

THE PUNJAB FINANCE ACT 2019
(XV of 2019)

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TEXT

'THE PUNJAB FINANCE ACT 2019
(XV of 2019)

[28th June, 2019]

An
Act

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

It is necessary in public interest to levy, alter and rationalize certain taxes, fees 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 2019.

(2) It extends to whole of the Punjab.

(3) It shall come into force on the first day of July 2019.

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

(1) In Article 6, in sub Article (2):

(a) in clause (a), in para (i), under the heading "Proper Stamp-duty", for the words "one hundred thousand", the words "five hundred thousand" shall be substituted; and

(b) in clause (b), in para (i), under the heading "Proper Stamp-duty" for the words, "fifty thousand", the words "five hundred thousand" shall be substituted.

(2) In Article 40, in clause (d), in para (i), under the heading "Proper Stamp-duty", for the words, "one hundred thousand", the words "five hundred thousand" shall be substituted.

3. Amendment in Act V of 1958.- In the Punjab Urban Immovable Property Tax Act, 1958 (*V of 1958*), in section 4, for clause (g), the following shall be substituted:

"(g) buildings and lands belonging to a widow, divorcee, a disabled person or a minor orphan, annual value of which does not exceed rupees two hundred and forty three thousand:

Provided that where the annual value is more than rupees two hundred and forty three thousand, the tax shall be levied on the amount in excess of the said amount."

Explanation: For purposes of this section, a minor orphan lady means an unmarried female orphan up to the age of twenty five years.

4. Amendment in Act XV of 1977.- In the Punjab Finance Act, 1977 (*XV of 1977*), for SECOND SCHEDULE, the following shall be substituted:

¹This Act was passed by Provincial Assembly of the Punjab on 26 June 2019; assented to by the Governor of the Punjab on 28 June 2019; and, was published in the Punjab Gazette (Extraordinary), dated: 28 June 2019, pp.4105-4114.

SECOND SCHEDULE
(See section 3)

Sr.No.	Class of persons		Rate of tax per annum(rupees)
1.	Companies registered under the Companies Act, 2017 or under the relevant law for the time being in force, with paid up capital		
	i)	Up to rupees 5 million	10,000/-
	ii)	exceeding rupees 5 million but not exceeding rupees 50 million	30,000/-
	iii)	exceeding rupees 50 million but not exceeding rupees 100 million	70,000/-
	iv)	exceeding rupees 100 million but not exceeding rupees 200 million	100,000/-
	v)	exceeding rupees 200 million	100,000/-
2.	Persons other than companies, owning factories as defined under the Factories Act, 1932 and having		
	i)	employees not exceeding 10	1,500/-
	ii)	employees exceeding 10 but not exceeding 25	5,000/-
	iii)	employees exceeding 25	7,500/-
3.	Persons other than companies owning commercial establishments having 10 or more employees		
	i)	(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/-
4.	Persons engaged in the import or export of goods who, during the preceding financial year, imported or exported goods of the value		
	i)	exceeding rupees 1 lac but not exceeding rupees 1 million	2,000/-
	ii)	exceeding rupees 1 million but not exceeding rupees 5 million	3,000/-
	iii)	exceeding rupees 5 million	5,000/-
5.	Contractors, builders and property		

Sr.No.	Class of persons		Rate of tax per annum(rupees)
	developers, who during the preceding financial year supplied to the Federal or the Provincial Government or a company or a factory or a commercial establishment or an autonomous or a semi autonomous organization or any Local Authority; goods, commodities and services of the value:		
	i)	not exceeding rupees 1 million	1,000/-
	ii)	exceeding rupees 1 million but not exceeding rupees 10 million	6,000/-
	iii)	exceeding rupees 10 million but not exceeding rupees 50 million	10,000/-
	iv)	exceeding rupees 50 million	20,000/-
6.	Persons engaged in various professions and providing different services such as:		
	i)	Medical Consultants or Specialists/Dental Surgeons	5,000/-
	ii)	Registered Medical Practitioners	4,000/-
	iii)	Others including Homoeopaths, Hakeems and Ayuervedics– (a) Within Metropolitan and Municipal Corporation limits (b) Others	3,000/- 1,000/-
	iv)	Auditing firms (per professionally qualified person) (a) Within Metropolitan and Municipal Corporation limits (b) Others	6,000/- 4,000/-
	v)	Management and Tax Consultants Architects, Engineering, Technical and Scientific Consultants– (a) Within Metropolitan and Municipal Corporation limits (b) Others	6,000/- 4,000/-
	vi)	Lawyers	1,000/-
	vii)	(a) Members of Stock Exchanges	10,000/-

