Pakhtunkhwa Ord. No. XXIII of 2002.**---In the Khyber Pakhtunkhwa Finance Ordinance, 2002 (Khyber Pakhtunkhwa Ord. No. XXIII of 2002), in section 4,-

- (i) for the words “five per cent”, the words “ten per cent” shall be substituted; and
- (ii) for the words, figures and brackets “four months only in a year, that is from 1st day of May to 31st day of August (both days inclusive)”, the words, figures and brackets “six months only in a year, that is from 1st day of April to 30th day of September (both days inclusive)” shall be substituted.

8. **Amendment of section 2 of the Khyber Pakhtunkhwa Act No. VIII of 2010.**---

In the Khyber Pakhtunkhwa Finance Act, 2010 (Khyber Pakhtunkhwa Act No. VIII of 2010), in section 2, in sub-section (1), for the words “other than revocable”, the words “including revocable power of Attorney” shall be substituted.

9. **Amendment of the Khyber Pakhtunkhwa Act No. XXI of 2013.**---in the Khyber Pakhtunkhwa Finance Act, 2013 (Khyber Pakhtunkhwa Act No. XXI of 2013), hereinafter referred to as the said Act,-

Asst. Legal Draftsman
Govt. of Khyber Pakhtunkhwa
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(a) in section 2,-

(i) in clause (12), in sub-clause (a), for the words, comma, brackets and figures “Companies Ordinance, 1984 (XLVII of 1984)”, the words, comma, brackets and figures “Companies Act, 2017 (Act No. XIX of 2017)” shall be substituted;

(ii) in clause (37), in sub-clause (b), after the word and comma “office,”, the words, comma and hyphens “through virtual presence or a website or a web-portal or through any other form of e-commerce, by whatever name called” shall be inserted; and

(iii) in clause (55), the word “and” appearing at the end shall be deleted and thereafter, the following new clause shall be inserted, namely:

“(55A) “unregistered” means a person, who is liable to be registered under this Act, but is actually not registered and does not hold the Khyber Pakhtunkhwa Sales Tax Registration Number (KNTN); and”;

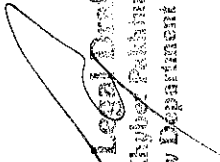
(b) in section 20, for sub-section (2), the following shall be substituted, namely:

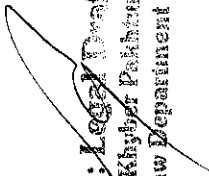
“(2) Where the recipient of a taxable service is a person registered under this Act, he shall deduct the amount of tax, to the extent as prescribed by regulations, in respect of the service received and pay the same to Government.”;

(c) after section 21, the following new section shall be inserted, namely:

“21A. Validation.---(1) The following Notifications, issued, under section 21 of this Act, from time to time, shall be deemed to have been validly issued, in accordance with the provisions of this Act and shall not be called in question of any court of law:

(a) the Excise, Taxation and Narcotics Control Department’s Notification No. SO(Tax)E&T/2-7/ 2014, dated: 4th August, 2014;


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Govt. of Khyber Pakhtunkhwa
Law Department


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Govt. of Khyber Pakhtunkhwa
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- (b) the Excise, Taxation and Narcotics Control Department's Notification No. SO(Tax)E&T/2-7/2015, dated: 4th February, 2016;
- (c) the Excise, Taxation and Narcotics Control Department's Notification No. SO(Tax)/ET&NC/2-7, dated: 22nd March, 2017;
- (d) the Excise, Taxation and Narcotics Control Department's Notification No. SO(Tax)E&T/2-7/2017/ 1735-47, dated: 20th October, 2017; and
- (e) the Khyber Pakhtunkhwa Revenue Authority's Notification No. 506-15/2018, dated: 31st August, 2018.

