

THE PUNJAB FINANCE ACT 2017
(XII of 2017)

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TEXT

**¹THE PUNJAB FINANCE ACT 2017
(XII of 2017)**

[16th June 2017]

**An
Act**

to abolish, rationalize and merge certain taxes and duties in the Punjab.

It is necessary in public interest to abolish, rationalize and merge 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 2017.

(2) It extends to whole of the Punjab.

(3) It shall come into force on the first day of July 2017.

2. Amendments in Act II of 1899.— In the Stamp Act, 1899 (*II of 1899*):

(1) In section 2, after clause (25), the following clause (26) shall be inserted:

“(26) **“urban area”** means an area which is:

- (a) a rating area under the Punjab Urban Immovable Property Tax Act, 1958 (*V of 1958*);
- (b) the area already declared as an urban area under the Punjab Finance Act, 2010 (*VI of 2010*);
- (c) any other area which the Board of Revenue may, by notification, declare as an urban area; and
- (d) an area developed by a development authority, housing authority, statutory body, cooperative housing society or a real estate company or developer.”; and

(2) In Schedule I:

(a) in Article 2, in column 3, the following Note shall be inserted at the end:

“Note: In case of registration of the instrument, an additional stamp duty of Rs.25/- shall be charged.”;

(b) in Article 3, in column 3, the following Note shall be inserted at the end:

¹This Act was passed by the Provincial Assembly of the Punjab on 13 June 2017; assented to by the Governor of the Punjab on 15 June 2017; and, was published in the Punjab Gazette (Extraordinary), dated: 16 June 2017, pp. 8235-8250.

Note: In case of registration of the instrument, an additional stamp duty of Rs.10/- shall be charged.”;

- (c) in Article 5, in column 3, the following Note shall be inserted at the end:

Note: In case of registration of the instrument, an additional stamp duty at the rate of 0.1% shall be charged.”;

- (d) in Article 6, in column 3, the following Note shall be inserted at the end:

Note: In case of registration of the instrument, an additional stamp duty at the rate of 0.1% shall be charged.”;

- (e) in Article 15, in column 3, the following Note shall be inserted at the end:

Note: In case of registration of the instrument, an additional stamp duty of Rs.25/- shall be charged.”;

- (f) in Article 16, in column 3, the following Note shall be inserted at the end:

Note: In case of registration of the instrument, an additional stamp duty of Rs.25/- shall be charged.”;

- (g) in Article 18, for the existing entries in column 2 and column 3, the following shall be substituted:

“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:

a) in case of immovable property in an urban area; and

Five percent of the value of the property.

b) in any other case

Three percent of the value of the property.

NOTE: In case of registration of the instrument, an additional stamp duty shall be charged as under:

(a) Rs.500/-, if the

amount of consideration does not exceed Rs.500,000/-; and

(b) Rs. 1000/-, if the consideration exceeds Rs.500,000/-.”;

(h) in Article 23, for the existing entries in column 2 and column 3, the following shall be substituted:

“CONVEYANCE as defined by section 2(10) not being a TRANSFER charged or exempted under Article 62:

(a) In case of immovable property in an urban area; and Five percent of the value of property.

(b) in any other case Three percent of the value of the property.

Note: In case of registration of the instrument, an additional stamp duty shall be charged as under:

(a) Rs.500/-, if the amount of consideration does not exceed Rs.500,000/-; and

(b) Rs.1000/-, if the amount of consideration exceeds Rs.500,000/-.

(c) in case of a registered motor vehicle one hundred rupees.”;

(i) in Article 26, in column 3, the following Note shall be inserted at the end:

“**Note:** In case of registration of the instrument, an additional stamp duty of Rs.25/- shall be charged.”

(j) in Article 27-A, for the existing entries in column 2 and column 3, the following shall be substituted:

“DECREE, RULE OF A COURT OR AN ORDER OF A COURT based on mutual consent of the parties in cases involving transfer of an immovable property including sale, exchange, gift or mortgage, declaring or conferring a right in, or title to, an immovable property:

a) in case of immovable property in an urban area; and

Five percent of the value of the property.

b) in any other case

Three percent of the value of the property.