Sr.No.	Class of persons		Rate of tax per annum(rupees)
		(b) Money Changer: (i) Within Metropolitan and Municipal Corporation limits (ii) Others	6,000/- 2,000/-
		(c) Motorcycle/Scooter dealers– (i) Within Metropolitan and Municipal Corporation limits. (ii) Others	10,000/- 6,000/-
		(d) Motor Car Dealers and Real Estate Agents– (i) Within Metropolitan and Municipal Corporation limits (ii) Others	20,000/- 10,000/-
		(e) Recruiting Agents– (i) Within Metropolitan and Municipal Corporation limits (ii) Others	20,000/- 10,000/-
	viii)	Carriage of goods and passengers by road: (i) Within Metropolitan and Municipal Corporation limits (ii) Others	4,000/- 2,000/-
	ix)	Health Clubs and Gymnasiums– (i) Within Metropolitan and Municipal Corporation limits (ii) Others	4,000/- 2,000/-
	x)	Jewelers, departmental stores, electronic goods stores, cable operators, printing presses and pesticide dealers	2,000/-
	xi)	Tobacco venders– Wholesalers	4,000/-
7.	Franchisee, Authorized dealers/Agents and		5,000/-

Sr.No.	Class of persons	Rate of tax per annum(rupees)
	distributors	
8.	Property Developers / Builders & Marketing Agent/Company engaged in the development marketing and management of residential, commercial or industrial properties	50,000/-
9.	Hotels, Hostels (except hostels owned and operated by an educational institution itself) / Guest Houses / Motels / Resorts providing lodging facilities	5,000/-
10.	Restaurants / Eateries / Fast Food Points / Ice Cream Parlors / Bakeries / Confectioners / Sweets Shops with air conditioning facility	5,000/-

5. **Amendments in Act I of 1997.**- In the Punjab Agricultural Income Tax Act, 1997 (I of 1997):

(1) for the FIRST SCHEDULE, the following shall be substituted:

**“THE FIRST SCHEDULE
[see section 3 (1)]**

(1)	Slab of total cultivated land, computed Rate of tax per acre as irrigated land, by treating one acre of irrigated land as equal to two acre of unirrigated land, excluding mature orchards.	Rate of tax per acre
	(i) Not exceeding 12½ acres	Nil.
	(ii) Exceeding 12½ acres but not exceeding 25 acres	Rs. 300/-
	(iii) Exceeding 25 acres but not exceeding 50 acres	Rs. 400/-
	(iv) Exceeding 50 acres	Rs. 500/-
(2)	Mature orchards	
	(i) Irrigated	Rs. 600/-
	(ii) Unirrigated	Rs. 300/-”.

(2) for the SECOND SCHEDULE, the following shall be substituted:

“THE SECOND SCHEDULE
[see section 3 (3)]
RATES OF TAX ON TOTAL AGRICULTURAL INCOME

The rate of tax on total agricultural income shall be as under:

- (1) Where the total income does not exceed 0%
Rs.400,000/-
- (2) Where the total income exceeds Rs.1,000/-
Rs.400,000/- but does not exceed
Rs.800,000/-
- (3) Where the total income exceeds Rs.2,000/-
Rs.800,000/- but does not exceed
Rs.12,00,000/-
- (4) Where the total income exceeds 5% of the amount
Rs.12,00,000/- but does not exceed exceeding Rs.12,00,000/-
Rs.24,00,000/-
- (5) Where the total income exceeds Rs.60,000/- plus 10% of the
Rs.24,00,000/- but does not exceed amount exceeding
Rs.48,00,000/- Rs.24,00,000/-
- (6) Where the total income exceeds Rs. Rs.300,000/- plus 15% of
48,00,000/- the amount exceeding
Rs.48,00,000/-“.

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

(1) In section 14, in subsection (2), after the full stop, the following explanation shall be added:

“**Explanation:** The word “charged” used in this subsection means and includes the tax liable to be charged under this Act or the rules made thereunder.”.

(2) In section 16B, in subsection (1):

(a) in clauses (g) and (h), for the word “sixteen”, the word “fifteen” shall be substituted; and

(b) for clause (n), the following shall be substituted:

“(n) goods and services not related to the taxable supplies made or services rendered by the registered person;”.