(2) The provisions of this section shall be deemed to have effect from the respective dates of the Gazette Notifications, mentioned therein, till the commencement of this Act, except the Revenue Authority Notification at clause (e) of sub-section (1), which shall be deemed to have effect from 4th February, 2016.”;

- (d) in section 26, in sub-section (4), the full-stop appearing at the end shall be replaced by colon and thereafter the following proviso shall be added, namely:

“Provided that payment of the amount for a transaction exceeding value of fifty thousand rupees, excluding payment against a utility bill, shall be made by a crossed cheque, drawn on a bank, bank draft, pay order or any other banking instrument, showing transfer of the amount of the sales tax invoice, in favour of the service provider, from the business bank account of the service recipient.”;

- (e) in section 40, after sub-section (1), the following new sub-section shall be inserted, namely:

“(1A) Where any person, required to withhold sales tax under the provisions of this Act or regulations, fails to withhold the tax or withholds the tax but fails to deposit the same in the prescribed time and manner, an officer of the Authority shall, after a notice to such person to show cause, determine the amount in default and shall impose a penalty and default surcharge according to law.”;

- (f) in section 48, in sub-section (5), for the words, comma, brackets and figures “Companies Ordinance, 1984 (XLVII of 1984)”, the words, comma, brackets and figures “Companies Act, 2017 (Act No. XIX of 2017)” shall be substituted;

- (g) in section 64, in sub-section (2), in the Table,-

- (i) against Serial No. 2,-

(a) in column 2, the words, occurring at the end, “or furnishes it after the due date” shall be deleted; and

(b) for column 3, the following shall be substituted, namely:

“Such person shall pay a penalty of five thousand rupees:

Provided that in case a person files a return within ten days of the due date, he shall pay a penalty of one hundred rupees for each day of default.”;

- (ii) against Serial No. 3, in column 3, for the word “five”, the words “one hundred” shall be substituted; and

Secretary
Govt. of Karnataka
Law Department

(iii) after Serial No. 16, the following new entries shall be added, in the respective columns, namely:

S.No.	Offences.	Penalties	Section.
"17.	Where a bank fails to attach or delays in attaching the bank accounts of a person from whom tax is sought to be recovered, specified in the notice issued by the officer of the Authority or fails to pay or delays payment of such amount.	Such bank shall be liable to pay penalty of one hundred thousand rupees or five (05) per cent of the amount of tax involved, whichever is higher. The concerned officer of such bank shall further be liable, upon conviction by a special judge, to imprisonment which may extend to one year or with fine which may extend to five (05) per cent of the amount of tax involved or with both.	87.
18.	Where a person fails to withhold or withholds but fails to deposit the tax.	Such person shall be liable to pay penalty of twenty-five thousand rupees or five (05) per cent of the tax involved, whichever is higher.	40.";

(h) in section 82,-

(i) for sub-section (2), the following shall be substituted, namely:

"(2) Government shall appoint, for a term of three years, judicial member of the Appellate Tribunal, who shall be-

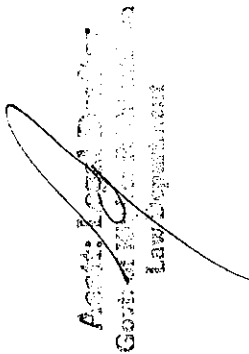
(a) a District and Sessions Judge, in consultation with Peshawar High Court, Peshawar; or

(b) any person, who has been District and Sessions Judge for at least three years.";

(ii) for sub-section (3), the following shall be substituted, namely:

“(3) Government shall appoint, for a term of three years, technical member of the Appellate Tribunal, who is or has been-

- (a) a Collector (Appeals) in the Authority;
- (b) a Collector in the Authority;
- (c) a Collector of Customs in the Federal Board of Revenue;
- (d) a Commissioner of Inland Revenue in the Federal Board of Revenue; or
- (e) a legal practitioner, who is a member of the Pakistan Bar Council or Provincial Bar Council and has minimum of twenty years standing at the High Court level, practicing tax law.”; and


Punjab Excise and Taxation Department
Government of Punjab
Law Department

(iii) after sub-section (3), as so amended, the following new sub-sections shall respectively be inserted, namely:

“(3A) A judicial member or a technical member shall not be above seventy years of age.

(3B) The term of office of a judicial member or technical member, as the case may be, may be extended for another term of three years, subject to his satisfactory performance:

Provided that such term shall not be extended for a third term in any case.”;

(i) in section 94, for the words “Excise and Taxation Department of Government”, the word “Authority” shall be substituted;

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Govt. of Karnataka
Law Department

- (j) in section 111, in sub-section (3), for the word “Authority”, occurring at the end, the words “Policy Making Council” shall be substituted; and
- (k) for the existing “FIRST SCHEDULE” and “SCHEDULE-II”, the “FIRST SCHEDULE” and “SECOND SCHEDULE”, as specified in Appendix-IV, appended to this Act, shall respectively be substituted.

