

# PROVINCIAL ASSEMBLY OF THE PUNJAB

Bill No.3 of 2013

## THE PUNJAB FINANCE BILL 2013

A  
Bill

*to levy, alter and rationalize certain taxes, fees and duties in the Punjab.*

**Preamble.**— Whereas it is expedient to levy, alter and rationalize certain taxes, fees and duties in the Punjab and regulate the matters connected therewith;

It is enacted as follows:-

**1. Short title, extent and commencement.**— (1) This Act may be cited as the Punjab Finance Act 2013.

(2) It shall extend to the whole of the Punjab.

(3) It shall come into force on the first day of July 2013 except the provisions of clause (a) of section 2 and section 5 which shall come into force on the first day of January 2014, and provisions of section 9 shall come into force on such date as the Government may, by notification, specify.

**2. Amendment in Act V of 1958.**— In the Punjab Urban Immovable Property Tax Act, 1958 (V of 1958)–

(a) in section 3, in sub-section (2), for the word “twenty”, the word “ten” shall be substituted; and

(b) in section 4, for clause (i), the following shall be substituted:-

“(i) one residential house, measuring an area not exceeding five marlas, used for residential purpose except a residential house with annual value of more than five thousand rupees situated in a part of a rating area which is category A area.”

**3. Amendment in Act X of 1958.**— In the Punjab Entertainments Duty Act, 1958 (X of 1958), for section 3-A, the following shall be substituted:-

“**3-A. Duty on special classes of entertainment.**— Notwithstanding anything contained in section 3, the duty on the entertainments mentioned in column No. 2 of the following Table shall be charged at the rate mentioned against each entertainment in column No.3:-

Sr. No.	Entertainment	Rate of duty
1.	Admission to horse racing	Two hundred percent of the payment for admission or two hundred rupees per admission ticket, whichever is higher.
2.	Circus	No duty
3.	Fashion show	Twenty percent of the total amount paid to the owner or management of the premises or total expenditure made by organizer or sponsor, whichever is higher.
4.	Musical show	Twenty percent of the payment for admission in a musical show where admission charges are five hundred rupees per person or more.”

**4. Amendment in Act XXXII of 1958.**— In the Punjab Motor Vehicles Taxation Act, 1958 (XXXII of 1958), in section 4, for subsection (2), the following shall be substituted:-

“(2) A person keeping a motor vehicle shall pay the tax as follows:-

Sr.#	Tax period	Date of payment
1.	For the first quarter of a financial year	Before the 31 <sup>st</sup> day of July
2.	For the second quarter of a financial year	Before the 31 <sup>st</sup> day of October
3.	For the third quarter of a financial year	Before the 31 <sup>st</sup> day of January
4.	For the fourth quarter of a financial year	Before the 30 <sup>th</sup> day of April
5.	For the whole of a financial year	Before the 1 <sup>st</sup> day of October
6.	For the entire life of the motor vehicle	At the time of registration of a motor vehicle or before the 1 <sup>st</sup> day of September 2013

(2a) If a person commences to keep a motor vehicle for use, he shall pay the tax before the expiration of twenty one days from the day when he commences to keep the motor vehicle for use.”

**5. Amendment in Act I of 1972.**— In the Punjab Finance Act, 1972 (I of 1972), section 9 shall be omitted.

**6. Amendment in Act I of 1997.**— In the Punjab Agricultural Income Tax Act 1997 (I of 1997), after section 3A, the following section shall be inserted:-

“**3B. Tax on the basis of income tax return.**— Notwithstanding the provisions of section 3, where any person has declared agricultural income for any assessment year in the return filed under the Income Tax Ordinance, 2001 (XLIX of 2001), the person shall pay the tax on such income at the rate specified in the Second Schedule.”

**7. Amendment in Act VI of 2010.**— In the Punjab Finance Act 2010 (VI of 2010), in section 6, in subsection (5), for clause (a), the following shall be substituted:

“(a) Immovable property, other than commercial or industrial property, a plaza or multi-storeyed building, situated in urban area and the value of which exceeds one million rupees:

No.	Description	Rate of Tax
(i)	Where the value of the immovable property is recorded.	Two per cent of the recorded value of the landed area.
(ii)	Where the value of the immovable property is not recorded.	One hundred rupees per square feet of the landed area.
(iii)	Where the immovable property is a constructed property.	Ten rupees per square feet of the constructed area in addition to the value worked out above.”

**8. Amendment in Act XV of 2011.**— In the Punjab Finance Act 2011 (XV of 2011), in section 7, in subsection (2), for clause (c), the following shall be substituted:

“(c) “club” means an association or organization offering members amenities, services, meals or temporary residence with initial membership fee of two hundred thousand rupees for any category of members and notified as club by the Government but does not include fitness centre or gymnasium without provision of ancillary services of eateries, outdoor sports, conferences, ceremonies, musical concerts or any other such service;”.

**9. Capital gains tax on immovable property.**— (1) This section shall have effect notwithstanding anything contained in any other law.

