

Comments on Provincial Finance Bills 2024-25



Tax

Foreword



This memorandum contains comments in respect of amendments proposed through the Provincial Finance Bills in Sindh Sales Tax on Services Act, 2011, Punjab Sales Tax on Services Act, 2012 and Khyber Pakhtunkhwa Finance Act, 2013 and some other provincial laws.

The amendments proposed through the provincial Finance Bills, once approved by the provincial assemblies, will take effect from July 1, 2024 unless stated otherwise.

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Contents

SINDH SALES TAX ON SERVICES ACT, 2011	5
(i) DEFINITIONS [SECTION 2]	5
(ii) ECONOMIC ACTIVITY [SECTION 4].....	7
(iii) VALUE OF A TAXABLE SERVICE [SECTION 5]	7
(iv) INPUT TAX CREDIT NOT ALLOWED [SECTION 15A]	7
(v) ASSESSMENT OF TAX [SECTION 23]	8
(vi) DE-REGISTRATION [SECTION 25A].....	8
(vii) RECORDS [SECTION 26].....	8
(viii) RETENTION AND PRODUCTION OF RECORDS AND DOCUMENTS [SECTION 27].....	8
(ix) OFFENCES AND PENALTIES [SECTION 43].....	9
(x) RECOVERY OF TAX NOT LEVIED OR SHORT-LEVIED [SECTION 47]	10
(xi) PROCEDURE IN APPEAL [SECTION 58]	10
(xii) APPOINTMENT OF THE APPELLATE TRIBUNAL [SECTION 60].....	10
(xiii) RECOVERY OF ARREARS OF TAX [SECTION 66]	10
(xiv) COMPUTERIZED SYSTEM [SECTION 73].....	10
(xv) BAR OF SUITS, PROSECUTION AND OTHER LEGAL PROCEEDINGS [SECTION 82].....	10
<i>Second Schedule - List of Taxable Services</i>	10
THE STAMP ACT, 1899 (SINDH)	12
ACKNOWLEDGMENT OF RECEIPT [ARTICLE 1]	12
AFFIDAVIT [ARTICLE 2]	12
AGREEMENT OR MEMORANDUM OF AN AGREEMENT [ARTICLE 3]	12
AIR TICKETS [ARTICLE 3-A]	12
ALLOTMENT ORDERS OR ISSUANCE OR RENEWAL OF SANADS BY THE GOVERNMENT [ARTICLE 4-A]	13
BILL OF ENTRY [ARTICLE 7]	13
BILL OF LADING [ARTICLE 9]	13
DEBENTURE INCLUDING A PARTICIPATION TERM CERTIFICATE, TERM FINANCE CERTIFICATE AND COMMERCIAL PAPERS [ARTICLE 10 (C)].....	13
CERTIFICATE OF SALE [ARTICLE 11]	13
CONVEYANCE AND TRANSFER OF LEASE BY WAY OF ASSIGNMENT [ARTICLE 16].....	13
COUNTERPART OR DUPLICATE [ARTICLE 17]	14
LEASE [ARTICLE 21]	14
LETTER OF CREDIT [ARTICLE 22]	15
MORTGAGE-DEED OR A DEED OF FURTHER CHARGE [ARTICLE 23]	15
MORTGAGE DEED OR ANY OTHER FINANCING INSTRUMENT [ARTICLE 23-A].....	16
NOTARIAL ACT [ARTICLE 24]	16
POLICY OF INSURANCE [ARTICLE 26]	16
POWER OF ATTORNEY [ARTICLE 27].....	17
PROMISSORY NOTE [ARTICLE 28]	17
RELEASE [ARTICLE 29].....	18
SETTLEMENT [ARTICLE 30]	18
TRUST [ARTICLE 32]	18
SINDH MOTOR VEHICLES TAXATION ACT,1958	19

MOTOR VEHICLE TAX [CLAUSE (II) THIRD PROVISO SECTION 3(1)].....	19
SINDH FINANCE ACT, 1964 [PROFESSIONAL TAX]	20
SINDH DEVELOPMENT AND MAINTENANCE OF INFRASTRUCTURE CESS ACT, 2017	21
PUNJAB SALES TAX ON SERVICES ACT, 2012	22
SECTION 39: APPOINTMENT OF AUTHORITIES.....	22
THE STAMP ACT, 1899 (PUNJAB)	23
<i>Schedule I</i>	23
THE PUNJAB MOTOR VEHICLES TAXATION ACT, 1958.....	25
<i>Schedule I</i>	25
EXCISE DUTY ON MINERALS (LABOUR WELFARE) ACT, 1967 (PUNJAB)	26
SECTION 3: IMPOSITION AND COLLECTION OF DUTY	26
THE PUNJAB URBAN IMMOVABLE PROPERTY TAX ACT, 1958	27
SECTION 3: LEVY OF TAX	27
<i>SCHEDULE</i>	27
SECTION 4:.....	28
SUBSTITUTION OF ANNUAL VALUE WITH TAXABLE VALUE [SECTION 5]	28
INTRODUCTION OF CONCEPT OF SELF-ASSESSMENT OF LAND AND BUILDING [SECTION 6-A]	28
THE COURT FEES ACT, 1870 (PUNJAB).....	29
KPK SALES TAX ON SERVICES ACT, 2022.....	34
1. DEFINITIONS [SECTION 2]	34
2. TAX FRAUD [CLAUSE (AAI) SECTION 2]	34
3. SPECIAL PROCEDURE FOR COLLECTION OF TAX THROUGH COLLECTION AGENT [SECTION 14A]	34
4. ADJUSTMENTS [SECTION 16].....	34
5. INPUT TAX CREDIT NOT ALLOWED [SECTION 17]	35
6. ASSESSMENT OF TAX AND RECOVERY OF TAX NOT LEVIED OR SHORT LEVIED [SECTION 27]	35
7. REGISTRATION AND APPLICATION FOR REGISTRATION [SECTION 29]	35
8. OFFENCES AND PENALTIES [SECTION 53]	36
9. DEFAULT SURCHARGE [SECTION 54]	37
10. OFFICERS TO HAVE ACCESS TO PREMISES, STOCKS, ACCOUNTS AND RECORDS [SECTION 60].....	37
11. REVISION OF THE ASSESSMENT ORDER [SECTION 65]	37
12. UN-PAID AND SHORT PAID AMOUNTS RECOVERABLE WITHOUT NOTICE [SECTION 75]	37
13. REWARD TO WHISTLEBLOWER [SECTION 92A].....	38
14. REPEALS AND SAVINGS [SECTION 93].....	38
<i>FIRST SCHEDULE (List of Services)</i>	39
[SECTION 2(AD)(AAA), 3(4) AND 17].....	39
<i>SECOND SCHEDULE (List of Taxable Services)</i>	40
[SECTION 3(1)(4), 9(1), 12(1),17(1) AND 18]	40
THE STAMP ACT, 1899 (KPK)	46
<i>Schedule I</i>	46

Sindh Sales Tax on Services Act, 2011

(i) Definitions [Section 2]

1. Change in scope of existing descriptions of services

a. Business Support Service [Clause (19)]

The Bill proposes to broaden the scope of "business support service" by adding the term marketing in the definition.

b. Car or automobile dealer [Clause 20B]

The Bill proposes to substitute the term automobile with "other motor vehicles" to remove anomaly regarding classification of motor vehicles in the category of automobiles. The proposed amendment broadens the scope of the definition.

c. Cosmetic and plastic surgery [Clause 29A]

The Bill proposes to broaden the scope of the service by adding explanation to include "procedure" in term "surgery". Now, any procedures which is not directly classifiable as surgery, would also be chargeable to sales tax under the heading 9842.0000 'Cosmetic and plastic surgery and transplantations'.

d. Hotel – [Clause 51]

The Bill proposes to broaden the definition of "Hotel" to include huts, resorts and lodges in the category of hotel. It also proposes to include within the scope, the facilities provided in addition to traditional services of accommodation.

e. Programme – [Clause 67B]

The Bill proposes to substitute the existing definition of the term "Programme" to broaden its scope. By virtue of this change, the term "Programme" shall now mean 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.

f. Rent-a-car and automobile rental services – [Clause 72A]

Presently, services provided by a person of renting cars, cabs, vans or any other passenger motor vehicles are covered under the definition. The Bill now proposes to broaden the scope of such services by omitting the word "passenger". Now, renting of any motor vehicles whether passenger or goods transport vehicle shall be covered under the definition.

g. Sports and games center – [Clause 51B, 72B & 87A]

Currently, only indoor sports and games center is defined under clause (51B) of section 2 of the Act which is chargeable to Sindh sales tax under tariff heading 9821.2000.

