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AZAD GOVERNMENT OF THE STATE OF JAMMU AND KASHMIR  
Law, Justice, Parliamentary Affairs and Human Rights Department  
MRK

"Muzaffarabad"

Dated: 27.06.2023

No. LD/Legis-Act/105-118/2023. The following Act, passed by the Azad Jammu and Kashmir Legislative Assembly on 21st day of June, 2023 and received the assent of the President on the 23rd day of June, 2023, is hereby published for general information.

[Act V of 2023]

An

Act

to give effect to the financial proposals of Azad Government of the State of Jammu and Kashmir

WHEREAS it is expedient to make provisions to give effect to the financial proposals of Azad Government of the State of Jammu and Kashmir to consolidate and amend certain Fiscal Laws for the purposes hereinafter appearing;

It is hereby enacted as follows:-

may be called the Azad Jammu and Kashmir Finance Act, 2023.

(2) It shall extend to the whole of Azad Jammu and Kashmir.

(3) It shall come into force at once.

Ordinance, 2001 (Ordinance XLIX of 2001).- (1) In the Income Tax Ordinance, 2001 (XLIX of 2001), as adapted and enforced in Azad Jammu and Kashmir by virtue of the Income Tax (Adaptation, Enforcement and Validation) Act, 2002 (Act IV of 2002), hereinafter referred to as the said Ordinance, except otherwise legislated by an Act of the Assembly, all the amendments made in the said Ordinance and all rules, notifications, circulars and orders made or issued thereunder, as enforced in Pakistan, at any time on or after Sth day of July, 2022 and before the commencement of this Act, shall also, as far as practicable, be deemed to have been so made, at the same

time, in the said Ordinance, as enforced in the Azad Jammu and Kashmir.

(2) Notwithstanding any judgment or decision of any court including Supreme Court and High Court of Azad Jammu and Kashmir, anything done, tax levied, charged or collected, proceedings initiated, notices issued, orders passed, penalties imposed, powers exercised or powers conferred on any authority on or after Sth day of July, 2022, in accordance with the amendments made in the said Ordinance, as enforced in Pakistan, shall be deemed always to have been validly done, levied, charged, collected, initiated, issued, passed, imposed, exercised or conferred and so much of such tax have not been levied, charged, paid or collected, before coming into force of this Act, shall be leviable, chargeable and recoverable in accordance with the said amendments.

3: Adaptation of the Amendments in Sales Tax Act, 1990 (Act VI of 1990).- (1) In the Sales Tax Act, 1990 (Act VII of 1990), as adapted and enforced in Azad Jammu and Kashmir by virtue of the Sales Tax (Adaptation) Act, 1993 (Act IV of 1993), hereinafter referred to as the said Act, except otherwise legislated by an Act of the Assembly, all the amendments made in the said Act and all rules, notifications, circulars and orders

made or issued thereunder, as enforced in Pakistan, at any time on or after Sth day of July, 2022 and before the commencement of this Act, shall also, as far as practicable, be deemed to have been made, at the same time, in the said Act, as enforced in the Azad Jammu and Kashmir.

(2) Notwithstanding any judgment or decision of any court including Supreme Court and High Court of Azad Jammu and Kashmir, anything done, tax levied, charged or collected, proceedings initiated, notices issued, orders passed, penalties imposed, powers exercised or powers conferred on any authority on or after Sth day of July, 2022, in accordance with the amendments made in the said Act, as enforced in Pakistan, shall be deemed always to have been validly done, levied, charged, collected, initiated, issued, passed, imposed, exercised or conferred and so much of such tax have not been levied, charged, paid or collected, before coming into force of this Act, shall be leviable, chargeable and recoverable in accordance with the said amendments.

4. Adaptation of the Amendments in Federal Excise Act, 2005.- (1) In the Federal Excise Act, 2005, as adapted and enforced in Azad Jammu and Kashmir by virtue of the Azad Jammu and Kashmir Finance Act, 2005 (Act VIII of 2005), hereinafter referred to as the said Act, except otherwise legislated by an Act of the Assembly, all the amendments made in the said Act and all rules, notifications, circulars and other orders made or issued thereunder, as enforced in Pakistan, at any time on or after Sth day of July, 2022, and before the commencement of this Act, shall also, as far as practicable, be deemed to have been made, at the same time, in the said Act as enforced in Azad Jammu and Kashmir.