(3) After section 24, the following new section 24A shall be inserted:

“**24A. Determination of minimum tax liability.**– Notwithstanding anything contained in section 24, where a registered person fails to file a return, an officer of the Authority, shall, subject to such conditions as specified by the Authority, determine the minimum tax liability of the registered person.”.

(4) In section 48, in subsection (2), in the TABLE:

- (a) in entry number 2, in column 3, after the word “provided”, the word “further” shall be inserted; and
- (b) in entry number 9, in column 2, for the words “in connection with recovery of the tax”, the words “or tempers a seal placed by an officer of the Authority” shall be substituted.
- (c) after entry number 16, in column 1 to 4, the following new entries 17, 18, 19 and 20 shall be inserted:

“17	Where any person fails or refuses to issue a tax invoice.	Such person shall be liable to pay a penalty of twenty thousand rupees on first default and fifty thousand rupees for each subsequent default. In case of three acts of such default, the business premises shall be liable to be sealed for a period which may extend to one month.	30
18	Where any person fails to intimate any change in particulars of registration including the particulars relating to business address, branches etc. within fourteen days.	Such person shall be liable to pay a minimum penalty of fifty thousand rupees.	25
19	Where any person fails to declare, conceals any of business bank accounts or gives misleading declaration or fails to intimate any change in business bank account within fourteen days of such change.	Such person shall be liable to pay a penalty which may range from one hundred thousand rupees to five hundred thousand rupees.	25
20	Where any person either avoids, defies, fails to comply with electronic invoicing system or issues invoices bypassing the electronic invoicing system.	Such person shall be liable to pay a penalty of up to one hundred thousand rupees, but not less than	59A”

		twenty five thousand rupees. In case of three consecutive defaults, the business premises of such person may further be liable to sealing for a period which may extend to one month.	
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- (5) In section 59B, after subsection (2), the following new subsection (2A) shall be inserted:

“(2A) The Authority may, in the prescribed manner, devise, implement and declare mandatory an electronic invoicing system for issuance of tax invoices by a registered person or a class of registered persons or a service or a class of services.”.

- (6) In section 60, in subsection (1), for clause (d), the following shall be substituted:

“(d) **Other officers of the Authority:** Such cases or class of cases as may be prescribed by the Authority.”.

- (7) In section 66, for subsection (1), the following shall be substituted:

“(1) Any person including an officer of the Authority not below the rank of an Additional Commissioner, aggrieved by any order passed by the:

- (a) Commissioner (Appeals) under subsection (4) of section 64 or section 65;
- (b) Commissioner through adjudication under section 60 or 61; or
- (c) Authority under section 62,

may, within thirty days of the receipt of such decision or order, prefer an appeal to the Appellate Tribunal.”.

- (8) In section 70, in subsection (1), in clause (c), after the words “bank accounts” the words “and recover the amount payable or recover such amount without attachment” shall be inserted.

- (9) In Second Schedule:

- (a) at S.No.15, in columns 1 to 4, the following shall be substituted:

“15	(i) Services provided by property developers, builders and promoters (including their allied services). Excluding: Actual purchase value or	9807.0000 and respective sub-headings of heading	(i) Eight percent without input tax adjustment or sixteen percent with input tax adjustment; and
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	documented cost of land. (ii) Affordable housing services provided under Government sponsored housing programs.	98.14	(ii) Five percent without input tax adjustment or sixteen percent with input tax adjustment;
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- (b) at S.No.34, in column 2, for the words “and interior decorators”, the words “interior decorators and interior designers” shall be substituted;
- (c) at S.No.43, in column 2, after the words “games”, the following expression shall be inserted:
“,amusement parks, arcades and other recreation facilities,”;
- (d) at S.No.54, in columns 1 to 4, the following shall be substituted:

“54	Facilities for travel originating from Punjab by Air for domestic and international travel. EXCLUDING: Air travel services provided to Hajj or Umrah passengers, diplomats and supernumerary crew.	9803.1000 9803.1100	Five percent without input tax adjustment” and
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- (e) after S. No. 63, in columns 1 to 4, the following new entries 64, 65, 66, 67 and 68 shall be inserted:

64	Dress designing and stitching services.	Respective headings	Sixteen percent
65	Rental of bulldozers, excavators, cranes, construction equipment, Scaffolding, framework and shuttering, generators, storage containers, Refrigerator, shelf or rack renting, etc	Respective headings	Sixteen percent
66	Services in respect of treatment of textile, leather but not limited to Dyeing services, Edging and cutting, cloth treating, water proofing, Embroidery, Engraving, Fabric bleaching, Knitting, Leather staining, Leather working, Pre-shrinking, Colour separation services, pattern printing and shoe making services.	Respective headings	Sixteen percent
67	Apartment house management, real estate management and services of rent collection.	Respective headings	Sixteen percent
68	(i) Medical consultation/ visit fee	9815.1000	Five percent

	exceeding Rs.1,500 per consultation/ visit of doctors, medical practitioners and medical specialists. (ii) Bed/ room charges of hospitals exceeding Rs.6,000/- per day per bed / room	and other Respective headings.	without input tax adjustment”.
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7. Amendment in section 4 in Act XVII of 2014.– In the Punjab Finance Act 2014 (*XVII of 2014*), in section 4, clause (b) shall be omitted.

8. Omission of section 10 in Act XXXV of 2016.– In the Punjab Finance Act 2016 (*XXXV of 2016*), section 10 shall be omitted.

9. Omission of section 6 in Act XXXV of 2018.– In the Punjab Finance Act 2018 (*XXX of 2018*), section 6 shall be omitted.

10. TAX ON PROPERTIES OTHER THAN AGRICULTURAL LAND ABUTTING TO NATIONAL / PROVINCIAL HIGHWAYS AND WITHIN THE AREA OF MOTORWAYS OUTSIDE THE RATING AREAS IN PUNJAB.-(1) There shall be charged, levied, assessed and paid a tax at the rate of five percent of the Annual Taxable Value of all categories of properties other than agricultural land, outside limits of the rating area, abutting to national or provincial highway or part thereof or within the area of motorways, in such limits and lengths, as may be notified by the Government.

(2) The tax under this section shall be due from the owner or the occupant, jointly and severally to be charged, levied, assessed and paid in addition to any other tax charged and collected under any other law for the time being in force and shall be the first charge upon the property unit.

(3) The tax under this section shall not be leviable in respect of the buildings and lands:

- (i) Annual Taxable Value of which does not exceed rupees five hundred thousand belonging to a widow, a divorcee, a disabled person, a minor orphan or a female unmarried orphan upto the age of twenty five years;
- (ii) owned by Federal or Provincial Government; or
- (iii) exclusively used by public for worship.

(4) The tax, including surcharge, payable under this section, shall be administrated and regulated under the provisions of the Punjab Urban Immovable Property Tax Act, 1958 (*V of 1958*).

(5) Notwithstanding any other provision of this section, the Government may, by notification in the official Gazette, exempt any property unit or persons, or classes thereof, from the whole or any part of the tax chargeable under this section, subject to such conditions and limitations as may be specified by the Government.

Explanation: A word or term used but not defined in this Act shall have the same meanings as defined in the Punjab Urban Immovable Property Tax Act, 1958 (*V of 1958*).

11. Definitions.- In this Act:

- (a) "Annual Taxable Value" means the value of a distinct property unit excluding the value of any machinery etc. thereof, which shall be the basis of determination of tax assessed, levied and recovered under section 10 of this Act;
- (b) "buildings and lands" in relation to the tax under section 10 of this Act includes a parcel or portion thereof having distinct boundaries intended for specific purpose including residential, commercial or industrial use;
- (c) "Government" means Government of the Punjab;
- (d) "motorways" means the multiple-lane, high speed, limited access or controlled access highways in Punjab which are owned, maintained and operated as such by the National Highway Authority;
- (e) "national highways" means the highways in the Punjab which are owned, maintained and operated as such by the National Highway Authority;
- (f) "owner" includes a mortgagee with possession, a lessee in perpetuity, a trustee having possession of a trust property and a person to whom an evacuee property has been transferred provisionally or permanently;
- (g) "prescribed" means prescribed by the rules made under this Act;
- (h) "provincial highways" means the highways, including but not limited to in Punjab which are owned, maintained and operated by the province of the Punjab; and
- (i) "rating area" means urban area where property tax is levied under the Punjab Urban Immovable Property Tax Act, 1958 (V of 1958).

12. Power to make rules.- The Government may make rules for carrying out the purposes of any of the provisions of this Act.