The Bill proposes to replace the clause (51B) with a new clause (87A) to cover both indoor and outdoor sports and games center. A corresponding change has also been proposed in the existing description of taxable service under the tariff heading 9821.2000 to broaden its scope by including outdoor sports.

Furthermore, currently exclusion is provided in respect of renting of land or premises solely used for outdoor games and sports from the definition of "renting of immovable property". Now, in view of proposed taxability of outdoor sports and games, the Bill proposes to restrict the exclusion under renting of immovable property in respect of renting of land or premises used for such

games or sports which are otherwise liable to tax under tariff heading 9821.2000.

h. "Surveyor" - [Clause 91]

The Bill proposes to broaden the definition of the term "surveyor" to include any kind of specialized or special purpose survey, geological or geophysical survey, surface or sub-surface survey, survey for exploration of minerals

i. "Tax fraud" - [Clause 94]

Presently, non-filing of the prescribed tax return or the prescribed statement for four consecutive months or more is covered under the definition of tax fraud. The Bill proposes to substitute the term months with the tax periods to align the terms used in the statute for filing of return or statement.

j. "Truck aggregator" - [Clause 94]

Presently, truck aggregator includes a person who connects owners or drivers with the business enterprises. The Bill proposes to broaden the scope of services by extending the category of recipient of service to any person instead of restricting it to business enterprise only.

2. New Insertions

a. "Education services" [clause 37A]

Presently, the term 'education services' is neither defined under the SSTA, nor such services are taxable. Now, the Bill proposes to define the term education services with the intention to include such services in the list of taxable services.

The proposed definition of "educational 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.

b. "Farmhouse" – [Clause 41A]

The Bill proposes to define the term "farmhouse" to include facility or a resort located on a farm which or a part of which is used for providing or rendering accommodation or entertainment or swimming or games or recreation, or camping opportunities.

Services provided by farmhouse is not presently covered in the list of taxable services. By providing its definition, the intention is to include such services under the list of taxable services through corresponding amendments proposed in the existing entry No. 9801.1000 of the Second Schedule.

c. "Hospitals and Clinics" – [Clause 50A]

Presently, services provided by hospitals and clinics are not chargeable to sales tax.

The Bill proposes to insert the definition of the term "Hospitals and Clinics" which includes 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.

A corresponding entry to the Schedule of taxable services has also been proposed to be added with an intent to tax such services. Here it is notable that billing for medical facilities and treatments provided by the hospitals generally include the charges for medicines and pharmaceutical goods consumed which are mostly exempt from chargeability of federal sales tax on supply of goods. Hence, it is unclear at this stage as to how the value of such services provided

by the hospitals and clinics shall be determined which as per the current proposition, appears to cover the gross amount of bill.

d. "Medical Practitioners and Consultants" – [Clause 59A Section 2]

The Bill proposes to insert definition of the term "**Medical Practitioners and Consultants**" which 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). The insertion of this definition is proposed as a consequence of insertion of such services in the list of taxable services.

e. "Pet care service" – [Clause 63A Section 2]

The Bill proposes to define the term "**pet care service**" to grooming, boarding, sitting, training, veterinary and other such services in relation to pets. The insertion of this definition is proposed as a consequence of insertion of such services in the list of taxable services.

(ii) Economic Activity [Section 4]

Presently, activities of an employee to an employer (excluding any activity for which an employee earns fee or commission from employer) are excluded from purview of economic activity. The Bill proposes to restrict the exclusion where activities of employee is in direct relationship with an employer under a contract of employment.

The Bill also seeks to treat activities of an employee for a person other than the employer in connection with or in the course or furtherance of business of the employer, as economic activity of such employer.

(iii) Value of a Taxable Service [Section 5]

The Bill proposes to define the term "consideration" or "consideration in money" for the purpose of determining value of

taxable services which shall mean the gross amount charged by the service provider for the taxable services provided by him and shall include:

1. any amount that is payable for the services provided; and
2. any amount of reimbursable expenditure or cost incurred by the service provider and charged, in the course of provision of a service, except in such circumstances and subject to such conditions as may be prescribed.

By virtue of this change, it appears that the reimbursement of expenditures incurred by the service provider on behalf of service recipient in provision of services, would also form part of value of taxable service. This legislative proposition in conjunction with the change proposed in the scope of economic activity as discussed above, appears to be mainly in order to counter the effect of the judgment of the Hon'ble Supreme Court of Pakistan (SCP) for future periods in the case of manpower outsourcing and security guard services, wherein it was held by the SCP that reimbursement of salaries paid by the employer from the service recipient, shall not form part of value of taxable service.

(iv) Input Tax Credit not allowed [Section 15A]

a. Alignment of input tax admissibility threshold with increase in standard rate [clause (g),(j) & (jj)]:

Presently, claim of input tax on goods or services at the rate lower than thirteen percent is not admissible. Moreover, input tax acquired against provision of those taxable services that are chargeable to sales tax at a rate lower than 13%, is also not admissible.

Consequent to proposed increase in standard rate of Sindh Sales tax from 13% to 15%, the Bill seeks to enhance above threshold for disallowance of input tax from 13% to 15%.

b. Inconsistency in maximum percentage for claiming input tax with the revised standard rate [clause(k)]:

The threshold for disallowance of input tax paid on acquisition of goods and services in excess of 13%, as provided under clause (k) of section 15A, remains unchanged which appears to be an anomaly regarding excess disallowance of input tax on goods and services which are subject to tax at a rate higher than 13%. Resultantly, any input taxes paid on goods and services in excess of 13% shall remain inadmissible unless rate under this clause is also aligned with the standard rate of 15%.

c. Removal of ambiguity regarding lower limit of input taxes for Telecom services [clause (jj) & (k)]:

The existing clause (jj) of section 15A provides for a restriction on claiming input taxes paid on goods or services chargeable under Federal or other Provincial sales tax laws respectively at a rate lesser than 13% or at fixed rates. However, it also contains a proviso whereby input taxes not in excess of 17% can be claimed by persons providing telecommunication services chargeable to sales tax at the rate of 19.5%.

The placement of such proviso with this clause could lead to an interpretation that any input taxes up to 17% rate (including those paid at reduced rates) could be claimed by the telecom service providers charging sales tax at 19.5%. Therefore, in order to remove this ambiguity, the Bill proposes to change the placement of said proviso from clause (jj) to the end of clause (k) of section 15A. Furthermore, the threshold of 17% is also proposed to be enhanced to 18% to align it with the Federal Sales Tax rate.

d. Interprovincial admissibility of input taxes [clause (kk)]:

The proposed increase in standard rate from 13% to 15% would eliminate the restriction on inter-provincial input tax adjustment between Sindh and other provinces as provided under the respective provisions of

other provincial sales tax laws whereby any input tax below 15% is inadmissible.

(v) Assessment of Tax [Section 23]

The time limitation for the assessment of tax is presently covered under sub-section (2) of section 23 of the SSTA. The Bill aims to reduce this time limitation for issuing of a show cause notice and passing of order from existing eight years to five years for the tax periods beginning on or after July 1, 2025. However, time limitation for tax period till June 30, 2025 would remain eight years.

(vi) De-registration [Section 25A]

The Bill proposes to restrict the powers of the Board to authorize any officer of the Sindh Revenue Board (SRB) to receive application for de-registration from a registered person and requires for e-filing of such application to the Board directly for de-registration.

(vii) Records [Section 26]

The Bill proposes to insert a new proviso in section 26(1) of the Act, which provides for maintaining prescribed record of taxable or exempt services provided by a registered person in other Province or areas outside Sindh. The record shall be maintained in such form and manner as would permit reconciliation or ascertainment of his tax liability in Sindh.

(viii) Retention and production of records and documents [Section 27]

The time limitation for retention and production of records and documents is presently covered under sub-section (2) of section 23 of the SSTA. The Bill proposes to reduce this time limitation for retaining and production of records and documents from the existing ten years to six years for tax periods commencing on or after July 1, 2025. However, time limitation of ten year shall remain unchanged for tax periods till June 30, 2025.

(ix) Offences and penalties [Section 43]

a. The Bill proposes to enhance the scope and related penalty in the following offence:

S.No.	Offence (proposed addition identified with <i>italic</i>)	Exiting Penalties	Proposed Penalties	Section reference
2B	2B. Where a person avoids, defies, fails to comply with the e-invoicing system or issues invoices outside the e-invoicing system <i>or refuses, denies, or obstructs the enforcement of provisions of section 54A in any manner.</i>	Up to Rs.100,000, but not less than Rs.25,000. In case of three consecutive defaults, the place of business of such person may further be liable to sealing	Up to Rs. 1 million, but not less than Rs.100,000. In case of repetition of the offence, the business premises of such person shall further be liable to sealing. Such person shall further be liable, upon conviction by a Special Judge, to imprisonment that may extend to one year or with fine which may extend to one hundred thousand rupees or with both.	54A

b. The Bill proposes to insert new offence along with related penalties as given in the "TABLE" below:

S.No.	Offences	Penalties	Section reference
2C	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.	Such person shall be liable to a penalty of rupees one hundred thousand or twice the amount of service fee involved, whichever is higher. 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 one hundred thousand rupees, or with both.	General

(x) Recovery of tax not levied or short-levied [Section 47]

Currently, the provisions related to the recovery of tax not levied or short levied are covered under sub-section (1) of section 47 of the SSTA. The Bill seeks to reduce the time limitation for issuance of Show Cause Notice for recovery of sale tax that has not been levied or has been short levied from the existing eight years to five years for tax periods commencing on or after July 1, 2025. However, time limitation of eight years shall remain unchanged for tax periods till June 30, 2025.