NOTE: In case of registration of the instrument, an additional stamp duty shall be charged as under:

(a) Rs.500/-, if the amount of consideration does not exceed Rs.500,000/-; and

(b) Rs. 1000/-, if the consideration exceeds Rs.500,000/-.

EXPLANATION.- Value, in this Article, means the value of the property in accordance with the valuation table as notified by the Collector or where valuation table is not available, the average sale price of a property of similar nature in the same revenue estate or locality in

the preceding year as may be determined by the Collector.”;

- (k) in Article 31, for the existing entries in column 2 and column 3, the following shall be substituted:

EXCHANGE of immovable property:

- | | |
|--|---|
| a) in case of immovable property in an urban area; and | Five percent of the highest value of property plus two percent of the lowest value of the property; and |
| b) in any other case | Three percent of the highest value of the property. |

NOTE: In case of registration of the instrument, an additional stamp duty shall be charged as under:

- | | |
|-----|--|
| (a) | Rs.500/-, if the amount of consideration does not exceed Rs.500,000/-; and |
| (b) | Rs. 1000/-, if the consideration exceeds Rs.500,000/-.”; |

- (l) in Article 32, in column 3, the following Note shall be inserted at the end:

“Note: In case of registration of the instrument, an additional stamp duty shall be charged as under:

- | | |
|-----|--|
| (a) | Rs.500/-, if the amount of consideration does not exceed Rs.500,000/-; and |
| (b) | Rs.1000/-, if the amount of consideration exceeds Rs.500,000/-.”; |

- (m) in Article 33, for the existing entries in column 2 and column 3, the following shall be substituted:

GIFT – Instrument of, including a memorandum of oral gift of an immovable property, not being a SETTLEMENT (Article 58) or WILL or TRANSFER (Article 62) – when executed in respect of an immovable property:

- a) in case of immovable property in an urban area; and

Five percent of the value of the property: provided that if the gift deed is executed between spouses, father, mother, son, daughter, grandparent, sibling or from one wife or widow to another wife or widow of the same husband, the rate of stamp duty shall be three percent of the value of the property.

- b) in any other case

Three percent of the value of the property.

Note: In case of registration of the instrument, an additional stamp duty shall be charged as under:

- (a) Rs.500/-, if the amount of consideration does not exceed Rs.500,000/-; and
- (b) Rs.1000/-, if the amount of consideration exceeds Rs.500,000/-.”;

- (n) in Article 34, in column 3, the following Note shall be inserted at the end:

“Note: In case of registration of the instrument, an additional stamp duty of Rs.25/- shall be charged.”;

- (o) in Article 35, for the existing entries in column 2 and column 3, the following shall be substituted:

“LEASE, including an under lease or sub-lease and any agreement to let or sub-let:

- (1) where by such lease the rent is fixed and no premium is paid or delivered:

- (a) where the lease purports to be for a term of less than twenty years; 3.25% of the average annual rent of the lease.

- (b) Where the lease purports to be for a term of twenty years:

- (i) in case of immovable property in an urban area; and 5.25% of the average annual rent of the lease.

- (ii) in any other case 3.25% of the average annual rent of the lease.

- (c) where the lease purports to be for a term in excess of twenty years or in perpetuity:

- (i) in case of immovable property in an urban area; and 5.25% of the consideration equal to the whole amount of rent which would be

area; and paid or delivered in respect of the first ten years of the lease.

(ii) in any other case 3.25% of the consideration equal to the whole amount of rent which would be paid or delivered in respect of the first ten years of the lease.

(d) where the lease does not purport to be for any definite term:

(i) in case of immovable property in an urban area; and 5.25% of the consideration equal to the whole amount of the rent which would be paid or delivered in respect of the first ten years of the lease.

(ii) in any other case. 3.25% of the consideration equal to the whole amount of rent which would be paid or delivered in respect of the first ten years of the lease.

