

**THE KHYBER PAKHTUNKHWA FINANCE ACT, 2021.**

**(KHYBER PAKHTUNKHWA ACT NO. XIII OF 2021)**

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**PREAMBLE**

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	(iv) where the amount exceeds rupees five million but does not exceed rupees ten million; and	Nine thousand rupees.
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	(b) to procure stores and materials.	One rupee for every one hundred rupees (100.00) or part thereof of the amount of the contract.”; and

(iii) against Article No. 53, in Column No. 3, for the words "Two rupees", "Three rupees" and "Seven rupees", the words "Five rupees", "Six rupees" and "Fifteen rupees" shall respectively be substituted.

**3. Amendment of Act No. XVI of 1908.**---In the Registration Act, 1908 (Act No. XVI of 1908),-

(a) after section 16, the following new section shall be inserted, namely:

**“16A. Online repository of registered instruments and electronic verification of registered property.**--- Government may make provision for establishment of online repository of registered instruments and electronic verification of registered property in the prescribed manner.”; and

(b) after section 17, the following new section shall be inserted, namely:

**“17A. Digitized version of documents.**---All documents, books, instruments, decrees, deeds, assignments, endorsements, debentures, orders, certificates, counterpart of lease, signatures mentioned in this Act may also be processed through digitized means of registration.”.

**4. Amendment of West Pakistan Act No. V of 1958.**---In the West Pakistan Urban Immovable Property Tax Act, 1958 (W.P. Act No. V of 1958),-

(a) in section 3, in sub-section (2a),-

- (i) for the figures and word “28<sup>th</sup> February” the figures and words “31<sup>st</sup> day of December” shall be substituted; and
- (ii) the existing provisos shall be deleted; and

(b) in Schedule-II,-

- (i) at Serial No.2, the words, slash and abbreviation “and petrol/CNG stations” shall be deleted; and
- (ii) after Serial No. 8, the following new entry shall be inserted, namely:

“8A. Petrol pumps and CNG stations shall be charged at a flat rate of rupees forty five thousand (45,000) per annum.

**Explanation:** The tax liability regarding petrol pumps and CNG stations, for the period starting from 1<sup>st</sup> day of July, 2020 and ending

on 30<sup>th</sup> day of June, 2021, shall also be assessed and taxed on the rates specified under this serial number.”.

**5. Amendment of the Khyber Pakhtunkhwa Act No. IV of 1990.**---In the Khyber Pakhtunkhwa Finance Act, 1990 (Khyber Pakhtunkhwa Act No. IV of 1990), in section 7, in sub-section (1), the full stop, appearing at the end of the last proviso, shall be replaced by a colon and thereafter the following new proviso shall be added, namely:

“Provided also that the tax under this section shall not be levied for the financial year 2021-22.”.

**6. Amendment of the Khyber Pakhtunkhwa Ordinance No. IV of 2000.**---In the Khyber Pakhtunkhwa Land Tax and Agriculture Income Tax Ordinance, 2000 (Khyber Pakhtunkhwa Ord. No. IV of 2000),-

(a) in section 3, the full stop, appearing at the end, shall be replaced by a colon and thereafter the following proviso shall be added, namely:

“Provided that the tax under this section shall not be levied for the financial year 2021-22.”; and

(b) for the Second Schedule, the following shall be substituted, namely:

**“Second Schedule  
(see section 6)**

**Rates of Agriculture Income Tax**

In the case of every owner, the agriculture income tax shall be charged on the agriculture income:

1.	Where the taxable limit does not exceed Rs.600,000/-;	No tax
2.	Where the taxable limit exceeds Rs.600,000/- but does not exceed Rs.850,000/-;	5% of amount exceeding Rs. 600,000/-
3.	Where the taxable limit exceeds Rs.850,000/- but does not exceed Rs.1000,000/-;	Rs.12,500/- plus 7.5% of the amount exceeding Rs.850,000/-
4.	Where the taxable limit exceeds Rs.1000,000/- but does not exceed Rs.1250,000/-;	Rs.23,750/- plus 10% of the amount exceeding Rs.1000,000/-
5.	Where the taxable limit exceeds Rs.1250,000/- but does not exceed Rs.1500,000/-; and	Rs.48,750/- plus 15% of the amount exceeding Rs.1250,000/-
6.	Where the taxable limit exceeds Rs.1500,000/-.	Rs.92,500/- plus 17.5% of the amount exceeding Rs.1,500,000/-”.

