

THE PUNJAB FINANCE ACT 2011
(XV of 2011)

CONTENTS

1. **Short title, extent and commencement.**
2. **Amendment in Act X of 1958.**
3. **Amendment in Act XXXII of 1958.**
4. **Amendment in Ordinance II of 2000.**
5. **Amendment in Ordinance XIII of 2001.**
6. **Farm house tax.**
7. **Education cess on clubs.**

TEXT

**'THE PUNJAB FINANCE ACT 2011
(XV of 2011)**

[27th June, 2011]

**An
Act**

to levy tax and alter the rate of certain taxes and duties in the Punjab.

Preamble.— Whereas, it is expedient to levy tax and alter the rate of certain taxes and duties in the Punjab and other connected matters;

It is enacted as follows:—

1. Short title, extent and commencement.— (1) This Act may be cited as the Punjab Finance Act 2011.

(2) It extends to whole of the Punjab.

(3) It shall come into force on the first day of July 2011.

2. Amendment in Act X of 1958.— In the Punjab Entertainment Duty Act, 1958 (X of 1958)—

(a) in section 3, in sub-section (1), for the words “sixty-five”, the word “twenty” shall be substituted; and

(b) for section 3-A, the following shall be substituted:—

“3-A. Duty on special classes of entertainments.— Notwithstanding anything contained in section 3, the duty on the entertainments mentioned in column No.2 of the following Table shall be charged at the rate mentioned against each entertainment in column No.3:

Sr. No.	Entertainment	Rate of Duty
1.	Admission to horse racing	Two hundred percent of the payment for admission or two hundred rupees per admission ticket, whichever is higher.
2.	Circus	Twenty percent of the payment for admission; provided that the Government may, by notification, require the proprietor of the circus to pay the duty on annual fixation basis, on such terms and conditions as the Government may determine.

¹This Act was passed by the Punjab Assembly on 23 June 2011; assented to by the Governor of the Punjab on 25 June 2011; and, was published in the Punjab Gazette (Extraordinary), dated 27 June 2011, pages 39819-39822.

3. Fashion show or musical show Sixty-five percent of the payment for admission or sixty five percent of the total amount paid to the owner or management of the premises or total expenditure made by organizer or sponsor, whichever is higher; provided that no exemption in entertainment duty shall be allowed to any of these entertainments under this Act.”

3. Amendment in Act XXXII of 1958.— In the Punjab Motor Vehicles Taxation Act, 1958 (XXXII of 1958)—

- (a) in section 2—
- (i) in clause (g), the word “and”, occurring at the end, shall be omitted;
- (ii) in clause (h), for the full stop at the end, a semi-colon shall be substituted and, thereafter, the word “and” shall be inserted; and
- (iii) after clause (h), the following clause (i) shall be inserted:—
- “(i) “Schedule” means the Schedule appended to the Act.”; and
- (b) in the Schedule, at Sr.No.4, for the rider clause and sub-clauses (a) and (b), the following shall be substituted:—

Sr. No.	Description of Motor Vehicles	Annual Rate of Tax
“4.	Motor vehicles (motor cars or jeeps) other than those mentioned above and having—	
	(a) seating capacity of not more than three persons.	Rs.500/- per annum
	(b) seating capacity of more than three persons but not more than six persons—	
	(i) with engine power not exceeding 1000 cc.	Rs.600/- per annum
	(ii) with engine power exceeding 1000 cc but not exceeding 1300 cc.	Rs.1800/- per annum
	(iii) with engine power exceeding 1300 cc but not exceeding 1500 cc.	Rs.3000/- per annum
	(iv) with engine power exceeding 1500 cc but not exceeding 2000 cc.	Rs.4500/- per annum
	(v) with engine power exceeding 2000 cc but not exceeding 2500 cc.	Rs.6000/- per annum
	(vi) with engine power exceeding 2500 cc.	Rs.10,000/- per annum

(vii) three door 4x4 vehicle with engine power exceeding 2500 cc.

Rs.4,500/- per annum”

4. Amendment in Ordinance II of 2000.— In the Punjab Sales Tax Ordinance, 2000 (II of 2000), in section 3, in sub-section (1), for the words “seventeen per cent”, the words “sixteen per cent” shall be substituted.

5. Amendment in Ordinance XIII of 2001.— In the Punjab Local Government Ordinance, 2001 (XIII of 2001), in the Second Schedule, in Part-II, after entry at Sr. No.14, the following entry at Sr. No.15 shall be inserted:—

“**15.** Water conservancy charge at the rate of sixty thousand rupees per annum from the owner or occupant of a house or any other building, except an educational institution, having a swimming pool with a minimum surface area of two hundred and fifty square feet.”

6. Farm house tax.— ²[(1) This section shall have effect, notwithstanding anything contained in any other law.

(1A) The provisions of this section shall not apply to the rating areas in terms of the Punjab Urban Immovable Property Tax Act, 1958 (V of 1958) where the property tax is levied but shall apply to the rating areas which are zero rated in terms of section 117 of the Punjab Local Government Ordinance, 2001 (XIII of 2001).]