(2)(a) where the lease is granted for money advanced and where no rent is reserved:

(i) in case of immovable property in an urban area; and 5.25% of the consideration equal to the amount of the advance set forth in the lease.

(ii) in any other case 3.25% of the consideration equal to the amount of such advance as set forth in the lease.

(b) where the lease is granted for a fine or premium and where no rent is reserved:

(i) in case of immovable property in an urban area; and 5.25% of the consideration equal to the amount of such fine or premium as set forth in the lease.

(ii) in any other case 3.25% of the consideration equal to the amount of such fine or premium as set forth in the lease.

(3)(a) where the lease is granted for money advanced in addition to the rent reserved:

(i) in case of immovable property in an urban area; and 5.25% of the consideration equal to the amount of advance as set forth in the lease, in addition to the duty which would have been payable on such lease, if no advance had been paid or delivered: provided that, in any case when an agreement to lease is stamped with the *ad valorem* stamp required for a lease and a lease in pursuance of such agreement is subsequently executed, the duty on such lease shall not exceed one hundred rupees.

(ii) in any other case 3.25 percent of the consideration equal to the amount of advance

as set forth in the lease, in addition to the duty which would have been payable on such lease, if no advance had been paid or delivered: provided that, in any case when an agreement to lease is stamped with the *ad valorem* stamp required for a lease and a lease in pursuance of such agreement is subsequently executed, the duty on such lease shall not exceed one hundred rupees.

(b) Where the lease is granted for a fine or premium in addition to the rent reserved:

(i) in case of immovable property in an urban area; and 5.25% of the consideration equal to the amount of such fine or premium as set forth in the lease, in addition to the duty which would have been payable on such lease, if no fine or premium had been paid or delivered: provided that, in any case when an agreement to lease is stamped with the *ad valorem* stamp required for a lease and a lease in pursuance of such agreement is subsequently executed, the duty on such lease shall not

exceed one hundred rupees.

- (ii) in any other case 3.25% of the consideration equal to the amount of such fine or premium as set forth in the lease in addition to the duty which would have been payable on such lease, if no fine or premium had been paid or delivered: provided that, in any case when an agreement to lease is stamped with the *ad valorem* stamp required for a lease and a lease in pursuance of such agreement is subsequently executed, the duty on such lease shall not exceed one hundred rupees.

Exemption

Lease, executed in the case of a cultivator for purposes of cultivation (including a lease of trees for the production of food or drink) without the payment or delivery of any fine or premium when a definite term is expressed and such term does not exceed one year, or when the average annual rent reserved does not exceed one hundred rupees.”;

- (p) in Article 40, in column 3:
- (i) at the end of clause (a), clause (b) and clause (c), the following Note shall be inserted in each case:

Note: In case of registration of the instrument, an additional stamp duty shall be charged as under:

- (a) Rs. 500/-, if the amount of consideration does not exceed Rs.500,000/-; and
 - (b) Rs.1000/-, if the amount of consideration exceeds Rs.500,000/-“;
- (ii) in clause (d), for the existing entries, the following shall be substituted:
- “(i) 0.45% of the loan amount subject to a maximum of one hundred thousand rupees; and
 - (ii) 0.45% of the loan amount.”;
- (q) in Article 45, in column 3, in clause (d), the following Note shall be inserted before the sub-heading “Exception.-“:

Note: In case of registration of the instrument, an additional stamp duty shall be charged as under:

- (a) Rs. 500/-, if the amount of consideration does not exceed Rs. 500,000/-; and
 - (b) Rs.1000/-, if the amount of consideration exceeds Rs. 500,000/-.”;
- (r) in Article 46, in column 3, the following Note shall be inserted at the end:

Note: In case of registration of the instrument, an additional stamp duty of Rs.25/- shall be charged.”;