**7. Amendment of Khyber Pakhtunkhwa Ordinance No. XXIII of 2002.**--- In the Khyber Pakhtunkhwa Finance Ordinance, 2002 (Khyber Pakhtunkhwa Ord. No. XXIII of 2002), in section 4, the words, “on the basis of fifty percent of the total number of lodging units” shall be deleted.

**8. Amendment of Khyber Pakhtunkhwa Act No. XXI of 2013.** --- In the Khyber Pakhtunkhwa Finance Act, 2013 (Khyber Pakhtunkhwa Act No. XXI of 2013),-

(a) in section 2,-

(i) in clause (1), for the words “established under”, the words and figures “constituted under section 82 of” shall be substituted;

(ii) for clause (15), the following shall be substituted, namely:

**“(15) “default surcharge”** means the default surcharge levied and calculated or calculable under section 65 of this Act;” and

(iii) after clause (56), the following new clause shall be inserted, namely:

**“(57) “withholding agent”** means any person, who, as a recipients of taxable service or otherwise, withholds or deducts and pays or deposits tax directly to Government in the manner as may be prescribed;”;

(b) in section 26A, in sub-section (1), the full stop, appearing at the end, shall be replaced by a colon and thereafter the following proviso shall be added, namely:

“Provided that a registered person, in case of a company, may opt to operate under standard rate system on intimation to the Authority at least one month in advance and shall not be entitled to revert back to the reduced rate without prior permission from the Authority as required under sub-section (2).”;

(c) in section 30, after sub-section (2), the following new sub-section shall be added, namely:

“(3) Where a person has been or is required to act as withholding agent, he shall personally be responsible to withhold and deposit the due tax. In case of failure on his part to do so, it shall be his personal liability to pay such due amount of tax along with default surcharge and penalty under this Act. Any such amount of tax, including default surcharge and penalty, if not paid, may be recovered from such person under section 87 of this Act.”;

(d) in section 32, in sub-section (3),-

(i) for the words “and to the extent”, the comma and words “, to the extent and from the date” shall be substituted; and

(ii) the full-stop, appearing at the end, shall be replaced by a colon and thereafter the following proviso shall be added, namely:

“Provided that if no such date has been specified, the date of coming into effect of such notification shall be deemed to be the specified date for the purpose of this section.”;

(e) in section 35,-

(i) after the words “registered person”, wherever appearing, the words and commas “or a person, as the case may be,” shall be substituted; and

(ii) after the existing proviso, the following Explanation shall be added, namely:

**“Explanation:** Notwithstanding anything contained in this section, it shall be the responsibility of a registered person or a person to take all possible measures to ensure that the person from whom he has received

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taxable services, deposits the due tax, relating to such transaction, in the manner as provided under this Act and rules and regulations made thereunder.”;

(f) in section 40,-

- (i) in sub-sections (2), (3) and (5), for the words, hyphen, brackets and figures “sub-section (1)”, wherever occurring, the words, hyphen, brackets and figures “sub-sections (1) and (1A)” shall respectively be substituted;
- (ii) in sub-section (4), after the words “by the person”, the words and commas “or the adjournments otherwise ordered by the officer for any bona fide or genuine reasons or factors beyond normal human control of the person, on the date fixed for hearing” shall be added;
- (iii) in sub-section (6), for the words, hyphen, brackets and figures, “sub-section (1) or (5)”, the words, hyphen, brackets and figures, “sub-sections (1) and (1A) or sub-section (5)” shall be substituted; and
- (iv) after sub-section (8), the following Explanations shall be added, namely:

**“Explanation-I:** For the removal of any doubt, the provisions of this section shall apply in cases involving situations where a registered person has received or collected tax from the recipient of a taxable service or services but has not paid the same or where a registered person has short-paid the tax whether due to short receipt, short collection or due to availing inadmissible input tax adjustment and where such non-payment or short-payment of tax has resulted from all or any of the reasons of intention, collusion, abetment, deliberate attempt, mis-statement, fraud, forgery, false or fake documents, the provisions of sub-section (2) of section 68 shall apply.