(xi) Procedure in appeal [Section 58]

Presently, the Commissioner Appeals is empowered to grant stay for period of 120 days in aggregate. The Bill proposes to enhance the period of stay from 120 days to 180 days.

(xii) Appointment of the Appellate Tribunal [Section 60]

The Bill proposes to curtail the authority of the single bench of the Appellate Tribunal to decide the cases involving amount of tax or penalty from existing threshold of up to Rs.5 million to Rs.1 million.

(xiii) Recovery of arrears of tax [Section 66]

In cases where appeals are pending before Commissioner Appeals against the orders of any SRB officer, the Bill proposes to reduce the minimum threshold of payment of 25% of tax due to 10% for the purpose of availing automatic stay till the decision of Commissioner Appeals.

(xiv) Computerized System [Section 73]

At present, SRB keeps all the information, gathered through computerized system, as confidential and the same is not accessible

for unauthorized persons in terms of sub-section (4). However, the Bill proposes to stretch the limitations of such confidentiality by adding a proviso in sub-section (4). Through proposed insertion, Board is empowered to make arrangement or agreement, on reciprocal or multilateral basis with Federal Board of Revenue and other provincial sales tax authorities, for sharing of electronic data of tax returns filed in the computerized system, subject to such limitations and conditions as may be specified by SRB and agreed to in such agreements.

(xv) Bar of suits, prosecution and other legal proceedings [Section 82]

The Bill proposes to include the Board or any officer of the Board for bar of suits, prosecution and other legal proceedings in respect of any action taken, any notice issued, any decision made or any order passed in good faith under the Act. Presently, such bar is restricted only against Government or public servant.

Second Schedule - List of Taxable Services

a. Change in Standard SST Rate

The Bills proposes to enhance the standard Sindh sales tax rate from 13% to 15%.

As discussed above, the proposed increase in standard rate from 13% to 15% would eliminate the restriction on inter-provincial input tax adjustment between Sindh and other provinces as provided under the respective provisions of other provincial sales tax laws whereby any input tax below 15% is inadmissible.

b. Tax on service provided by farmhouse (Tariff Headings 9801.1000 and 9801.6000)

The Bill proposes to tax services provided by "farmhouses" or any ancillary services

provided by such farmhouse under tariff heading 9801.1000 and 9801.6000 respectively at the standard rate of 15%

c. Tax on sports and games center (Tariff heading 9821.2000)

The Bill proposes to charge sales tax on outdoor sports and games center at the standard rate of 15%. At present, only indoor sports and games centers are subject to sales tax at the reduced rate of 10% without input tax adjustment through SRB notification no. SRB-3-4/8/2013 dated July 01, 2013.

d. Tax on services provided or rendered by persons engaged in transportation or carriage of goods by road or through pipeline or conduit (Tariff heading 9836.0000)

The Bill proposes to omit the term “inter-city” from the tariff heading which implies that the intra city (within city) transportation or carriage of good by road or through pipeline or conduit shall be chargeable to tax. However, such services shall be chargeable to tax at standard rate of 15% unless reduced rating is provided through the notification.

At present, inter-city transportation is chargeable to sales tax at the rate of 8%. However, inter-city transportation through truck addas or through bus / wagon stand is

subject to 3% as provided through SRB notification no. SRB-3-4/8/2013 dated July 01, 2013.

e. Tax Vehicle towing (Tariff heading 9853.0000)

The Bill proposes to charge sales tax on vehicle towing services under tariff heading 9853.0000 at standard rate of 15%.

f. Introduction of new Service Tariff Headings

The Bill proposes to introduce the following new service tariff headings with standard sales tax rate of 15%:

Tariff Headings	Description	Rate of tax
9815.1000	Medical practitioners and consultants	15%
9857.0000	Education services	
9858.0000	Services provided or rendered by hospitals and clinics	
9859.0000	Pet care services	

Note: As per recent press release issued by SRB, the specific services within the health and educational sectors as approved by the Sindh Cabinet, are proposed to be taxed at reduced rate of 3% which shall be notified upon approval of the Bill by the Parliament.

The Stamp Act, 1899 (Sindh)

The Bill proposes certain changes in stamp duty under Schedule – I of the Stamp Act, 1899. The relevant Articles are summarized as under:

Acknowledgment of Receipt [Article 1]

Article 1 provides stamp duty ranging between Rs.2 to Rs.5 in respect of Acknowledgment of receipt of debt signed by, or on behalf of debtor.

The Bill proposes to substitute this Article with 'Acknowledgment or Receipts of money or any other consideration relating to immovable property' specifying uniform stamp duty of Rs.500.

Affidavit [Article 2]

The Bill proposes to enhance the stamp duty on affidavits, declarations, and affirmations from the current rate of fifty rupees to five hundred rupees

Agreement or Memorandum of an Agreement [Article 3]

The Bill proposes to revise the proper stamp duty for agreement or memorandum of an agreement which are summarized as under:

S. No.	Description of Instrument	Existing duty	Proposed duty
		Amount in Rupees	
1	If relating to the sale or transfer of a registered motor vehicle;	500	1,000
2	If relating to the sale or transfer of an immovable property;	500	1,000
3	If relating to the re-conveyance of mortgaged property;	500	1,000
4	if relating to the execution of an agreement between builder, developer and/or allottee for booking of apartment, shop, house, office or plot in a public sale project approved by Sindh Building Control Authority;	100	5,000
5	If relating to the instrument of partnership or dissolution of partnership;	2,000	5,000 under newly inserted Article 24-A
6	If not otherwise provided for	100	1,000

Air Tickets [Article 3-A]

The Bill proposes to levy stamp duty for both Domestic and International flights at Rs. 250 and Rs. 1,000 per ticket respectively.

Allotment orders or issuance or renewal of sanads by the Government [Article 4-A]

The Bill proposes to levy stamp duty of Rs. 5,000 on allotment orders or issuance or renewal of sanads by the Government

Bill of entry [Article 7]

The Bill proposes to enhance stamp duty from Rs. 1,000 to Rs. 2,000 in respect of Bill of entry including goods declaration or any document relating to goods declaration for the purpose of custom clearance.

Bill of Lading [Article 9]

The Bill proposes to enhance minimum stamp duty of Rs. 300 to Rs. 1,000 per bill of lading.

Debenture including a Participation Term Certificate, Term Finance Certificate and Commercial Papers [Article 10 (C)]

The Bill Proposes to levy minimum stamp duty of Rs. 500 on subsequent transfer of commercial paper.

Certificate of Sale [Article 11]

The Bill Proposes following amendments in article 11:

Description of Instrument	Existing Stamp Duty	Proposed Stamp Duty
Certificate of Sale (in respect of each property put up as a 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 purchase money only	2% of the value in the valuation table or declared value recorded in the instrument, whichever is higher

Conveyance and Transfer of lease by way of assignment [Article 16]

Proper stamp duty for conveyance and transfer of lease as mentioned in article 16 is proposed to be revised, as below:

Description of Instrument	Existing duty	Proposed duty
(A) Conveyance as defined by section 2(10) not being a Transfer charged or exempted under Article No. 31.		
i) in favor of Real Estate Investment Trusts.	1% of value in the valuation table or at the floating rate charged on the actual value.	
ii) in favor of end users by Real Estate Investment Trusts.	2% of value in the valuation table or at the floating rate charged on the actual value.	2% of the value in the valuation table or declared value recorded in the instrument, whichever is higher.

Description of Instrument	Existing duty	Proposed duty
ii) in any other case.	2% of the value in accordance with the valuation table.	
(B) Transfer of lease by way of assignment.	1% of value in the valuation table or at the floating rate charged on the actual value.	

Counterpart or Duplicate [Article 17]

The Bill proposes to enhance stamp duty from Rs. 500 to Rs. 1,000 in respect of counterpart or duplicate of any instrument chargeable with duty and in respect of which the proper duty has been paid.

Lease [Article 21]

The Bill proposes to amend the stamp duty on lease including an under lease or sub lease, an agreement to let or sublet and the surrender of a lease.