- (s) in Article 48, in column 3:
- (i) against clause (a), in column 2, the following Note shall be inserted:
Note: In case of registration of the instrument, an additional stamp duty of Rs.25/- shall be charged.”;
 - (ii) against clause (b), in column 2, the following Note shall be inserted:
Note: In case of registration of the instrument, an additional stamp duty shall be charged as under:
 - (a) Rs. 500/-, if the amount of consideration does not exceed Rs. 500,000/-; and
 - (b) Rs.1000/-, if the amount of consideration exceeds Rs. 500,000/-.”;
 - (iii) against clause (bb), in column 2, the following Note shall be inserted at the end:
Note: In case of registration of the instrument, an additional stamp duty of Rs.25/- shall be charged.”;

- (t) In Article 54, in column 3, the following Note shall be inserted at the end:

Note: in case of the registration of the instrument, an additional stamp duty shall be charged equal to the amount of the registration fee paid on the principal mortgage deed.”;

- (u) in Article 55, for existing entries in column 2 and column 3, the following shall be substituted:

“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 on another person or against any specified property.

(i) in case of immovable property in an urban area; and
Five percent of the amount of the claim or value of the property.

(ii) in any other case
Three percent of the amount of the claim or value of the property.

Note: In case of registration of the instrument, an additional stamp duty shall be charged as under:

(a) Rs.500/-, if the amount of consideration does not exceed Rs. 500,000/-; and

(b) Rs.1000/- if the amount consideration exceeds Rs. 500,000/-.”;

- (v) in Article 56, in column 3, the following Note shall be inserted at the end:

Note: In case of registration of the instrument, an additional stamp duty of Rs.25/- shall be charged.”;

- (w) in Article 57, in column 3, the following Note shall be inserted at the end:

Note: In case of registration of the instruments, an additional stamp duty of Rs.25/- shall be charged.”;

- (x) in Article 58, in column 3, the following Note shall be inserted:

Note: In case of registration of the instruments, an additional stamp duty shall be charged as under:

- (a) Rs. 500/-, if the amount of consideration does not exceed Rs. 500,000/-; and
- (b) Rs.1000/-, if the amount of consideration exceeds Rs. 500,000/-.”;

- (y) in Article 61, in column 3, the following Note shall be inserted at the end:

Note: An additional stamp duty at the rate of 5/8th of the stamp duty which was paid on the original lease deed.”;

- (z) in Article 63, for the existing entries in column 2 and column 3, the following shall be substituted:

“TRANSFER OF LEASE by way of assignment and not by way of under-lease:

- (i) in case of immovable property in an urban area; and Five percent of the amount of consideration for the transfer.
- (ii) in any other case. Three percent of the amount of consideration for the transfer.

Note: In case of registration of the instrument, an additional stamp duty shall be charged as under:

- (a) Rs. 500/-, if the amount of consideration does not exceed Rs.500,000/-; and
- (b) Rs.1000/-, if the

amount of
consideration
exceeds
Rs.500,000/-“.

Exemption:

Transfer of any lease exempt
from duty.; and

- (aa) in Article 63-A, for the existing entries in column 2 and column 3,
the following shall be substituted:

**“TRANSFER OF RIGHT OR
INTEREST RELATING TO
AN IMMOVABLE
PROPERTY,** that is to say,
transfer of a right or interest
relating to an immovable
property or an
acknowledgement of such
transfer, by a development
authority, housing authority,
statutory body, cooperative
housing society, company or a
developer and every
instrument by which a right or
interest relating to an
immovable property is being
transferred, registered,
recorded or acknowledged by
the authority, body, society,
company or developer.

Explanation.— Transfer of the
right or interest under this
Article does not include original
allotment from a development
authority, housing authority,
statutory body, cooperative
housing society or company

and transfer through inheritance.

(i) in case of immovable property in an urban area; and Five percent of the value of the property.

(ii) in any other case Three percent of the value of the property.”