**Explanation-II:** Audit includes departmental audit, external audit, special audit or any other scrutiny of records, facts and tax affairs in any manner, style or mode, resembling audit or appearing like audit.

**Explanation-III:** Non-paid or short-paid amount of tax includes such non-paid or short-paid amount as was or is to be withheld or has been withheld by a person receiving a service or services as withholding agent but has not been deposited or has been short-deposited to Government.”;

(g) in section 58, in sub-section (3), for the words, hyphen, figure and brackets “of sub-section (1), on the basis of his own knowledge”, the words, brackets, hyphen and figure “or on the basis of his own knowledge under clause (c) of sub-section (1)” shall be substituted;

(h) in section 64, in sub-section (2),-

(i) under the Table,-

- (i) against Serial No. 1, in Column No.4, before the figures “41”, the figures, brackets and word, “30(2) and” shall be inserted;
- (ii) against Serial No. 2, in Column No.4, before the figures “52”, the figure, brackets and word “30(2) and” shall be inserted;

- (iii) against Serial No. 4, in Column No.4, after the figures and comma “27,”, the figures, brackets and comma, “30(2),” shall be inserted;
  - (iv) against Serial No. 5, in Column No.4, before the figures “47”, the figures, brackets and comma “30(2),” shall be inserted;
  - (v) against Serial No. 6, in Column No.4, before the figures “47”, the figures, brackets and comma “30(2),” shall be inserted;
  - (vi) against Serial No. 8, in Column No.4, before the figures “48”, the figures, brackets and comma “30(2),” shall be inserted; and
  - (vii) against Serial No. 9, in Column No.4, after the figures and brackets “2(53)”, the word, figures and brackets “and 30 (2)” shall be added; and
- (ii) after the Table, as so amended, the following Explanation shall be added, at the end, namely:
- “Explanation:** For the purpose of this section, in situations, where penalty or penalties are to be adjudicated or other penal actions are to be initiated or taken in terms of this section, in respect of any withholding agent, the word and expressions, carrying meanings of a service provider, shall be construed as service recipient or if so required, as withholding agent.”;
- (i) in section 65, after sub-section (2), the following new sub-section shall be added, namely:

“(3) For the purpose of working out the monthly rate of default surcharge under clause (a) of sub-section (1), quarterly average of inter-bank rate, as announced or certified by or obtained from the State Bank of Pakistan, shall be taken into account and applied and in no case either falling under clause (a) or clause (b) of sub-section (1), default surcharge shall be calculated on compound basis and in case of any shortfall of days in the month during which the tax is paid, the amount of default surcharge shall be prorated in terms of days of the relevant month.”;
  - (j) in section 66, in sub-section (2), for the word “Council”, the words “Provincial Assembly of the Khyber Pakhtunkhwa” shall be substituted;
  - (k) in section 68,-
    - (i) in sub-section (1), for the word “three”, the word “five” shall be substituted; and
    - (ii) in sub-section (5), the words “not exceeding thirty days” shall be deleted;
  - (l) in section 71, in sub-section (1), for the figures “60”, the figures “70” shall be substituted;
  - (m) in section 76, for sub-section (3), the following shall be substituted, namely:

“(3) The Authority may regulate the system of adjudication including transfer of cases, changes in pecuniary limits or extension of time limit within the meaning of section 99 of this Act.”;

