

**THE PUNJAB FINANCE ACT 2021
(XIX of 2021)**

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TEXT

**THE PUNJAB FINANCE ACT 2021
(XIX of 2021)**

[30th June 2021]

An
Act

to levy, alter and rationalize certain taxes and duties in Province of the Punjab.

It is necessary in public interest to levy, alter and rationalize certain taxes and duties in the Punjab; and, to deal with ancillary matters.

Be it enacted by Provincial Assembly of the Punjab as follows:

1. Short title, extent and commencement.— (1) This Act may be cited as the Punjab Finance Act 2021.

(2) This Act extends to whole of the Punjab.

(3) This Act shall come into force on the first day of July 2021.

2. Repeal of Act X of 1958.— The Punjab Entertainments Duty Act, 1958 (X of 1958) is hereby repealed.

3. Amendment of Act XXXII of 1958.— In the Punjab Motor Vehicles Taxation Act, 1958 (XXXII of 1958), in the Schedule, in entry at Sr. No. 4, for the Explanation, the following shall be substituted:

“Explanation.- An exemption at the rate of 75 percent in motor vehicle tax in respect of electric vehicles shall be granted till 30.06.2022.”.

4. Amendment of Act XV of 1977.— In Punjab Finance Act, 1977 (XV of 1977), in Second Schedule:

(a) for entry at Sr. No.3, the following shall be substituted:

Sr. No.	Class of Persons	Rate of tax per annum (rupees)
“3	(i) Persons other than companies owning commercial establishments having 10 or more employees	
	(a) Within metropolitan and municipal corporation limits	6,000/-
	(b) Others	4,000/-
	(ii) All other commercial establishments other than wholesalers and retailers	2,000/-”

¹This Act was passed by Provincial Assembly of the Punjab on 25 June 2021; assented to by the Governor of the Punjab on 30 June 2021; and, was published in the Punjab Gazette (Extraordinary), dated: 30 June 2021, pp.10047-10050.

- (b) in entry at Sr. No. 6, in category (vii), in subcategory (d), for the words “Motor Car” the words “Motor Vehicle” shall be substituted; and
- (c) after entry at Sr.No.10, the following entry shall be inserted at Sr.No.11;

Sr. No.	Class of Persons	Rate of tax per annum (rupees)
“11	Persons who are engaged in a profession, trade, calling or employment who were assessed to pay income tax during the preceding financial years”.	200/-”

5. Amendment of Act XLII of 2012.— In the Punjab Sales Tax on Services Act 2012 (XLII of 2012):

- (a) in section 2:
- (i) clauses (1) and (1A) shall be renumbered as (1A) and (1B) respectively, and before clause (1A) as renumbered, the following clause (1) shall be added:
- “(1) “active taxpayer” means a registered person:
- (i) whose registration has not been suspended or blacklisted by the Authority; and
- (ii) who has filed his tax return for at least one of the preceding three consecutive tax periods;”
- (ii) in clause (11), in sub-clause (a), for the expression “the Companies Ordinance, 1984 (XLVII of 1984)”, the expression “the Companies Act, 2017 (XIX of 2017)” shall be substituted;
- (iii) after clause (41), the following clause (41A) shall be inserted:
- “(41A) “Standard Rate” means sixteen percent”;
- (b) after section 10, the following section 10A shall be inserted:
- “10A. Option to charge tax at standard rate.—** (1) Where any service or class of services is chargeable at a reduced rate under the Second Schedule, any person or class of persons providing such service or services may, with the permission of the Authority, opt to charge sales tax at the standard rate subject to such conditions, restrictions and limitations as may be specified by the Authority.
- (2) The permission granted under subsection (1) shall be irrevocable except with the permission of the Authority.
- (3) Where the Authority has reasons to believe that the taxpayer has misused the option, the Authority may withdraw the permission granted under subsection (1) at any time after affording an opportunity of being heard.”;
- (c) in section 48:

(i) in entry at S. No. 20, in column 4, for the expression “59A”, the expression 59B shall be substituted;

(ii) after entry at S. No. 20, the following entry 21 shall be added:

Sr.No.	Offence	Penalty	Section
“21	Where a registered person charges sales tax in excess to the rate provided in the Second Schedule	Such person shall be liable to pay a penalty of rupees ten thousand per invoice or ten percent of the invoice amount, whichever is higher	10”;

(d) in section 59, in sub-sections (1) and (2), after the word “provision”, the words “and receipt” shall be inserted;

(e) in section 65, sub-sections (7) and (8) shall be omitted.

(f) in the Second Schedule:

(i) in entry at S.No.7, in column (4), after category (a), the following category (aa) shall be inserted:

“(aa) Five percent for insurance agents and insurance brokers”;

(ii) in entry at Sr.No.11, in column (4), in category (a), after the words “credit cards” the expression“, mobile wallets or QR scanning” shall be inserted;

(iii) in entry at Sr.No.40, in column (4), in category (a), after the words “agricultural produce” the words “and home chefs” shall be inserted;

(iv) in entry at Sr.No.41, in column (4), for the words “Nineteen and a half” the word “Sixteen” shall be substituted;

(v) in entry at Sr.No.48, in column (2), the expression “inter-city” shall be omitted;

(vi) in entries at Sr. No. 18, 33, 34, 44, 50, 61, 64 and 65, in column (4), for the existing categories, the following shall be substituted:

“Five percent without input tax adjustment”

(vii) after entry at Sr.No.69, the following entry shall be added at Sr. No 70:

Sr. No	Description	Classification, if applicable	Rate of Tax
(1)	(2)	(3)	(4)
“70	Entertainment services (including cinemas, theatres, concerts, circus, sports events, races, film, fashion	-	Zero percent without input tax adjustment”

	shows and mobile stage shows)		
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6. Amendment of Act XXX of 2015.— In the Punjab Infrastructure Development Cess Act 2015 (XXX of 2015), in section 6, in subsection (1):

- (a) for the word “and” appearing for the second time, a comma shall be substituted; and
- (b) after the word “Punjab” appearing for the second time, the expression “, and the goods exempted by the Federal Government from payment of duties and taxes for import” shall be inserted.

7. Special relaxations for financial year 2021-22.— (1) Notwithstanding anything contained in sections 3 and 12 of the Punjab Urban Immovable Property Tax Act, 1958 (V of 1958), for the financial year 2021-22:

- (a) discount equal to five percent of the tax being paid shall be allowed on payment of tax through e-payment system;
- (b) the tax shall be paid on yearly basis or half yearly basis as the assessee may choose or the such later date as the Government may by notification determine, and
- (c) for financial year 2021-22, the tax shall be collected as follows:
 - (i) in first quarter with five percent rebate in the amount of annual tax;
 - (ii) in second quarter, the amount of annual tax without any rebate; and
 - (iii) in third and fourth quarters, the amount of annual tax with one percent surcharge per month on the gross payable tax.

(2) Notwithstanding anything contained in sections 3 and 9 of the Punjab Motor Vehicle Taxation Act, 1958 (XXXII of 1958), for the financial year 2021-22:

- (a) discount equal to five percent of the tax being paid shall be allowed on payment of tax through e-payment system;
- (b) for financial year 2021-22, the tax shall be collected as follows:
 - (i) in first quarter with ten percent rebate in the amount of annual tax;
 - (ii) in second quarter, the amount of annual tax without any rebate; and
 - (iii) in third and fourth quarters, the amount of annual tax with such penalty as may be determined under section 9.

(3) This section shall remain in force till 30th day of June 2022.