3. Amendment in Act VI of 2010.— In the Punjab Finance Act, 2010 (*VI of 2010*), section 6 shall be omitted.

4. Amendments in Act XLII of 2012.— In the Punjab Sales Tax on Services Act 2012 (*XLII of 2012*):

(1) In section 2:

(a) in clause (17), before the semi colon at the end, the following words shall be inserted:

“and different dates may be so specified for furnishing different parts or annexures of the return.”; and

(b) in clause (30), for sub-clause (b), the following shall be substituted:

“(b) carries on an economic activity, wholly or partially, either through any other person such as an agent, associate, franchise, branch, office, or otherwise in the Punjab or through virtual presence or a website or a web portal or through any other form of e-Commerce by whatever name called or treated.”;

(2) After section 11, the following section 11A shall be inserted:

“11A. Liability of a registered person.— Subject to the provisions of subsection (1) of section 11, where a registered person receiving the taxable service fails to make payment of the tax to a service provider within one hundred and eighty days from the date of the tax invoice and such service provider has also not made the payment thereof within the prescribed due date, the person providing and the person receiving taxable service shall, jointly and severally, be liable for payment of such tax.

Explanation I: The tax shall include the total amount of the tax and also the tax as was liable to be withheld or deducted by service recipient as notified under section 14 of the Act.

Explanation II: The registered person shall include a person covered by the “withholding agent” as notified under section 14 of the Act.”;

(3) After section 14, the following section 14A shall be inserted:

“14A. Special procedure for collection of tax, etc.– (1) Notwithstanding anything contained in this Act, the Authority may require any other person or class of persons, not necessarily being a service provider or a service recipient in a particular transaction, to collect full or part of the tax charged from another person or class of persons on the provision of any taxable service or class of taxable services and to deposit the tax so collected, in the Government treasury within such time and in such manner as the Authority may, by notification in the official Gazette, specify.

(2) For purposes of subsection (1), the special procedure prescribed for collection and payment of tax may also provide for registration, book keeping, invoicing or billing requirements, returns and other related matters in respect of any service or class of services, as may be specified.

(3) Where a person or class of persons is required to collect full or part of the tax on the provision of any taxable service or class of taxable services and either fails to collect the tax or having collected the tax, fails to deposit the tax in the Government treasury, such person or class of persons shall be personally liable to pay the amount of tax to the Government in the prescribed manner.”;

(4) In section 16:

(a) for subsection (2), the following shall be substituted:

“(2) Subject to provisions of section 16A or section 16B or to such conditions and restrictions as may be prescribed, the Authority may allow a registered person to claim adjustment, deduction, or refund in respect of the tax paid or payable under any other law in for any taxable service or goods or class of taxable service or goods used in connection with the provision of a taxable service by such person, on his furnishing a tax invoice or declaration of import of goods in his name which bears his National Tax Number.”;

(b) for subsection (4), the following shall be substituted:

“(4) Notwithstanding anything contained in this Act or the rules made thereunder, the Authority, with the approval of the Government, may, by notification in the official Gazette and subject to such conditions, limitations or restrictions as may be specified therein, allow a registered person or class of persons to deduct such amount of input tax from the output tax as may be specified in the notification.”;

(c) after subsection (4), the following subsection (5) shall be inserted:

“(5) For purposes of subsection (1) or subsection (2), the amount of tax to be deducted or adjusted shall not include any amount of additional tax, further tax, extra tax, default surcharge, fine, penalty or fee imposed or charged under this Act or any other law.”;

