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## **Punjab Finance Act, 2010**

**6 of 2010**

**[28 June 2010]**

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## **Punjab Finance Act, 2010**

**6 of 2010**

**[28 June 2010]**

An Act to levy tax and alter the rate of taxes and duties in the Punjab. Preamble.- Whereas it is expedient to levy tax and alter the rates of tax and duties in the Punjab and other connected matters. It is hereby enacted as follows:-

### **1. Short Title, Extent And Commencement :-**

- (1) This Act may be cited as the Punjab Finance Act 2010.
- (2) It extends to the whole of the Punjab
- (3) It shall come into force on the first day of July 2010.

### **2. Amendments In Act Ii Of 1899 :-**

In the Stamp Act, 1899 (II of 1899)-

(a) for section 27-A, the following shall be substituted:-

"27-A. Value of immovable property.- (1) Where any instrument chargeable with ad valorem duty under Articles 23, 31 or 33 of Schedule I, relates to an immovable property, the value of the immovable property shall be calculated according to the valuation table notified by the District Collector in respect of immovable property situated in the locality.

(2) Where an instrument, mentioned in sub-section (1), relates to an immovable property consisting of land and structure, it shall state the value of the land or structure separately and the value of the structure stated in the instrument shall, subject to the provision of this Act, be accepted.

(3) Where the value of immovable property stated in an instrument to which sub-section (1) applies is more than the value fixed according to the valuation table, the value declared in the instrument shall be accepted as value for the purposes of stamp duty.

(4) Where the value given in the valuation table notified under sub-section (1), when applied to any immovable property, appears to be excessive, the Executive District Officer (Revenue) or any other person notified by the Government may, on application made to him by the aggrieved person, determine its correct value and for that purpose the provisions of sections 31 and 32 shall apply as nearly as possible."; and

(b) in Schedule I-

(i) for Article 23, the following shall be substituted:-

"23. CONVEYANCE as defined by section 2(10) not being a TRANSFER charged or exempted under Article 62-

(a) in the case of an immovable property; two percent of the value of the property.

(b) in case of a registered motor vehicle. one hundred rupees."

(ii) for Article 31, the following shall be substituted:-

"31. Exchange of immovable property. two per cent of the value of the property of the highest value."

(iii) for Article 33, the following shall be substituted:-

"33. 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. two per cent of the value of the property."

### **3. Amendment In Act Xvii Of 1967 :-**

In the Punjab Land Revenue Act 1967 (XVII of 1967), for section 46, the following shall be substituted:-

"46. Mutation fees.- (1) The Board of Revenue may fix scale of fee for an entry in any record or register under this Chapter and for provision of a copy of any such entry.

(2) Where the scale of mutation fee is fixed at a certain percentage

of the consideration or value of land, the consideration or value of the land shall be calculated according to the valuation table notified by the District Collector in respect of the land situated in the locality under the Stamp Act 1899 (II of 1899).

(3) A fee in respect of any entry shall be payable by the person in whose favour the entry is made."

#### **4. Amendment In Act Xii Of 1989 :-**

In the Bank of Punjab Act 1989 (XII of 1989)-

(a) in section 4-

(i) for sub-section (1), the following shall be substituted:-

"(1) Subject to the provisions of this Act, the authorized capital of the Bank shall be fifty thousand million rupees divided into five thousand million ordinary or preference shares of ten rupees each.";

(ii) for sub-section (2), the following shall be substituted:-

"(2) Out of the authorized capital of the Bank, shares shall, from time to time, be divided into such number of ordinary and preference shares and, be issued in such number and on such terms, including the terms of the brokerage and underwriting, as the Board may decide.";

(b) for section 7, the following shall be substituted:-

"7. Government to be shareholder.- Notwithstanding anything contained in section 6, the Government shall be a shareholder of the Bank and shall hold up to fifty one per cent of all types of shares issued by the Bank."

#### **5. Amendment In Ordinance Ii Of 2000 :-**

In the Punjab Sales Tax Ordinance 2000 (II of 2000)-

(a) in section 3, in sub-section (1), for the words "sixteen per cent", the words "seventeen per cent", shall be substituted; and

(b) for the schedule, the following shall be substituted:-

"THE SCHEDULE

[see section 3(2)]

1. Services provided or rendered by hotels, clubs and caterers.

2. Advertisement on television and radio, excluding advertisements-

(a) sponsored by an agency of the federal or provincial Government for health education;

(b) financed out of funds provided by a Government under grant-in-aid agreement; and

- (c) conveying public service message, if telecast on television by the World Wide Fund for Nature (WWF) or United Nations Children's Fund (UNICEF).
3. Services provided or rendered by persons authorized to transact business on behalf of others-
- (a) customs agents;
  - (b) ship chandlers; and
  - (c) stevedores.
4. Courier services.
5. Advertisement on a cable television.
6. Services provided or rendered by shipping agents.
7. Telecommunication services-
- (a) telephone services;
  - (b) fixed line voice telephone service;
  - (c) wireless telephone;
  - (d) cellular telephone;
  - (e) wireless Local Loop telephone;
  - (f) video telephone;
  - (g) payphone cards;
  - (h) pre-paid calling cards;
  - (i) voice mail service;
  - (j) messaging service;
  - (k) short Message service (SMS);
  - (l) multimedia message service (MMS);
  - (m) bandwidth services [used for voice and video telecommunication services];
  - (i) copper line based;
  - (ii) fiber-optic based;
  - (iii) co-axial cable based;
  - (iv) microwave based;
  - (v) satellite based;
  - (n) telegraph;
  - (o) telex;
  - (p) telefax;
  - (q) store and forward fax services;
  - (r) audio-text services;
  - (s) tele-text services;
  - (t) trunk radio services;
  - (u) paging services;
  - (v) voice paging services;
  - (w) radio paging services;
  - (x) vehicle tracking services; and

(y) burglar alarm services.