Description of Instrument	Existing duty	Proposed duty
(i) Where the lease relates to open plots, flats, shops, offices, town houses and bungalows, together with the right in the dividend share or otherwise of the plot where the value thereof determined in accordance with the valuation table.	1% of value in the valuation table or at the floating rate charged on the actual value.	2% of the value in the valuation table or declared value recorded in the instrument whichever is higher
(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)	1% of value in the valuation table or at the floating rate charged on the actual value	2% of the value in the valuation table or declared value recorded in the instrument whichever is higher
(iii) Rent-based lease/license agreement	1.5% of the total rent due for the entire period lease/ license /agreement	1% of the total rent due for the entire period of lease/ license/ agreement subject to a minimum of five hundred rupees
(iv) Lease or sub-lease to and from Real Estate Investment Trusts *[REITs]	1% of value in the valuation table or at the floating rate charged on the actual value	2% of the value in the valuation table or declared value recorded in the instrument, whichever is higher

Letter of Credit [Article 22]

The Bill proposes to enhance the stamp duty on letter of credit as under:

Description of Instrument	Existing duty	Proposed duty
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 it is drawn:		
(a) if the amount of Letter of Credit does not exceed Rs.50,000;	Rs. 200	Rs.500
(b) If the amount exceeds Rs.50.000 but does not exceeds Rs.500,000	Rs. 400	Rs. 800
(c) For any amount exceeding Rs.500.000.	Rs.1,000	Rs.2,000

Mortgage-deed or a deed of further charge [Article 23]

For the purpose of stamp duty on Mortgage-deed or a deed of further charge has been enhanced as under:

Description of Instrument	Existing Duty	Proposed Duty
<p>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 document (No. 19 Respondentia bond (No. 10), or Security bond (No. 10)</p> <p>(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;</p> <p>(b) When possession is not given or agreed to be given as aforesaid;</p> <p>Explanation: A mortgagor who gives to the mortgagee power of attorney to collect or a lease of the property mortgaged or part thereof, is deemed to give possession within the meaning of this article.</p>	<p>3% of the amount secured by such deed.</p> <p>2% of the amount secured by such deed.</p>	<p>Same duty as leviable on Financing Document under Article No.19 which ranges from 0.3% advalorem to Rs. 150,000 based on threshold of value</p> <p>Same duty as leviable on Financing Document under Article No.19 which ranges from 0.3% advalorem to Rs. 150,000 based on threshold of value</p>

Policy of insurance or Renewal of insurance	
Description	Proposed Duty Rate
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	0.15 percent on the sum insured subject to a minimum of Rs. 500
D. If not otherwise provided for	Rs. 500

Power of Attorney [Article 27]

The Bill proposes to enhance stamp duty for power of attorney as defined by section 2(21). The current duty rates range between Rs.100 to Re. 5,000 except in case of where power is given for consideration and authorizing the attorney to sell any immovable property in which case the applicable duty is 3% of the higher of value as per valuation table or consideration. The proposed revised rates are summarized as under:

Description	Proposed Duty Rate
Power of attorney as defined by section 2(21)-	
(a) when given not for consideration and authorizing the attorney to sell any immovable properties	Rs. 7,000
(b) when given for consideration and authorizing the attorney to sell any immovable property	At the rate of 2% of the value in the valuation table or declared value recorded in the instrument whichever is higher
(c) in any other case	Rs. 1,000

Promissory Note [Article 28]

The Bill proposes to enhance stamp duty on Promissory Note as defined by section 2(22);

Description of Instrument	Existing Stamp Duty	Proposed Stamp Duty
(a) when payable on demand		
(i) when the amount or value Five hundred rupees does not exceed two hundred fifty thousand rupees;	Rs. 500	Rs. 1,000
(ii) when the amount exceeds two hundred fifty thousand rupees.	Rs. 1,000	Rs. 2,000
(b) (when payable otherwise than 0.2 percent of the on demand	0.2% of the on demand amount payable otherwise than on demand	0.2% of the on demand amount payable otherwise than on demand subject to a minimum of five hundred rupees

Release [Article 29]

The Bill proposes to enhance the stamp duty on releases as under:

Description of Instrument	Existing Stamp Duty	Proposed Stamp Duty
Release, that is to say, any 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.	2% of the value of property determined in accordance with the valuation table	2% of the value in the valuation table or declared value recorded in the instrument whichever is higher

Settlement [Article 30]

The Bill proposes to replace the existing stamp duty rates for instrument of settlement other than for religious or charitable purpose or revocation. The proposed rate is 2% of the value in the valuation table or declared value recorded in the instrument whichever is higher.

Trust [Article 32]

The Bill proposes to enhance the existing stamp duty for Trust made in respect of immovable property.

Description of Instrument	Existing Stamp Duty	Proposed Stamp Duty
(i) Where trust is made in respect of immovable property	At the rate of one percent of value In the valuation table or at the floating rate charged on the actual value.	At the rate of two percent of the value in the valuation table or declared value recorded in the instrument whichever is higher

Further, the Bill proposes to omit the explanation provided under article 32 as it become infructuous due to proposed change in rate.

Sindh Motor Vehicles Taxation Act, 1958

Motor Vehicle Tax [Clause (ii) Third Proviso Section 3(1)]

The Bill proposes to enhance motor vehicle tax in respect of locally manufactured or imported motor car / jeep etc having engine capacity of 1500cc and above. The proposed rates are as under.

Sr. No.	Description	Motor Vehicle Tax (Rs.)
01	Imported Motor Car/Jeeps etc. with engine capacity 3000cc and above	450,000
02	Imported Motor Car/Jeeps etc. with engine capacity 2000cc to 2999cc	275,000
03	Imported Motor Car/Jeeps etc. with engine capacity 1500cc to 1999cc	100,000
04	Locally manufactured or assembled Motor Car/Jeeps etc. with engine capacity 2000cc and above	50,000
05	Locally manufactured or assembled Motor Car/Jeeps etc. with engine capacity 1500cc to 1999cc.	25,000

Sindh Finance Act, 1964

[Professional Tax]

The Bill proposes to enhance the rate of professional tax for certain categories in the Seventh Schedule:

Categories	Particulars	Existing rate of tax per annum (Rs.)	Existing rate of tax per annum (Rs.)
1.	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
4.	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
5.	All Petrol Pumps & CNG Stations.	5,000	20,000

Sindh Development and Maintenance of Infrastructure Cess Act, 2017

The Bill proposes to enhance the rate of Cess provided in the schedule in respect of Sindh Development and Maintenance of Infra structure as follows:

Net weight of goods	Existing Rate of Cess	Proposed Rate of Cess
Upto 1250 kilograms.	1.20 % of total value of goods as assessed by the Customs 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 Customs 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 Customs 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 Customs 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 Customs 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 Customs Authorities plus 1 Paisa per Kilometer.	1.85% of total value of goods as assessed by the Custom Authorities plus one paisa per kilometer.

The Bill proposes to provide the explanation for the term "value" which means the total value of goods as assessed by the Custom Authorities upon entering in and using the Infrastructure of the Province and "distance" means the distance covered within the Province.

Punjab Sales Tax on Services Act, 2012

Section 39: Appointment of authorities

Currently, Punjab Revenue Authority has authority to make any appointment of Commissioner, Additional Commissioner, Deputy Commissioner and other officers as mentioned in the section, in the prescribed manner and by notification in the official Gazette.

The Bill proposes to omit the requirement of making such appointment in any prescribed manner and of publication of any notification issued in this respect in the official gazette, with prospective application of such omission effective from July 1, 2012.