Appendix-I

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.	39
(located within 100 yards of either sides of the	
Main road of Peshawar).	
(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.

Accountant General
Govt of Punjab
Law Department

9. The tax shall be calculated as under:
- area in square yards;
 - 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
 - (a) + (b) multiplied by the locality factor.
10. For educational Institutions:
- the tax shall be calculated on the basis of covered area only;
 - 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
 - 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:
- Provincial Headquarter Rs.40,000 per annum;
 - Divisional Headquarter and Rs.30,000 per annum and respective sub-urban areas; and
 - District Headquarter and Rs.20,000 per annum; respective sub-urban areas.

Provincial Engineer
Govt. of Karnataka
Law Department

APPENDIX-II

TABLE

S.No	Description of Tax Payers	Rates of Tax	
1	2	3	
1 (i)	All persons engaged in any profession, trade, calling or employment, other than those specifically mentioned hereinafter, whose monthly income or earning:		
	(a) upto Rs.20,000;	Exempted	
	(b) when exceed Rs.20,000 but not exceed Rs.30,000;	Rs.1000	
	(c) when exceed Rs.30,000 but does not exceed Rs. 50,000;	Rs.1200	
	(d) when exceed Rs.50,000 but does not exceed Rs. 100,000;	Rs.1500	
	(e) when exceed Rs.100,000 but does not exceed Rs. 200,000;	Rs.2000	
	(f) when exceed Rs.200,000 but does not exceed Rs. 500,000;	Rs.3000	
	(g) Exceeding 500000.	Rs. 5000	
	1 (ii)	Employees of Federal and Provincial Government drawing pay in Basic Scales:	
		(a) BS-01 to 06;	Exempted
(b) BS-07 to 12;		Rs.1000	
(c) BS-13 to 16;		Rs.1200	
(d) BS-17;		Rs.1500	
(e) BS-18;		Rs.1800	
(f) BS-19; and		Rs.2000	
(g) BS-20 and above.		Rs.3000	
2-	All Limited Companies, Modarbas, Mutual Funds and any other body corporate with paid up capital and reserves in the preceding year, whichever is more:		
	(a) when not exceeding Rs.10 million.	Rs.30,000	
	(b) when exceeding Rs.10 million but not exceeding Rs. 25 million;	Rs.50,000	
	(c) when exceeding Rs.25 million but not-exceeding Rs. 50 million;	Rs.60,000	
	(d) when exceeding Rs.50 million but not exceeding Rs.100 million;	Rs.90,000	
	(e) when exceeding Rs.100 million but not exceeding Rs. 200 million; and	Rs.100,000	
	(f) when exceeding Rs. 200 million.	Rs.100,000	
	Explanation.- The paid up capital in case of foreign banks shall be the minimum paid up capital as determined by the State Bank of Pakistan.		

3-	Persons, other than companies, owning factories, commercial establishments, private education institutions and private hospitals, having the following commercial establishments:	
	a. Any Commercial establishment/factories having 10 or more employees which have not been otherwise explicitly given in this Table.	Rs.15000
	b. Private Clinics & Hospitals having up to 10 employees.	Rs.15000
	c. Private Clinics hospitals having employees more than 10 but not more than 50.	Rs. 60,000
	d. Private Clinics & Hospitals having more than 50 employees	Rs.100000
	e. Private Medical Colleges.	Rs.100000
	f. Private Engineering Institutes having degree programs.	Rs.100000
	g. Private Business Education Institutes. (i) Having Upto 100 students (ii) Exceeding 100 students.	Rs.80000 Rs.100000
	h. Private Law Colleges.	Rs.100000
	i. Private education institutions including professional and technical institutions, other than specified at e, f, g & h, charging monthly fee not exceeding Rs.1000/- per student.	Rs.8000
	j. Private education institutions including professional and technical institutions, other than specified at e, f, g & h, charging monthly fee exceeding Rs.1000/- but not exceeding Rs.2000/- per student.	Rs.12000
k. Private education institutions including professional and technical institutions, other than specified at e, f, g & h, charging monthly fee exceeding Rs.2000/- but not exceeding Rs.5000/- per student.	Rs.25000	
l. Private education institutions including professional and technical institutions, other than specified at e, f, g & h, charging monthly fee exceeding Rs.5000/- per student.	Rs.100000	
4-	Holders of import or export license, assessed to income tax in the preceding year with annual turnover:	
	(a) when not exceeding Rs.100,000;	Rs.5000
	(b) when exceeding Rs.100,000	Rs.7000
5-	Clearing Agents licensed or approved as Custom House Agents.	Rs.12000
6-	Travel Agents-	
	a) IATA travel agents approved.	Rs.30000
	b) Non-IATA approved.	Rs.15000