(n) in section 80, in sub-section (1), for the words “officer of the Authority against whose order the appeal has been made”, the words, semicolon, commas and brackets “authorized officer of the Authority; provided that nothing shall bar the officer, who has adjudicated the case or who has been nominated by the Director General, to represent and defend the case before the Collector (Appeals)” shall be substituted;

(o) in section 81, in sub-section (2), the full stop, appearing at the end, shall be replaced by a colon and thereafter the following proviso shall be added, namely:

“Provided that a case may be remanded for de-novo consideration, in special circumstances, for reasons and purposes to be recorded by the Collector (Appeals) in writing.”;

(p) in section 84, in sub-section (1), the full stop, appearing at the end, shall be replaced by a colon and thereafter the following proviso shall be added, namely:

“Provided that unless otherwise directed by the Director General in any specific case or class of cases, only an authorized officer of the Authority shall appear to defend or plead the case in the Appellate Tribunal.”;

(q) in section 87, in sub-section (1), in clause (g), the full stop, appearing at the end, shall be replaced by a colon and thereafter the following proviso shall be added, namely:

“Provided that the officer may, in consequence of any notice, issued under any of the above clauses, recover the due amount of tax, in the manner prescribed under the rules or otherwise as deemed appropriate to make recovery of such amount directly from the person, who is holding or is otherwise in custody of any money, whether owned by or payable to the defaulter.”;

(r) in section 99,-

(i) in sub-section (2), the comma and the words “, penalty or default surcharge levied” shall be deleted;

(ii) in sub-section (3),-

(a) for the words, hyphen, brackets and figure “sub-section (2)”, the words “this section” shall be substituted; and

(b) the full stop, appearing at the end, shall be replaced by a colon and thereafter the following proviso and Explanation shall respectively be added, namely:

“Provided that where a Collector or any other officer has been empowered to grant condonation under this section, he shall not be competent to grant condonation in any case falling in the jurisdiction of any officer with designation or rank higher than the Collector or such officer.

**Explanation:** Condonation of time limit under this section may be granted by the Authority either for the purposes of general application, in respect of any person or class of persons, with regard to any case or class of cases or to any officer or official or class of officers or officials of the Authority, performing functions or

exercising powers under any of the provisions of this Act and rules or regulations made thereunder.”;

- (s) in section 111, after sub-section (2), the following new sub-section shall be inserted, namely:

“(2A) Under no circumstances, any authority having the powers to hear appeals under this Act shall order any cost or fine, on any ground, whatsoever, against the Authority or any of its officers or officials.”;

- (t) in the Second Schedule,-

- (i) for the existing reference thereunder, “(see sub-section (1) of section 19 read with sub-section (1) of section 26)”, the following shall be substituted, namely:

“[see sections 19,21,26, 27 and 28]”;

- (ii) against Serial No. 1, in Column No.2, under the heading "Exemptions and Reduced Rates",-

- (a) in item (iii),-

- (i) for the words and hyphen “non-corporate local chains of hotels”, the words and hyphens “local non-corporate stand-alone hotels or chains of such hotels” shall be substituted; and

- (ii) after the words “guest houses”, a comma and word “, clubs” shall be inserted; and

- (b) after item(vi), the following new item shall be added, namely:

“(vii) In case of non-corporate sector hospitality businesses, including hotels, guest houses, rest houses, lodges, restaurants and similar other accommodations and food serving businesses, located in the tourist spots of Galiyat and Kaghan Valleys, the tax shall be charged and paid at the rate of Five Percent (5%), without any input tax adjustment, subject to the compliance to all such conditions and procedures, as may be prescribed by the Authority, in this behalf.”;

- (iii) against Serial No.5,-

- (a) in Column No.2, under the heading “Reduced Rate of Tax”, for items (i) and (ii), the following shall be substituted, namely:

“Except the services falling under the categories of labour or manpower supplies including recruitments for overseas jobs or employment and such services of this entry, as are provided by corporate sector entities, all other services of this entry shall be charged at the rate of Eight Percent (8%), without any input tax adjustment; provided that business support services

other than those provided by corporate entities shall be charged to tax at the rate five percent (05%).”; and