The Stamp Act, 1899 (Punjab)

Schedule I

The Bill proposes the increase in the value of stamp duty as under:

Article No.	Description of Instrument	Existing Proper Stamp-duty	Proposed Proper Stamp-duty
4	AFFIDAVIT , including an affirmation or declaration in the case of persons by law allowed to affirm or declare instead of swearing.	One hundred rupees	Three hundred rupees
5	AGREEMENT OR MEMORANDUM OF AN AGREEMENT — (cc) if relating to the sale of immovable property. (d) if not otherwise provided for	Twelve hundred rupees One hundred rupees	Three thousand rupees Five hundred rupees
17	CANCELLATION , instrument of (including any instrument by which any instrument previously executed is cancelled), if attested and not otherwise provided for.	One hundred rupees	Five hundred rupees
22-A	CONTRACT , that is to say any instrument of the nature of memorandum of Agreement made or entered into by a contractor with Government, Corporation, Local Body, Local Authority, agency or organization set up or controlled by the Federal Government or the Government— (a) to execute any work— (i) where the amount of the contract does not exceed five lac rupees. (ii) where it exceeds five lac rupees but does not exceed ten lac rupees. (iii) where it exceeds ten lac rupees but does not exceed fifty lac rupees. (iv) where it exceeds fifty lac rupees but does not exceed one crore and fifty lac rupees. (v) where it exceeds one crore and fifty lac rupees.	Twelve hundred rupees Two thousand rupees Three thousand rupees Five thousand rupees Ten thousand rupees	Three thousand rupees Five thousand rupees Eight thousand rupees Fifteen thousand rupees Thirty thousand rupees

Article No.	Description of Instrument	Existing Proper Stamp-duty	Proposed Proper Stamp-duty
29	<p>DIVORCE-Instrument of, that is to say, any instrument by which any person effects the dissolution of his marriage.</p> <p>DOWER- Instrument of, See SETTLEMENT (No. 58).</p> <p>DUPLICATE, See COUNTERPART (No. 25).</p>	One hundred rupees	One thousand rupees
48	<p>POWER-OF-ATTORNEY as defined by section 2 (21), not being a proxy (No. 52)-</p> <p>(a) when executed for authorizing not more than ten persons;</p> <p>(bb) when given without consideration for authorising the attorney to sell any immovable property.</p>	<p>Five hundred rupees</p> <p>(a) Twelve hundred rupees</p>	<p>Two thousand rupees</p> <p>(a) Three thousand rupees</p>
54	RE-CONVEYANCE OF MORTGAGED PROPERTY-	One hundred rupees	One thousand rupees
61	SURRENDER OF LEASE-	One hundred rupees	One thousand rupees

THE PUNJAB MOTOR VEHICLES TAXATION ACT, 1958

Schedule I

MVT on Transfer of registration of Motorcycles and Scooters:

Currently, an amount of motor vehicle tax of Rs. 1500 is chargeable for motorcycles and scooters as well as motorcycles drawing a side trailer or cabin; once for all at the time of registration.

The Bill proposes to also charge motor vehicle tax at the time of transfer of such motorcycles or scooters within ten years of such registration, at Rs.1500 with a rebate equal to 10% for each financial year.

Substitution of existing fixed rate with value based MVT:

The existing fixed MVT (in case of Motor cars and Jeeps not specified under any other entries of the Schedule) ranging between Rs.500 to Rs.15,000 based on the seating and engine capacity, is proposed to be changed in the following manner:

S.No.	Proposed Description of Motor Vehicles	Proposed Annual Rate of Tax
4	<p>Motor Vehicles other than those mentioned above or below:</p> <p>(a) with engine power up to 1000 cc, an amount of Rs.20,000/- shall be charged at the time of registration, and if the registration is transferred within ten years of such registration, an amount of Rs.20,000/- with a rebate equal to 10% for each financial year, shall be charged.</p> <p>(b) with engine power exceeding 1000 cc but not exceeding 2000 cc.</p> <p>(c) with engine power exceeding 2000 cc. 0.3% of invoice value</p> <p>If the annual rate of tax given against clauses (b) and (c) is less than the rate provided against erstwhile clauses (b) and (c), in such case the annual tax shall be paid at the rate provided in erstwhile clauses.</p>	<p>0.2% of invoice value</p> <p>0.3% of invoice value</p>

Excise Duty on Minerals (Labour Welfare) Act, 1967 (Punjab)

Section 3: Imposition and collection of duty

Through section 3, the Act has defined lowest and highest thresholds for the imposition of duty of excise on all minerals specified in the Schedule to the Act dispatched from the mines. Currently, the lowest threshold is Re. 1 per ton and the highest threshold is Rs. 5 per ton as may be fixed by the Federal Government by notification in the official Gazette.

The Bill proposed to increase the value of the lowest threshold to Rs. 30 per ton and the highest threshold to Rs. 50 per ton.

THE PUNJAB URBAN IMMOVABLE PROPERTY TAX ACT, 1958

Section 3: Levy of tax

Currently, the rate of tax is provided in section 3(2) at five percent of the annual value of the property located in a rating area subject to application of other provisions of section 3. The Bill proposes to apply tax based on taxable value of properties and introduce slabs separately for residential and commercial properties in such areas through the addition of the following Schedule:

SCHEDULE

[see sections 2(g-s) end 3(2)]

Sr.#	Taxable Value	Residential Properties	Commercial Properties
		Rate of Tax	Rate 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 31.12.2024, then the tax shall be payable - as given below until such tax payable becomes equal to or greater than the tax payable under above table:

Sr#	Taxable Value	Residential Properties	Commercial Properties
		Rate of Tax	Rate 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%".

Section 4:

Exemption substituted:

Currently, as per sub-clause (i) of clause (c) of section 4, the property tax under the Act is not chargeable on buildings and lands, the annual value of which does not exceed Rs. 4,320.

The Bill proposed to substitute such sub-clause with buildings or lands used or intended to be used for residential purposes with taxable value of not exceeding Rs. 5 million.

Exemptions Withdrawn:

Furthermore, the Bill proposes to withdraw the exemptions given under the section as follows:

1. "(c)(ii) one building occupied by an owner for his residence, the annual value of which does not exceed six thousand, four hundred and eighty rupees subject to the condition that the owner or any member of his family does not own any other property in that rating area and such other conditions as may be prescribed:
2. (i) One residential house or vacant plot, measuring an area not exceeding five marla, used or to be used for residential purpose except a residential house or vacant plot with annual value of more than five thousand rupees situated in a part of a rating area and categorized as category-A area;

Substitution of Annual Value with Taxable Value [section 5]

Currently, property taxes are applicable based on annual value. Section 5 of the Act provides for annual value of property which is the estimated gross annual rental of the property less deductions allowed.

The Bill proposes to substitute the concept of annual value with taxable value through substitution of section 5 as per which the taxable value shall be the valuation notified under the Stamp Act, 1899 as well as the valuation determined by the Government.

Introduction of concept of self-assessment of land and building [Section 6-A]

Concept of self-assessment has been introduced as per which the owner of land and building, within rating area, shall assess his land and building in such manner as may be prescribed and submit the same online along with declaration of correctness and truthfulness of the information provided in the self-assessment. The tax on such land and building shall be paid on the basis of such self-assessment.

Such self assessment may be subject to audit on random basis. In case of identification of any variations, a one-time penalty may be imposed equivalent to amount of tax evaded in addition to the tax payable.

If land and building has been found not assessed, and it comes in the information of the Assessing Authority, he shall issue directions containing time line which shall not be more than two weeks, for self-assessment of such land and building.

THE COURT FEES ACT, 1870 (Punjab)

Significant increase in the values of court fees is proposed as under:

<u>SCHEDULE I</u>			
S No.	Article	Existing Proper Fee	Proposed Proper Fee
1	2	3	
5	<p>Copy or translation of a judgment or order not being, or having the force of, a decree—</p> <p>(a) When such judgment or order is passed by any Civil Court, other than a High Court, or by the presiding officer of any Revenue Court or office, or by any other judicial or Executive Authority.</p> <p>(b) When such judgment or order is passed by a High Court</p>	<p>One rupee.</p> <p>Two rupees.</p>	<p>One Hundred rupees.</p> <p>Five hundred rupees.</p>
6	<p>Copy of the decree or order having the force of a decree—</p> <p>(a) When such decree or order made by any Civil Court other than a High Court, or any Revenue Court—</p> <p>(i) if the amount or value of the subject-matter of the suit wherein such decree or order is made does not exceed fifty rupees:</p> <p>(ii) if such amount or value exceeds fifty rupees:</p> <p>(b) When such decree or order is made by a High Court.</p>	<p>One rupee.</p> <p>Two rupees.</p> <p>Five rupees.</p>	<p>One hundred rupees.</p> <p>Five hundred rupees.</p> <p>Five hundred rupees.</p>
7	<p>Copy of any document liable to stamp duty under the Stamp Act, 1899, when left by any party to a suit or proceeding in place of the original withdrawn—</p> <p>(a) When the stamp duty chargeable on the original does not exceed fifty paisas.</p> <p>(b) In any other case</p>	<p>The amount or duty chargeable on the original.</p> <p>One rupee.</p>	<p>The amount or duty chargeable on the original.</p> <p>One hundred rupees.</p>