(2) For purposes of this section—

- (a) “acquisition” means transfer of property through any mode including gift, bequest, will, succession, inheritance, devolution, dissolution of an association of persons or, winding up or liquidation of a company;
- (b) “Board of Revenue” means the Board of Revenue established under the Punjab Board of Revenue Act, 1957 (*XI of 1957*);
- (c) “Collector” means the Collector of the district appointed under the Punjab Land Revenue Act, 1967 (*XVII of 1967*) and includes the Collector of a subdivision or any other officer specially empowered by the Board of Revenue to exercise and perform the functions of the Collector;
- (d) “Government” means Government of the Punjab;
- (e) “person” includes—
  - (i) an individual;
  - (ii) an association of persons;
  - (iii) a company;
  - (iv) a body corporate;
  - (v) a foreign government;
  - (vi) a political subdivision of a foreign government; and
  - (vii) a public international organization;

- (f) “recorded value” means the value declared by the transferor in the instrument, provided that the declared value of the property shall not be less than the value specified in the valuation table notified by the Collector of the district; and
- (g) “tax” means capital gains tax on sale of an immovable property and includes any penalty, fee and charge or any sum or amount leviable or payable under this section.

(3) A gain occurring from the sale of immovable property by a person in a tax year shall be chargeable to tax in that year at the following rate:-

Sr. No.	Description	Rate
1.	Sale within one year of acquisition	5% of the capital gain or 2% of the recorded value at the time of sale, whichever is higher
2.	Sale between more than one but within two years of acquisition	4% of capital gain
3.	Sale between more than two but within three years of acquisition	3% of capital gain
4.	Sale between more than three but within four years of acquisition	2% of capital gain
5.	Sale between more than four but within five years of acquisition	1% of capital gain
6.	Sale after five years of acquisition	No tax.

(4) The Collector shall determine the capital gain through calculating difference in valuation at the time of acquisition and sale on the basis of valuation table notified by the Collector of the district under section 27-A of the Stamp Act, 1899 (II of 1899) or the recorded value in the transfer deed, whichever is higher.

(5) The Collector shall assess and collect the tax, and for this purpose, may exercise any power of the Collector under section 6 of the Punjab Finance Act 2010 (VI of 2010).

(6) For purposes of appeal, review or revision, an order passed under this section shall be deemed to be an order of a Revenue Officer within the meanings of sections 161, 162, 163 and 164 of the Punjab Land Revenue Act 1967 (*XVII of 1967*).

(7) Where the tax has been recovered from a person not liable to pay the same or in excess of the amount actually payable, an application may, in writing, be made to the Collector for the refund of the tax or the excess amount within one year of the payment of the tax.

(8) The Board of Revenue may, by notification in the official Gazette, make provisions relating to the collection and recovery of the tax or for ancillary matters.

(9) The Government may, by notification in the official Gazette, exempt a class of immovable property or a class of persons from the levy or recovery of the tax subject to such conditions as may be specified in the notification.

**10. Luxury tax on houses.**— (1) Notwithstanding anything contained in any other law, the Government shall levy, assess, collect and recover tax from the owner or occupant of a residential house at the following rate:-

S. No.	Description of Residential House	Rate of Tax
1.	Residential house measuring 1000 square yards and above but less than 2000 square yards;	Five hundred thousand rupees
2.	Residential house measuring 2000 square yards but less than 4000 square yards; and	One million rupees
3.	Residential house measuring 4000 square yards and above.	One million and five hundred thousand rupees

(2) The tax shall be levied on one time basis and if a residential house is constructed after the commencement of this Act, the owner or occupant of the residential house shall pay the tax on one time basis within one year of the completion of construction of the house.

(3) The owner or occupant of a residential house shall pay the tax in lump sum or in four equal quarterly installments.

(4) In case of payment of tax in installments, the tax shall be payable before the expiry of each of the four quarters of the year counted from the date of issuance of notice for the payment of the tax.

(5) Subject to subsection (6), where the tax or an installment of the tax is not paid within the prescribed time, a surcharge of one percent of the outstanding tax per month shall be levied on the owner or occupant of a residential house.

(6) The Government may, in an individual case of hardship and for reasons to be recorded in writing, waive the surcharge or a part of the surcharge on the tax.

(7) A residential house, measuring not more than two thousand square yards, owned by a widow and in which she herself resides, shall be exempt from the payment of the tax levied under this section and if the widow owns more than one residential house liable to tax, she shall be entitled to exemption only in respect of one house.

(8) Where the tax has not been levied on a residential house owned by a widow, the tax shall be payable on such house by her legal heirs or any other transferee not being a widow within one year of her demise or transfer.

(9) The tax shall not be levied, charged or paid in respect of a residential house which is transferred after the payment of the tax.

(10) The tax under this section shall, as nearly as possible, be assessed, paid, recovered, administered and regulated as if it is a tax under the Punjab Urban Immoveable Property Tax Act, 1958 (V of 1958).

(11) The Government may, by notification in the official Gazette, make rules to carry out purposes of this section.

(12) In this section—

- (a) “completion of construction” shall be construed on a day when a house is ready for living or two years from the date of installation of electricity connection, whichever is earlier;
- (b) “Government” means Government of the Punjab;
- (c) “residential house” means a house, irrespective of its current use, located in a rating area specified as category A for purposes of the Punjab Urban Immoveable Property Tax Act, 1958 (V of 1958) or located in an area as the Government may, by notification, specify but shall not include a house owned by the Government, Federal Government, local government, development authority or any other body or authority owned or controlled by the Government or in which the Government has substantial financial interest; and
- (d) “tax” means the luxury tax on a residential house levied under the section.

---

1. *The above Bill was passed by the Provincial Assembly of the Punjab on the 27<sup>th</sup> day of June 2013.*

2. *Certified that the above Bill is a Money Bill within the meaning of Article 115(5) of the Constitution of the Islamic Republic of Pakistan.*

**(Rana Muhammad Iqbal Khan)**  
**Speaker**  
**Provincial Assembly of the Punjab**

**Dated**

**2013**

**GOVERNOR OF THE PUNJAB**