	c) Hajj and tour operator;	Rs.30000
7-	Restaurants/Guest Houses liable to Sales Tax.	Rs40000
8-	Professional Caterers.	Rs40000
9-	Wedding Halls/Lawns (irrespective of their nomenclature).	Rs.60000
10-	Advertising Agencies.	Rs.30000
11-	DOCTORS,-	
	A Specialists practicing at Peshawar	Rs.80000
	B- Specialists practicing at divisional headquarters	Rs. 60000
	C Specialists practicing at districts headquarters	Rs. 50000
	D Specialists practicing at places other than a,b,c above	Rs. 40000
	E Non specialists including Medical Practitioners, Hakeems, Homeopaths etc;	Rs.30000
	F Dentists certified by PMDC.	Rs.15000
12-	"Diagnostics and Therapeutic Centers" including pathological and chemical Laboratories"	
	a- Located at Divisional Headquarters,	Rs.25000
	b- Located at other places	Rs.8000
13-	Contractors, Suppliers and Consultants who, during preceding financial year supplied to the Federal or any Provincial Government or any local authority in the District, Goods, Commodities, or rendered service of the value,-	
	a) When exceeding Rs.10,000/- but not exceeding Rs.0.5 million	Rs 5000
	b) When exceeding Rs.0.5 million but not exceeding Rs.1 million.	Rs.10000
	c) When exceeding Rs.1.50 million but not exceeding Rs.2.5 million.	Rs.15000
	d) When exceeding Rs.2.50 million but not exceeding Rs.10 million.	Rs30000
	e) When exceeding Rs.10 million but not exceeding Rs.25 million.	Rs.45000
	f) When exceeding Rs.25 million but not exceeding Rs.50 million.	Rs.60000
	g) When exceeding Rs.50 million.	Rs.100000
14-	Petrol/diesel/C.N.G. Filling Stations-	Rs.30000
15-	All establishments, including video shops, real estate shops/agencies, card dealers, and net cafes assessed or not assessed to income tax in the preceding financial year.	Rs.6000
16-	Chartered Accountants with an independent audit practice and excluding those who are employed in companies not owned by them.	Rs.20000
17	Vehicles Service Stations	Rs.10000

18	Transporters/ Transport Companies;	
	a) within provincial headquarter's limits; and	Rs.10000
	b) others.	Rs.5000
19	Member of Stock Exchange.	Rs.50000
20	Money Changer:	
	a) within provincial headquarter's limits; and	Rs.50000
	b) others.	Rs.25000
21	Health Fitness Centers/ Gymnasium:	
	a) within provincial headquarter's limits; and	Rs.3000
	b) others.	Rs.1500
22	Jewelers.	Rs.30000
23	Departmental Stores.	Rs.40000
24	Electronic goods stores.	Rs.10000
25	Cable Operators	Rs.10000
26	Printing Press	Rs.10000
27	Pesticides Dealers.	Rs.6000
28	Tobacco Whole Sellers	Rs.25000
29	Whole Sale Dealers/ Agency Holders	Rs. 30000
30	Chemist/ Druggist/ Medical Stores	Rs. 20000
31	Tailor Shops	
	i. Shalwar Qameez + Waistcoat	Rs. 10000
	ii. Shalwar Qameez + Waistcoat + Pant Shirt	Rs. 15000