<u>SCHEDULE I</u>			
S No.	Article	Existing Proper Fee	Proposed Proper Fee
1	2	3	
8	<p>Copy of any revenue or judicial proceeding or order not otherwise provided for by this Act, or copy of any account, statement, report or the like, taken out of any Civil or Criminal or Revenue Court or office or from the office of any chief officer charged with the executive administration of a Division-</p> <p style="text-align: center;">For every three hundred and sixty words or fraction of three hundred and sixty words.</p>	Fifty pisas.	One hundred rupees.
11	<p>Application to the Board of Revenue/ Commissioners of Divisions for the exercise of its revisional jurisdiction under section 84 of the Punjab Tenancy Act, 1887-</p> <p style="text-align: center;">When the amount or value of the subject-matter in dispute does not exceed twenty-five rupees.</p>	Two rupees.	Five hundred rupees.
12	<p>Application to a High Court for the exercise of its revisional jurisdiction under section 115 of the Code of Civil Procedure, 1908-</p> <p style="text-align: center;">Where the application is for revision of an order and the amount or value of the subject-matter is less than two thousand rupees.</p> <p style="text-align: center;">Where the application is for the revision of an order and subject-matter is two thousand rupees or more.</p>	<p style="text-align: center;">Seven rupees and fifty pisas.</p> <p style="text-align: center;">Fifteen rupees.</p>	<p style="text-align: center;">Five hundred rupees.</p> <p style="text-align: center;">Five hundred rupees.</p>

SCHEDULE II			
SI No.	Article	Proper Fee	Proposed Fee
1	2	3	
1	<p>Application or petition including–</p> <p>(a) When presented to any Officer of the Customs or Excise Department or to any Magistrate, Officer of land-revenue, Civil Court other than a principal Civil Court of original jurisdiction or to any Court of Small Causes constituted under the Provincial Small Causes Courts Act, 1887, Criminal or Revenue Court, or to any Board or Executive Officer for specified purposes;</p> <p>(b) When containing a complaint or charge of any offence other than an offence for which police officers may, under the Code of Criminal Procedure, 1898, arrest without warrant, and presented to Criminal Court; or for determination by a Court of the amount of compensation to be paid by a landlord to his tenant</p> <p>(c) (i) When presented to a Chief Controlling Revenue or Executive Authority, or to a Commissioner of Revenue or Circuit or to any Chief Officer charged with executive administration of a Division and not otherwise provided by this Act (ii) When presented to a Court or Authority other than a High Court, for transfer of cases</p> <p>(d) When presented to a High Court–</p> <p style="padding-left: 20px;">(i) Under the Companies Act, 2017, for winding up a company</p> <p style="padding-left: 20px;">(ii) Under the said Act for taking some other judicial action</p> <p style="padding-left: 20px;">(iii) For transfer of cases</p> <p style="padding-left: 20px;">(iv) In all other cases</p>	<p>One rupee.</p> <p>Two rupees.</p> <p>Two rupees.</p> <p>Five rupees.</p> <p>Two hundred rupees.</p> <p>Ten rupees.</p> <p>Five rupees.</p> <p>Five rupees.</p>	<p>One hundred rupees.</p> <p>Five hundred rupees.</p> <p>Five hundred rupees.</p> <p>Five hundred rupees.</p> <p>One thousand rupees.</p> <p>Five hundred rupees.</p> <p>Five hundred rupees.</p> <p>Five hundred rupees.</p>
2	<p>Application to any Civil Court that records may be called for from another Court–</p> <p>When the Court grants the application and is of the opinion that the transmission of such records involves the use of the post.</p>	<p>Three rupees in addition to any fee levied on the application under clause (a), clause (b) or clause (c), of Number 1 of this Schedule.</p>	<p>Fifty rupees in addition to any fee levied on the application under clause (a), clause (b) or clause (c), of Number 1 of this Schedule.</p>

SCHEDULE II			
SI No.	Article	Proper Fee	Proposed Fee
5	Plaint or memorandum of appeal in a suit to establish or disprove a right of occupancy	Two rupees.	Five hundred rupees.
6	Undertaking under section 49 of the Divorce Act, 1869.	One rupee.	One hundred rupees.
7	Mukhtarnama or Wakalatnama when presented for the conduct of any one case—		
	(a) to any Civil or Criminal Court, other than a High Court, or to any Revenue Court, or to any Collector or Magistrate, or other Executive Officer, except such as are mentioned in clauses (b) and (c) of this number:	Two rupees.	One hundred rupees.
	(b) to Commissioner or Revenue, Circuit or Customs or to any officer charged with the Executive Administration of a Division, not being the Chief Revenue or Executive Authority;	Two rupees.	One hundred rupees.
	(c) to a High Court, Board of Revenue or other Chief Controlling Revenue or Executive Authority:	Three rupees.	Five hundred rupees.
8	Memorandum of appeal when the appeal is not from a decree or an order having the force of a decree and is presented—		
	(a) to any Civil Court other than a High Court, or to any Revenue Court or Executive Officer other than the High Court or Chief Controlling Revenue or Executive Authority;	Three rupees.	Five hundred rupees.
	(b) to the Central Board of Revenue under section 188 of the Sea Customs Act, 1878, or section 35 of the Central Excise and Salt Act, 1944;	Twenty-five rupees.	Five hundred rupees.
	(c) to High Court or other Chief Controlling Executive or Revenue Authority:	Ten rupees.	Five hundred rupees.
9	Caveat	Ten rupees.	Five hundred rupees.
10	Petition in a suit under the Native Convert's Marriage Dissolution Act, 1866:	Ten rupees.	Five hundred rupees.

SCHEDULE II			
SI No.	Article	Proper Fee	Proposed Fee
11	Plaintiff or memorandum of appeal in each of the following suits:- (i) to alter or set aside a summary decision or order of any Civil Court, not being a High Court; or any Revenue Court; (ii) to alter or cancel any entry in a register of the names of proprietors of Revenue paying estates; (iii) to obtain a declaratory decree when no consequential relief is prayed; (iv) to set aside an award; (v) to set aside an adoption; (vi) to set aside an alienation; (vii) every other suit where it is not possible to estimate at a money-value the subject matter in dispute, and which is not otherwise provided for by this Act:	Ten rupees. Ten rupees. Thirty rupees Ten rupees. Ten rupees. Fifteen rupees Ten rupees.	Five hundred rupees. Five hundred rupees. Five hundred rupees. One thousand rupees. Five hundred rupees. Five hundred rupees. Five hundred rupees.
12	Application under Chapter III of the Arbitration Act, 1940:	Twenty rupees.	Five hundred rupees.
13	Agreement in writing stating a question for the opinion of the Court under the Code of Civil Procedure, 1908:	Twenty rupees.	Five hundred rupees.
14	Every petition under the Divorce Act, 1869 except petitions under section 44 of the same Act, and every memorandum of appeal under section 55 of the same Act:	Twenty rupees.	Five hundred rupees.
15	Plaint or memorandum of appeal under the Parsi Marriage and Divorce Act, 1936:	Twenty rupees.	Five hundred rupees.
16	Plaint or memorandum of appeal in a suit by a reversioner under the Punjab Customary law for a declaration in respect of an alienation of ancestral land.	Twenty rupees.	Five hundred rupees.
17	For determination of fair rent or eviction of tenant under sections 4 and 13 of the [89][West Pakistan] Urban Rent Restriction Ordinance, 1959 (VI of 1959)- (i) Where the property involved is exempted from Property Tax under the [90][West Pakistan] Urban Immovable Property Tax Act: (ii) Where such property is assessed to Urban Immovable property Tax:	Five rupees. Fifteen rupees.	Five hundred rupees. Five hundred rupees.
18	Plaint or memorandum of appeal for recovery of compensation or damages under the Fatal Accidents Act, 1855.	Fifteen rupees.	Five hundred rupees.

KPK Sales Tax on Services Act, 2022

1. Definitions [Section 2]

The Bill proposes to define the terms, Additional Collector, Inspector and Regulations through insertion of sub sections (b-i), (m-i) and (au-i) under Section 2 of the Act.

These designations and terms are used in practice but were not defined under the existing provisions of Section 43 of the Act and elsewhere. Hence, the proposed amendment is made to clarify the purpose of these terms under the Act.

2. Tax Fraud [Clause (aai) Section 2]

The Bill proposes to broaden the scope of tax fraud by inserting a new sub-clause (viii) in the existing definition of tax fraud as provided under Section 2(aai).

As a consequence of the proposed amendment, failure to declare and pay the tax so charged and collected under the Act will also be treated as a tax fraud.

3. Special Procedure for collection of tax through Collection Agent [Section 14A]

The Bill proposes to insert a new section, 14A, for collecting the tax through collection agent under the prescribed special procedures.

A corresponding amendment is also proposed by inserting clause (m-i) under Section 2 of the Act wherein the term Collection agent is defined. As per the proposed definition, **Collection Agent** means the State Bank of Pakistan (SBP) or any other scheduled bank or entity licensed

or authorized by the SBP to transfer the money abroad.

Through the proposed provision, the policy Board (Section 2(ao)) of the Act) will be empowered to:

- Declare any person or class of persons as collection agent (who may not be a service provider or recipient but involved in the transaction for payment purpose).
- Require the collection agent to collect full or part of the tax charged from another person on the provision of taxable services.
- Prescribe time and manner to deposit the tax so collected into the Government Treasury within the time specified through a notification.
- Devise Special Procedures for registration, bookkeeping, invoicing or billing requirements, returns and other related matters in respect of any service or class of services.
- Recover the tax due from the Collection Agent upon its failure to collect and deposit the due tax. The Agent shall be personally liable to pay the amount of tax assessed or determined under section 27 of the Act in the manner as may be prescribed by the Rules.