- (b) in Column No.3, after code number “9819.1500” appearing at the end, the code number “9842.0000” shall be added;
- (iv) against Serial No. 6, in Column No. 2, under heading “Reduced Rate of Tax”, for the words, brackets and figure “five percent (5%)”, the words, bracket and figure “One Percent (1%)” shall be substituted;
- (v) against Serial No. 8, in Column No. 2, under the heading “Reduced Rate of Tax” for the words and brackets “(whole range) of”, the words and brackets “(whole range) rendered or provided by corporate sector dealers and” shall be substituted;
- (vi) against Serial No. 9, in Column No. 4, in item (iii), for the words, brackets and figure, “Two Percent (2%)”, the words, brackets and figure “One Percent (1%)” shall be substituted;
- (vii) against Serial No.10,-
- (a) in Column No. 2, under the heading “Exemption”, the following shall be substituted, namely:  
“Full Exemption on or in respect of franchises relating to the services in the fields of health and education; and
- (b) in Column No. 4, for the existing entry, the following shall be substituted, namely:
- “Fifteen Percent (15%)”;
- (viii) against Serial No.13,-
- (a) in Column No. 2,-
- (i) after the word “including” the words “but not limited to” shall be inserted; and
- (ii) after the word “up-gradation”, the commas and words “, cleaning, fumigation and decontamination services” shall be inserted; and
- (b) in Column No.3, after code number “9810.9000”, appearing at the end, the following new codes number shall respectively be added, namely:
- “9822.1000  
9822.2000  
9822.3000”;
- (ix) against Serial No. 14,
- (a) in Column No. 2, under the heading “Exemption”,-
- (i) in item number (iii), for the word “plan”, the word “programme” and for the figures ‘2019’, the figures “2021” shall respectively be substituted; and

- (ii) after item number (iii), as so amended, the following new items number (iv) and (v) shall be added, namely:

“(iv) such portion or portions of the construction work of the projects of Public Sector Development Programme (PSDP), as were undertaken and completed before 30<sup>th</sup> June, 2021, regardless of the dates of their approval or initiation; provided that no such exemption shall be claimed or available on such portion or portions of the work of such project or projects as has/have not been completed before 30<sup>th</sup> June, 2021.

- (v) Construction services, including allied works, provided or rendered in respect of low-cost housing projects and schemes of the Provincial Housing Authority of Khyber Pakhtunkhwa.”; and

- (iii) after item number (v) added as above, the following Condition and Explanation shall be added, namely:

“**Condition:** The exemption allowed under this part shall not be construed or interpreted in any manner to claim or take any refund, waiver, dispensation or relief of tax already deposited, paid or recovered (including already withheld or deducted but not deposited or paid) on or before 30<sup>th</sup> June, 2021 on any ground whatsoever.

**Explanation:** For the purpose of this item, the expression “initiated” shall, under no circumstances, be construed to commence prior to the date of actual signing of the agreements for Government sector construction projects.”;

- (b) under the heading “Clarification”,-

- (i) after item number (ii), the following two items number shall respectively be added, namely:

“(iii) Construction services shall include construction works of power (including hydropower) generation projects.

- (iv) Where fixed rates of rupee one hundred per square yard, or as the case may be, rupees fifty per square foot are applicable in case of land development and commercial construction as per description specified above, tax shall not be charged in respect of the areas allocated, fixed or used exclusively for schools, medical dispensaries, mosques, graveyards, parks, public toilets, corridors (inside passages of buildings) and stairs provided that these facilities are meant for common use of the public at large without the involvement of any commercial aspect
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including intention or purpose for sale, leasing or renting.”; and