- (5) After section 16B, the following section 16C shall be inserted:
- “16C. Adjustment of input tax paid on certain goods and services.-** Notwithstanding anything contained in this Act, the input tax paid on acquisition of such of the capital goods, machinery and fixed assets as are classified under section XVI, Chapters 84 and 85 of the First Schedule of the Customs Act, 1969 (*IV of 1969*) shall be adjustable against the output tax in twelve equal monthly instalments.”;
- (6) In section 24, in subsection (2), for the word “five”, the word “eight” shall be substituted;
- (7) In section 39:
- (a) in subsection (1), after clause (f), the following clauses (ff) and (fff) shall be inserted:
- “(ff) Risk Compliance Officer of the Authority;
- “(fff) Enforcement Officer of the Authority;”;
- “(fff) Enforcement Officer of the Authority;”;
- (b) for subsection (4), the following shall be substituted:
- “(4) Risk Compliance Officers, Enforcement Officers, Audit Officers, Inspectors and other officers of equal or lower designations, if any, shall be subordinate to the Deputy Commissioner or, as the case may be, to the Assistant Commissioner or as the Authority may, from time to time, specify.”;
- (8) in section 48, in the Table:
- (a) in serial No.10:
- (i) in column 3, for the expression “twenty five thousand”, the expression “one hundred thousand” shall be substituted; and
- (ii) in column 4, for the words “General and section 59”, the words “General and section 59 and section 70” shall be substituted;
- (9) in section 70, in subsection (1):
- (a) after clause (b), the following clause (bb) shall be inserted:
- “(bb) require by a notice in writing payment of money owed to a taxpayer by any person on account of legally enforceable relations created between the taxpayer and the other person including but not limited to purchase contracts, contracts with credit or financial institutions or with banking companies, lease contracts, loan agreements, building loan contracts, life insurance contracts, employment or work contracts.”;
- (b) in clause (f), for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added:
- “Provided that no action shall be taken against the person during the pendency of the appeal, if any, under section

63 of the Act if he deposits at least twenty five per cent the amount of the tax demanded from him.”;

(10) After section 76, the following section 76A shall be inserted:

“76A. Power to restrain certain authorities.– The Authority may, with the approval of the Government and by notification in the official Gazette, require that any authority competent to issue or renew a license or to grant permission to any person to engage in an economic activity which is a taxable service, shall not issue or renew such license or grant permission unless the licensee or the grantee furnishes the evidence that he is a duly registered person under section 25, section 26 or section 27 of the Act.”;

(11) In section 78, in subsection (7), after the word “requisitions”, the words “including notices and show cause notices” shall be inserted;

(12) In section 84, after subsection (1), the following explanation shall be added:

“Explanation.– The expression “act or thing to be done” includes an act or thing to be done by a registered person or by an authority specified in section 39 of the Act.”;

(13) In Second Schedule:

(i) in serial No.6, in column (2):

(a) after the existing clause (y), the following clause (z) shall be inserted:

“(z)(i) internet services, whether dialup or broadband, including email services, data communication network services (DCNS) and value added data services;

(ii) such charges payable on the international leased lines or bandwidth services used by:

(a) software exporting firms registered with Pakistan Software Export Board; and

(b) data and internet service providers licensed by the Pakistan Telecommunication Authority; and

(iii) such charges payable on the international leased lines used by the software exporting firms registered with Pakistan Software Export Board for software exports.”; and

(b) under the sub-heading “EXCLUDING”, for the existing clauses, the following shall be substituted:

“internet services, whether dialup or broadband including email services, data communication network services (DCNS) and value added data services when the charges do not exceed Rs.1500/- per month per student.”;

- (ii) in serial No.14:
- (a) under the sub-heading “EXCLUDING:”, after clause (iii), the following Explanation shall be inserted:
- “Explanation-** Notwithstanding the rate of 5% fixed in column 4, the following further reduced rates shall be applicable:
- (a) one per cent for all services specified at S.No.14 without input tax credit or adjustment to the extent of Government civil works including those of cantonment boards involved in the ongoing development schemes and projects launched during Financial Year 2016-17 and funded under the Annual Development Plan of the Punjab Government or funded through foreign loans where the negotiations were finalized after 1st of July 2016 or funded under Public Sector Development Program of the Federal Government or funded by the Cantonment Boards; and
- (b) zero per cent for all services specified at S.No.14 without input tax credit/adjustment to the extent of Government civil works including those of cantonment boards involved in the ongoing development schemes and projects launched prior to Financial Year 2016-17 and funded under the Annual Development Plan of the Punjab Government or funded through foreign loans where the negotiations were finalized as on 1st of July 2016 or funded under Public Sector Development Program of the Federal Government or funded by Cantonment Boards.”;
- (b) in column 4, for the words “sixteen percent”, the words “five percent without input tax credit/adjustment” shall be substituted; and
- (iii) in serial No.16, in column 2, under the sub-heading “EXCLUDING:”, clause (i) shall be omitted.