8. Services provided or rendered in respect of insurance to a policy holder by an insurer, including a re-insurer-

(a) goods insurance;

(b) fire insurance;

(c) theft insurance;

(d) marine insurance; and

(e) other insurance.

9. Services provided by Banking Companies or Non-Banking Financial Institutions including but not limited to all non-interest based services provided or rendered against a consideration in form or a fee or commission or charge.

10. Services provided or rendered by the Stock Brokers.

11. Any other service notified by the Provincial Government in the official Gazette."

## **6. Capital Value Tax On Immovable Property :-**

(1) This section shall have effect notwithstanding anything contained in any other law.

(2) For purposes of this section-

(a) "Board of Revenue" means the Board of Revenue established under the Punjab Board of Revenue Act, 1957 (XI of 1957);

(b) "collector" means the Collector of the district appointed under the Punjab Land Revenue Act, 1967 (XVII of 1967) and includes the Collector of a tehsil or any other officer specially empowered by the Board of Revenue to exercise and perform the functions of a Collector;

(c) "Government" means the Government of the Punjab;

(d) "person" includes-

(i) an individual;

(ii) an association of persons;

(iii) a company;

(iv) a foreign government;

(v) a political subdivision of foreign government; and

(vi) a public international organization.

(e) "registration authority" means the person responsible for registering or attesting the transfer of an immovable property or of the right to use an immovable property for more than twenty years, and in the case of a cooperative society, its principal officer including president, secretary, accountant or any similar officer declared by the Collector as the Principal Officer of the society;

(f) "tax" means capital value tax and includes any penalty, fee, and charge or any sum or amount leviable or payable under this section; and

(g) "urban area" means an area which is-

(i) rating area under the Punjab Urban Immovable Property Tax Act, 1958 (V of 1958) except where the rate under section 117 of the Punjab Local Government Ordinance, 2001 (XIII of 2001) is zero; and

(ii) the area notified by the Board of Revenue in the official Gazette.

(3) A tax on the capital value of an immovable property shall be payable by every person who acquires by purchase, gift, exchange, power of attorney other than revocable and time-bound (not exceeding sixty days) executed between spouses, father and son or daughter, grand parents and grand children, brother and sister, surrender or relinquishment of rights by the owner (whether effected orally or by deed or obtained through court decree) except by inheritance, or gift from spouse, parents, grand parents, brother or a sister, an immovable property or a right to use an immovable property for more than twenty years, such as is specified in sub-section (2), at the rates specified in that sub-section.

(4) The immovable property and the rates referred to in sub-section (3) are as under:-

(a) residential immovable property, (other than flats), situated in an urban area, measuring at least two hundred and fifty square yards or ten marlas (whichever is less) and more-

Description of immovable property Rate of tax

(i) Where the value of the immovable property is recorded. Two percent of the recorded value of the landed area. Whichever is higher

(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.

(b) commercial immovable property of any size situated in an urban area-

(i) Where the value of the immovable property is recorded. Two percent of the recorded value of the landed area. Whichever is higher

(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.

(c) residential flats of any size situated in an urban area-

(i) Where the value of the immovable property is recorded. Two percent of recorded value of the immovable property. Whichever is higher

(ii) Where the value of the immovable property is not recorded. One hundred rupees per square feet of the covered area of the immovable property.

(5) The tax shall be collected by the person responsible for registering or attesting the transfer of the immovable property in respect of which the tax is payable, at the time of registering or attesting the transfer.

(6) Where the tax is not collected from the person liable to pay it, the tax may be collected by an officer designated by the Board of Revenue, in this behalf from the said person, and the provisions of the Punjab Land Revenue Act 1967 (XVII of 1967) shall, so far as may be, apply to the collection of the tax as they apply to the recovery of arrears of land revenue.

(7) Where any person fails to collect the tax or having collected fails to deposit the tax into the Government Treasury, he shall be personally liable to pay the tax along with default surcharge at the rate of fifteen percent per annum for the period for which such tax or part thereof remains unpaid, and the Collector may recover it from the said person as arrears of land revenue after giving him an opportunity of hearing.

(8) Where at the time of recovery of tax under sub-section (7), it is established that the tax collected from the person has meanwhile been paid by the person liable to tax, no recovery shall be made from the person who had failed to collect the tax but the said person shall be liable to pay default surcharge at the rate of fifteen percent per annum from the date he failed to collect the tax to the date the tax was paid.

(9) A person personally liable for any amount of tax under sub-section (7) as a result of failing to collect the tax shall be entitled to recover the tax from the person from whom the tax should have been collected.

(10) The recovery of tax under sub-section (6) does not absolve a person who failed to collect the tax from any other legal action in relation to the failure or from a charge of default surcharge.

(11) The order passed by an officer under this section shall be deemed to be an order passed by a Revenue Officer under the Punjab Land Revenue Act, 1967 (XVII of 1967).

(12) The provisions of sections 13 and 14 of the Punjab Land Revenue Act 1967 (XVII of 1967) shall apply to cases under this section.

(13) For the 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).

(14) 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.

(15) The proceeds of the tax collected under this section shall be credited to the Provincial Consolidated Fund under the head specified by the Government.

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

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

## **7. Amendment In Act I Of 2008 :-**

In the Punjab Finance Act 2008 (I of 2008)-

(a) section 6 shall be omitted; and

(b) the Schedule shall be omitted.