The proposed amendment is in line with the procedures adopted by Sindh and Punjab earlier this year for collection and recovery of taxes through Collection Agent (i.e. Banks) especially in case of taxable services provided by non-residents.

4. Adjustments [Section 16]

Section 16 of the Act entitles the registered person to claim adjustments or refunds of taxes paid subject to such conditions and restrictions as prescribed by the Management Committee.

The Bill proposes to broaden the scope of the Management Committee through insertion of sub section (2) under Section 16 of the Act which will empower the Committee for fixation and re-fixation of the extent of input tax adjustments or refunds as allowed under section 16.

5. Input tax credit not allowed [Section 17]

Section 17 provides the list of goods and services or its classes which are inadmissible for input tax adjustment under the Act.

The Bill proposes to substitute clause (k) and insert new clauses (o) and (p) under Section 17(1) of the Act. Proposed clauses are as under:

- Goods and services charged at a reduced rate, fixed rate or at a rate not based on value or at a rate lesser than standard rate of 15% (for services) and 18% (for goods) used/consumed in providing taxable services under the Act, shall be disallowed.
- Input tax adjustment as disallowed under the Sales Tax Act, 1990, shall also be disallowed under the Act.
- Credit of Tax levied and paid on services under the Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (ICT) shall not be admissible.

Similar provisions are provided under Sindh and Punjab sales tax law, however, the restriction placed on claiming input of sales tax paid on services rendered in Islamabad region under ICT sales tax laws is unique and harsh.

6. Assessment of tax and recovery of tax not levied or short levied [Section 27]

The Bill enhances the scope of assessment by inserting new sub section (1A) under section 27 of the KPK STS Act, whereby, order under this section shall also be passed

to the extent of imposing default surcharge and penalty under section 53 and 54 of the KPK STS Act if a person fails to:

- File a return; or
- Files return or make payment of tax after the due date; or
- Furnish any information, explanation, documents, record or any other details as may be required in a notice issued under sections 36 (retention and production of records and documents), 37 (Audit proceedings), 60 (officers to have access to premises, stocks, accounts and records), 61 (obligation to produce documents and provide information) and 63 (posting of an officer of the authority to business premises); or
- Comply with the provisions of section 34 (issuance of tax invoices) or 64 (monitoring or tracking by electronic or other means).

The proposed change aims to recover penalty in cases where no principal amount of sales tax is involved.

7. Registration and application for registration [Section 29]

Under the existing provision, the Policy Board may, with prior approval of Government is empowered to notify the exempt services providers to necessarily obtain sales tax registration and file sales tax return with KPRA.

The Bill proposes to amend sub section (4) of Section 29 of the KPK ST Act and substitutes the phrase "Policy Board may, with prior approval of Government" with the "Management Committee".

After the proposed amendment, the Management Committee will be empowered to issue a notification in the official gazette to ask exempt service providers to obtain registration and file sales tax return with KPRA.

8. Offences and Penalties [Section 53]

The Bill proposes to insert new offences along with their related penalties as given in the "TABLE" below:

S.No.	Offences	Punishment or Penalty	Competent Jurisdiction
4A	Registered person, who after integration through Restaurants Invoice Management System (RIMS) or Invoice Management and Reporting System (IMRS) fails to comply with: <ul style="list-style-type: none"> - e- invoicing system or issues invoices outside the e- invoicing system or - failed to upload invoices on RIMS or IMRS on real-time basis. 	Rupees one hundred thousand (100,000) or five percent (5%) of the tax involved, whichever is higher, for each instance of non-compliance.	Officer of the Authority competent under this Act
7A	A registered person (whether registered compulsorily under the KPK ST 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	Rupees two hundred thousand (200,000) for the first instance of non-compliance, - In case of non-compliance for the second time, rupees five hundred thousand (500,000) - In case of non-compliance for the third time, rupees one million (1,000,000).	Officer of the Authority competent under this Act.

The Bill proposes to substitute column 2 entry of Serial Number 9. Below is the comparison of the existing and proposed entry:

S.No.	Existing	Proposed
9	Where a person violates any embargo placed on providing of service or services in connection with recovery of tax.	Where a person violates any embargo placed on providing of services or violates the restrictions imposed vide sealing of business premises in connection with recovery of tax.

This change aims to rationalize for better enforcement particularly non-reporting of transaction through RIMS, non-production of records and in case of violation of restriction imposed on sealed business premises.

9. Default Surcharge [Section 54]

The Bill proposes to enhance the rate of default surcharge on amount of tax charge and on the amount of refund erroneously made as provided in the table below:

Particulars	Existing Rate (per annum)	Proposed Rate (per annum)
In general; registered person does not pay tax or received refund erroneously.	12%	24%
In case of tax fraud; registered person does not pay tax or received refund fraudulently.	25%	36%

The proposed increase in default surcharge is significant. Moreover, it would have been better to link the default surcharge with KIBOR rather providing for a fixed percentage, especially when the interest rates are linked to KIBOR which is subject to change quite often during a year.

10. Officers to have access to premises, stocks, accounts and records [Section 60]

Under the existing provision, the Assistant Collector is authorized to have access to stock, accounts, premises and records of the taxpayers.

The Bill proposes to place a mandatory condition upon the Assistant Collector to have such access to records or premises only in case where the prior approval of the Collector or the Management Committee is obtained.

11. Revision of the Assessment Order [Section 65]

The Bill proposes to insert a second proviso after the first proviso under sub section (1) of section 65 of the KPK ST Act.

Through the proposed insertion of a new proviso after the first proviso, the legislature has imposed a condition upon the Collector, requiring the Collector, while passing revised order against any assessment order, to send

a copy of such revised order to the Management committee within 7 days of passing such revised order.

12. Un-paid and Short paid amounts recoverable without notice [Section 75]

The Bill proposes to substitute the Section 75 under the Act currently titled as 'Short paid amount recoverable without notice' with the new provision which is proposed to be titled as 'Unpaid and short paid amounts recoverable without notice'.

Under the existing provision, KPRA is empowered to recover the short paid tax amount i.e. amount less than the tax due as indicated in the return, along with default surcharge by attaching bank accounts or taking other recovery measures as per Section 74 of the Act without issuing any show cause notice to the taxpayer. However, no penalty shall be imposed under Section 53 of the Act unless a notice has been issued to the taxpayer.

Through the proposed amendment, the scope of recovery of un-paid sales tax under this provision has been extended. KPRA is now also empowered to recover the un-paid sales tax, without issuing a show cause notice, if it is evident from the records, materials or computer systems (whether or not indicated in the return) of the registered person held in the custody of the authorized officer. In the proposed provision, tax along

with default surcharge cannot be recovered, through attachment of bank account unless a prior approval of the Collector or Management Committee.

Likewise provisions already exists under section 11A of the Sales Tax Act, 1990 and under section 47A of the Sindh Sales Tax on Services Act, 2011. These provisions are often misused as a tool of direct recovery from the bank accounts by the tax authorities whereas, the Courts have granted relief to the taxpayers.

13. Reward to Whistleblower [Section 92A]

The Bill proposes insertion of Section 92A under the Act to introduce rewards to whistleblower in cases of concealment or evasion of sales tax, fraud, corruption or misconduct of officials providing credible information leading to detection of tax evasion. The management Committee with the approval of Finance Department can sanction the rewards and the Policy Board may specify the procedure of reward distribution. The claim of reward can be rejected if:

- the information provided is of no value
- the Management Committee already had such information

- the information was available in public records.
- no collection of taxes made from the information provided from which the Management Committee may pay the reward.

This measure aims to incentivize individuals to come forward with information which can help to uncover tax evasion, fraud, and other forms of financial wrongdoings. Similar provisions are available under section 72D of the Sales Tax Act, 1990.

14. Repeals and Savings [Section 93]

Section 93 deals with repeal and savings of the earlier provisions of the Khyber Pakhtunkhwa Sales Tax on Services Act, 2013.

Currently, the provisions from Section 19 to Section 116 of the repealed Act, 2013 are saved under the Act except certain provisions fall in between the two provisions.

The Bill proposes to add Section 2 among the above provision of the repealed Act, 2013 to save the actions to be taken upon violation of Section 2 of the repealed Act, 2013 under this Act, 2022.