- (c) in Column No.4, for the words, brackets and figure “Two Percent (2%)”, the words, brackets, figure, slash and abbreviations “Five Percent (5%) except Government funded construction projects including ADP/PSDP- funded projects and construction of hydropower projects on which the rate of tax shall be Two Percent (2%).”;
- (x) against Serial No.16, in Column No.2, after the proviso, the following shall be added, namely:
- “Reduced Rate of Tax:** The rate of tax on the leases (including re-leasing by the lessees) and licenses (including sub-contracting or license usage permissions by license holder) granted or fees and royalties, received by Government Departments, or as the case may be, by the lessees or licensees, shall be Two Percent (2%) without any input tax adjustment; provided that no tax shall be demanded in case of the charges for such leases, licenses, fees or royalties etc, received up to 30<sup>th</sup> June, 2021, if tax thereon has not been already withheld, paid or recovered (no refund or waiver of any such tax amount shall be admissible under any circumstances).”;
- (xi) against Serial No.19,
- (a) in Column No. 3, after the code number “9816.9000”, appearing at the end, a new code number “9826.0000” shall be added; and
- (b) in Column No.4, the full stop, appearing at the end shall be replaced by a colon and thereafter the following proviso shall be added, namely:
- “Provided that the above reduced rate shall not be applicable to corporate entities and to such other entities as are operating in collaboration or as subsidiary or branch of foreign service providing entities and all such entities shall pay tax at the rate of Fifteen Percent (15%) and avail admissible input tax adjustment.”;
- (xii) against Serial No. 20, in Column No.4, for the words, brackets and figure, “Two Percent (2%)”, the words, brackets and figure, “One Percent (1%)” shall be substituted;
- (xiii) against Serial No. 26, in Column No. 2-----
- (i) After clause (e), the following new clause shall be inserted, namely:
- “(f) Services of payment system operator or of payment system provider as have always been or are rendered or provided in any manner or mode.”; and

- (ii) For the heading “Exemption” along with its content, the following heading “**Reduced rate of Tax**” along with its content shall be substituted, namely:

“**Reduced Rate of Tax:** In case of health insurance services and services in respect of Government sponsored Sehat Card Plus program, the tax shall be charged at the rate of One Percent (1%) without any input tax adjustment.”;

- (xiv) against Serial No. 27, in Column No.2, after the full stop, appearing at the end, the following shall be added, namely:

“**Reduced Rate of Tax:** The tax on cold storage services (including other forms of warehousing of agriculture produce) regardless of their corporate or non-corporate status shall be charged at the rate of One Percent (1%) without any input tax adjustment.”;

- (xv) against Serial No. 34, in Column No. 4, for the words, brackets and figure, “Two Percent (2%)” the words, brackets and figure, “One Percent (1%)” shall be substituted;

- (xvi) against Serial No. 36, in Column No. 4, for the words, brackets and figure “Two Percent (2%)”, the words, brackets and figure “One Percent (1%)” shall be substituted;

- (xvii) against Serial No. 39, in Column No. 4, for the words, brackets and figure “Two Percent (2%)”, the words, brackets and figure “One Percent (1%)” shall be substituted;

- (xviii) against Serial No. 44, in Column No.4, for the words, brackets and figure “Two Percent (2%)”, the words, brackets and figure “One Percent (1%)” shall be substituted; and

- (xix) against Serial No. 47, in Column No. 2, after the words “this entry”, the following shall be inserted, namely:

“regardless whether such allied and other services are provided by the same person (service provider) whose services are falling under other serial number or numbers or by any other person (service provider) to such same person or to any other person.”; and

- (u) after the Second Schedule, as so amended, in the “PRINCIPLES OF APPLICATION AND INTERPRETATION”,-

- (i) in Para 3, for the commas and words “, if he is taxable service provider,” , the words and commas “whether as a service provider or otherwise,” shall be substituted; and

- (ii) after Para 17, the following new Paras shall be added, namely:

“18. Where a registered person is providing services at a reduced rate of tax either under the Second Schedule or otherwise as provided elsewhere in this Act or in any notification issued thereunder and any of his buyers from corporate sector requests such registered person to provide services to him on standard rate, the registered person may provide services to his

such buyer on standard rate provided that adjustment of relevant input tax, as and if admissible under standard rate regime, in case of such services shall be proportionately and exclusively confined to the value of such services.