(2) In this section—

(a) “farm house” means a house constructed after the year 1980 on a total minimum area of four kanals with a minimum covered area of five thousand square feet, used as a single dwelling unit with or without an annexe;

Explanation.— Where there are more than one dwelling units in a compound and the average area of the compound is more than four kanals for a dwelling unit, each one of such dwelling units shall be treated as a separate farm house;

(b) “Government” means Government of the Punjab; and

(c) “tax” means the farm house tax levied under the section ³[;]

⁴[(d) “total minimum area” means the total land area including the area under farming even though the farm house is constructed on a portion of such area of land.]

(3) The Government shall levy, assess, collect and recover tax from the owner or occupant of a farm house at the following rate:—

Sr. No.	Category of Farm Houses	Rate of Tax
1.	A farm house with covered area between 5000 to 7000 square feet.	Rs.10/- per square foot of the covered area per annum

²Substituted by the Punjab Finance Act 2012 (XLI of 2012); and published in the Punjab Gazette (Extraordinary), dated 25.6.2012, pages 41719-41724, s.7 (w.e.f. 1.7.2012).

³Substituted for the full-stop by the Punjab Finance Act 2012 (XLI of 2012); and published in the Punjab Gazette (Extraordinary), dated 25.6.2012, pages 41719-41724, s.7 (w.e.f. 1.7.2012).

⁴Inserted *ibid*.

2. A farm house with covered area between 7001 to 10,000 square feet. Rs.15/- per square foot of the covered area per annum
3. A farm house with covered area of more than 10,000 square feet. Rs.20/- per square foot of the covered area per annum

(4) The tax under this section shall, as far as possible, be assessed, collected and recovered in accordance with the provisions of the Punjab Urban Immovable Property Tax Act, 1958 (V of 1958).

(5) Any person aggrieved by the assessment of tax on his property may, within thirty days of the communication of the notice of assessment, prefer an appeal to an officer notified by the Government.

(6) The Government may delegate any of its powers under this section to an officer, body or authority subordinate to the Government.

(7) The Government may, by notification in the official Gazette, make rules⁵ for carrying out the purposes of this section.

[7. Education cess on clubs.– * * * * *]

⁵For Rules, see Government of the Punjab, Excise & Taxation Department Notification No.SOTAX (E&T) 3-9/2011, dated 28 May 2012.

⁶The following Section 7, was amended by the Punjab Finance Act 2012 (XLI of 2012); and published in the Punjab Gazette (Extraordinary), dated 25.6.2012, pages 41719-41724, s.7 (w.e.f. 1.7.2012); and then by the Punjab Finance Act 2013 (XVI of 2013); and published in the Punjab Gazette (Extraordinary), dated 29.6.2013, pages 3075-3078, s.8 (w.e.f.1.7.2013), however, omitted by the Punjab Finance Act 2015 (XXIX of 2015); and published in the Punjab Gazette (Extraordinary), dated 26.6.2015, pages 7361-7371, s.4.

"7. Education cess on clubs.– (1) This section shall have effect notwithstanding anything contained in any other law.

(2) In this section–

(a) "cess" means a cess for purposes of education levied under the section;

[(b) "amenities" include facilities of sports, swimming, gymnasium, fitness, conferences, ceremonies, musical concerts and other social amenities;

[(c) "club" means an association or organization offering members amenities, services, meals or temporary residence with initial membership fee of two hundred thousand rupees for any category of members and notified as club by the Government but does not include fitness centre or gymnasium without provision of ancillary services of eateries, outdoor sports, conferences, ceremonies, musical concerts or any other such service;]

(d) "initial membership fee" includes all subscriptions or payments, charges, donations made by an applicant for membership of the club;

(e) "Government" means Government of the Punjab; and

(f) "services" means all types of services provided by the club and includes goods sold at the club premises.]

(3) Notwithstanding any tax or duty levied under any other law, the Government shall levy cess on clubs at the following rates:–

Sr. No.	Activity on which cess is levied	Rate of cess
1.	Initial membership fee	10% of the initial membership fee
2.	Services rendered by the club	10% of the charge for a service rendered

[(3A) Notwithstanding any reduction of initial membership fee after the club has been notified under sub-section (2), the club shall remain notified and the cess under this section shall continue to be levied on such club.

(3B) If a club is notified for purposes of this section, the cess shall be levied on actual initial membership paid by the applicant.

(3C) The cess shall be levied on the services provided to any person or a member regardless of the date of membership.]

(4) The cess shall be assessed and recovered in the prescribed manner.

(5) Any person aggrieved by the assessment of cess may, within fifteen days of the communication of notice of assessment of cess, prefer an appeal to an officer notified by the Government.

(6) The Government may, by notification in the official Gazette, make rules for carrying out the purposes of this section."