FIRST SCHEDULE (List of Services)

[Section 2(ad)(aaa), 3(4) and 17]

The Bill proposes to expand the list of services provided under the First Schedule of the Act. Following new services along with respective tariff headings are proposed to be added in the First Schedule:

S.No.	Classification	Description
1	9856.0000	Education services including technical and vocational education services provided by private sector.
2	9856.1000	Pre-primary education services.
3	9856.2000	Primary education services.
4	9856.3000	Lower secondary education services.
5	9856.4000	Secondary education services.
6	9856.5000	Upper secondary education services.
7	9856.6000	Post-secondary non-tertiary education services.
8	9856.7000	First stage tertiary education services.
9	9856.8000	Second stage tertiary education services.
10	9856.9000	Other education and training services and educational support services.
11	9857.0000	Management services, including fund and asset management services

It may be pointed out that the services falling under above tariff headings except 9857.000 have not been listed in the Second Schedule which implies that the above listed services are not proposed to be taxed at this moment.

SECOND SCHEDULE (List of Taxable Services)

[Section 3(1)(4), 9(1), 12(1),17(1) and 18]

Tax Rates Reduced

The Bill proposes to reduce the rate of sales tax rates in serial No. 1 and 22 of the Second Schedule:

S.No	Description of Services	Heading	Existing Rate of Tax	Proposed Rate of Tax
1	<p>Services provided or rendered by:</p> <p>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),</p> <p>ice cream parlors, marriage or wedding halls, marques, lawns, clubs and caterers, suppliers of prepared eatables and drinkables,</p> <p><u>pandals</u> and <u>Shamianas</u>, 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.</p>	<p>9801.0000 9801.1000</p> <p>9801.2000</p> <p>9801.3000</p> <p>9801.4000</p> <p>9801.5000</p> <p>9801.6000</p> <p>9801.7000</p> <p>9801.8000</p> <p>9801.9000</p>	<p>15% with input tax adjustment</p>	<p>13% with input tax adjustment</p>
22	<p>Exhibition convention or carnival services and allied services including renting of purpose-specific property or space for such events.</p>	<p>9825.0000</p>	<p>8% without any input tax adjustment</p>	<p>5% without any input tax adjustment</p>

Tax Rates Enhanced

The Bill proposes to enhance the rate of tax for certain services. The below table provides the existing and proposed rates for the specified services accordingly:

Serial No.	Description of Services	Heading	Existing rate of Tax	Proposed rate of tax
1(iii)	<p>Local non-corporate stand-alone hotels or chains of such hotel (including guest houses, club, lodges etc.) and restaurants;</p> <p>For such restaurants using RIMS is installed, the rate of tax shall be further reduced to 5% without any input tax adjustment.</p> <p>Traditional type restaurants usually called as dhaba or conventional hut type or similar other road/street side non-air-conditioned restaurants.</p>	Respective Headings	<p>8% without input tax adjustment;</p> <p>5% without any input tax adjustment.</p> <p>1%.</p>	<p>13% with input tax adjustment</p> <p>6% without input tax adjustment; Provided that the RIMS shall compulsory be installed.</p> <p>2% without input tax adjustment</p>
1(iv)	Traditional accommodation facilities like <i>sarrayae</i> or inns or open-air overnight bed provisioning services, if the charges for overnight stay do not exceed Rs. 300 per bed.	Respective Headings	1% without input tax adjustment	2% without input tax adjustment
1(v)	Marriage or wedding halls including pandals and shamiana and similar other businesses including food services provided therein.	Respective Headings	8% without any input tax adjustment	<p>11% without any input tax adjustment.</p> <p>Note: The registered person may opt for any one of the regimes as provided under clause (v) ad valorem and (v-a) Fixed Tax by 25 June 2024. New service providers can opt for the same at the time of registration.</p>
6	Advertisements on or through print media of all types and forms	Respective Headings	1% without an input tax adjustment.	2% without an input tax adjustment.
13	Services provided by persons engaged in contractual execution or performance of works (including but not limited	9810.0000 9810.1000 9810.2000 9810.9000 9822.1000	5% without any input tax adjustment	15% without any input tax adjustment

Serial No.	Description of Services	Heading	Existing rate of Tax	Proposed rate of tax
	to, repair, maintenance, and renovation, up-gradation, 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).	9822.2000 9822.3000		
20	Cinematographic production, photographic services, recording services and telecasting or broadcasting services including: a) Film making or film production including drama production whether in serials or otherwise. b) Tele casting or broad casting services (other than TV cable operators). c) Videotape and recording services, sound recording services. TV/Radio production house services. d) Photographic services (services of photography or photographers). e) Other similar, allied, ancillary or auxiliary services.	9803.0000 9803.1000 9803.2000 9803.3000 9803.4000 9803.5000 9803.9000	1% without any input tax adjustment	2% without any input tax adjustment
21	Event management services whether cover in gall 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	8% without any input tax adjustment	10% without any input tax adjustment

Serial No.	Description of Services	Heading	Existing rate of Tax	Proposed rate of tax
27	Cold storage services (including other forms of warehousing of agriculture produce) regardless of their corporate or non-corporate status	Respective headings	1% without an input tax adjustment.	2% without an input tax adjustment.
34	Services provided or rendered by under writers including sponsorship services.	9819.1100	1% without any input tax adjustment	2% without any input tax adjustment
36	Services provided or rendered by auctioneers.	9819.9100	1% without any input tax adjustment	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	1% without any input tax adjustment	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	2% without any input tax adjustment	5% without any 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	1% without any input tax adjustment	2% without any input tax adjustment

Fixed Tax Regime Introduced

The Bill proposes to insert new fixed tax regime by providing heading “**Fixed Rate of Tax**” under serial No. 1(v-a), 5 19 of the Second Schedule for certain services. Fixed tax rates are proposed to be imposed in the following manner:

Serial No.	Description of Services	Proposed Fixed Rate
1(va)	Weddings/Marriage/Shadi Halls	<p>Category A; Where the wedding hall is having capacity of 500 or above persons and located in posh area of a major city, its rate of fixed tax shall be rupees 25,000 per function.</p> <p>Category B; Where the wedding hall is having capacity of more than 300 but less than 500 persons and located in a municipality, its rate of fixed tax shall be rupees 15,000 per function.</p> <p>Category C; Where the wedding hall is having 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 for any one of the regimes as provided under clause (v)ad valorem and (v-a) – Fixed Tax by 25 June 2024. New service providers can opt for the same at the time of registration.</p>
5	Customs Agent	Rs.3,000 per goods declaration
19	Practitioners, professionals, consultants and advisors	Rs.500 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.

Withdrawal of Exemption

The Bill proposes to withdraw the exemption provided under serial No.26 of the Second Schedule pertaining to health insurance services including Sehat Card Plus programme:

Serial No.	Description of Services	Proposed Reduced Rate of Tax
26	Health insurance services and services including Sehat Card Plus Programme, shall be fully exempted.	10% without an input tax adjustment.

Insertion of New Taxable Services

The Bill proposes to insert new entries to the Second Schedule such as services provided by health care center in private sector, management services including asset and fund management services and Intra-city of KPK region and Inter-city interprovincial passenger travel services by road.

The rate of tax proposed along with services are tabulated as under:

Serial No.	Description of Services	Headings	Rate of Tax
1A	Services provided by Health Care Centers etc. in private sector.	9821.1000	5% (without input tax adjustment) of the charges (including fixed charges, if any) of such centers or hospital beds/rooms: Provided that the said charges exceed rupees 10,000/- per day per bed/room.
29A	Services provided as facilities for intra-provincial and inter-provincial travel or transportation (including carriage) of persons by road through buses, coaches, coasters, wagons, jeeps, cars, taxies and other motor vehicles primarily meant for passengers transport or other traveling or transportation services. Clarification: in case of inter-provincial transportation of persons by road through the above means, the value for the purpose of sales tax shall be reduced by 50% where such services originate or terminate in the province.	9804.4000 9805.9000	5% without input tax adjustment.
46A	Management Services including fund and asset management services.	9857.0000	15%

The Stamp Act, 1899 (KPK)

Schedule I

The Bill proposes following significant changes in the stamp duties applicable in KPK region:

A. Change in Duty rates for Allotment Order or Transfer of Allotment Order

Article No.	Description of Instrument	Existing	Proposed
6A	Allotment Order or Transfer of Allotment Order issued by a developer, builder, co-operative Society, housing society or housing authority, or any other body or organization providing open plots dwelling houses or built up commercial premises:		2% of the value of plot as per valuation table of the Federal Board of Revenue or Deputy Commissioner as the case may be, whichever is higher.
	(i) in respect of residential open plots.	Rs.1,200 per marla.	
	(ii) in respect of commercial open plots.	Rs.2,000 per marla.	

B. Decrease in Duty rates for Conveyance

The rate of stamp duty in case of agriculture and immoveable property in an urban area is proposed to be reduced from Rs.2 to Rs.1 for every one hundred rupees (Rs.100) or part thereof of the value of land.

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