19. Where in compliance to any commitment of the Federal Government or Government of Khyber Pakhtunkhwa either under any international convention, protocol, treaty or agreement, or under any agreement or arrangement for foreign grant-in-aid assistance including free technical assistance to the Province of Khyber Pakhtunkhwa or elsewhere in the country, an exemption from tax is required, the Authority shall issue notification or as the case may be, order for such exemption after taking concurrence from the Finance Department of Government on such conditions, restrictions or limitations as the Authority may deem appropriate to recommend or impose.
20. Unless otherwise specified elsewhere in the Second Schedule or under any notification issued under this Act, the corporate sector entities providing or rendering services liable to reduced rates of tax against serial numbers 9, 10, 11, 13, 17, 18, 21, 22, 27, 28 (other than public sector entities providing services covered therein), 39 and 44 of the said Schedule shall not pay tax at any such reduced rate. Such entities shall mandatorily pay tax at standard rate of 15% and all benefits of the admissible input tax adjustment shall be available to them.
21. Subject to Para 20, the services provided by or relating to dealers of agriculture machinery and equipments, commission agents of agriculture produce, agriculture-specific market research, human resource development or management in agricultural fields, and exhibitions of agricultural products or products usable exclusively in agriculture sector shall be charged to tax only at the rate of two percent (2%) without any input tax adjustment.”.

**9. Amendments of Khyber Pakhtunkhwa Act No. XXVIII OF 2013.**--- In the Khyber Pakhtunkhwa Local Government Act, 2013 (Khyber Pakhtunkhwa Act No. XXVIII of 2013), in section 53, in sub-section (1), in clause (a),-

- (a) in the first proviso,-
  - (i) for the words, “thirty percent of the total developmental budget of the Province”, the words, brackets and figures “twenty percent (20%) of provincial share of Annual Development Programme” shall be substituted;
- (b) in the second proviso, for the words, brackets and figures, “thirty percent (30%)” the words, brackets and figures, “twenty percent (20%)” shall be substituted; and
- (c) after second proviso, as so amended, the following new proviso shall be added, namely:

“Provided also that the twenty percent (20%) development grant shall be admissible only when the elected local governments are in place.”.

**10. Retention of revenue by Secondary and Primary Health Facilities.**---(1) Subject to approval of the Health Department of Government, the Secondary or Primary Health Facilities may, retain upto ninety percent (90%) of the revenue generated by them.

(2) The revenue, so retained under sub-section (1), shall be utilized through Hospital Management Committees or Primary Care Management Committees, as the case may be, for improvement of service delivery.

(3) The Health Department of Government, in consultation with the Finance Department of Government, may issue appropriate guidelines and accounting procedures for retention, utilization and audit of retained amount.

**11. Financial Management of designated, dormant and frozen accounts.**--- Notwithstanding anything contained in any other law, rules, regulations etc. for the time being in force, Finance Department of Government may-

- (a) issue appropriate directions for management and operation of designated bank accounts of any Government entity including reporting of cash balances of such bank accounts and for this purpose may issue necessary guidelines;
- (b) take necessary steps to transfer and deposit funds, kept in the designated accounts of any Government entity, into the Provincial Consolidated Fund, and which are not-
  - (i) utilized for at-least two years; or
  - (ii) required by such Government entity; or
  - (iii) required for the purpose for which the same has been transferred:

Provided that no such step shall be taken by the Finance Department with respect to funds generated through their own sources by any autonomous bodies or public sector companies; and

- (c) take appropriate steps for recovery of funds lying in any dormant or frozen bank accounts maintained by any Government entity and to transfer and deposit such funds in the Provincial Consolidated Fund:

**Explanation:** For the purpose of this section, Government entity includes any Government department, attached department, field formation or autonomous body, public sector company or any other Government body under its administrative control.