(2) Notwithstanding any judgment or decision of any court including Supreme Court and High Court of Azad Jammu and Kashmir, anything done, tax levied, charged or collected, proceedings initiated, notices issued, orders passed, penalties imposed, powers exercised or powers conferred on any

authority on or after Sth day of July, 2022, in accordance with the amendments made in the said Act, as enforced in Pakistan, shall be deemed always to have been validly done, levied, charged or collected, initiated, issued, passed, imposed, exercised or conferred and so much of such tax have not been levied, charged, paid or collected, before coming into force of this Act, shall be leviable, chargeable and recoverable in accordance with the said amendments.

5. Amendment in the Azad Jammu\_and Kashmir Sales Tax (Tax on Services) Act, 2001 (Act XXIV of 2001).- (1) In the Azad Jammu and Kashmir Sales Tax (Tax on Services) Act, 2001 (Act XXIV of 2001), hereinafter referred to as the said Act, in sub-section (2-A) of Section 3, following amendments shall be made:-

(i) | Clause (a) shall be substituted as under:-

“(a) sub-clause (d) of clause (SAB) of Section 2 to the extent of freelance exporter exclusively dealing in export of IT and IT enabled services;

Explanation.- For the purpose of this clause, freelance exporter means a person who works on per job and on self-employed basis without being attached to or under employment of any other person, having the liberty to work on various tasks simultaneously;

(aa) clause (b) of sub-section (2) and sub-sections (6) and (7) of Section 3.”

(ii) | Clause (b) shall be substituted as under:-

“b) Serial number 2 and Serial number 8A, in column (1), and the entries relating thereto of the Fifth Schedule read with Section 4;”

(2) In the Schedule of the said Act following amendments shall be made:-

(i) For Serial number 1 and entrics relating thereto in Column (2), (3) and (4), the following shall be substituted, namely:-

outlets etc.

(ii)

Services provided or rendered  
by hotels,

motels, guest  
houses, farm houses, marriage  
halls, lawns, clubs — and  
caterers.

Services provided by  
restaurants including cafes,  
food (including  
ice-cream) parlors, coffee

houses, coffee shops, deras,  
food huts, eateries, resorts and  
similar cooked, prepared or

ready-to-eat food — service

98.01

(i) Fifteen percent

(ii)fa) Five percent)

where payment  
against services is  
received through  
debit or credit cards,  
mobile wallets or QR  
scanning, subject to  
the condition that no  
input tax adjustment  
or refund shall be  
admissible; and

(b) Fifteen percent

where payment  
received in cash. \_

For Serial number 44 and entries relating thereto in

Column (2), (3) and (4), the following shall be substituted,  
namely;

| 44.

—

Explanation:- For the purpose of  
this entry, “IT services” include

but not limited to software  
development, software

maintenance, system integration,

web design, web development, web  
hosting and network design; and

but not limited to  
outbound — call  
transcription,

inbound or

centres, medical  
remote monitoring,  
graphics design, accounting  
| services, human resources (IIR)  
services, telemedicine centres, data

(b) “IT enabled services” include

IT services and IT-enabled services. | Respective | Five percent |  
headings

subject to  
the  
conditions  
that no input  
tax  
adjustment  
or refund  
| shall be |  
| admissible.

entry operations, cloud computing services, data storage \_ services, locally television programs and insurance claims processing.

(iii)

After Serial numbers 61, following new Serial numbers

62, 63 and 64 and entries relating thereto in Column (2), (3) and (4), shall be added, namely:-

62. | Electric Power — Transmission | -- Fifteen percent  
| Services

63. | Services provided by skin and laser | 9847.0000 | Five percent  
clinics, cosmetic and plastic | and subject to the  
Surgeons and hair transplant | respective | condition that  
services including consultation headings |no input tax |  
services excluding Services adjustment or  
provided to acid or burn victims. refund shall be  
— admissible |

64. | Services provided by warehouses | 9833.0000 | Five percent |  
or depots for storage or cold] and subject to the |  
storages including letting of space | respective | condition that  
for storages excluding Storage of headings |no input tax  
agriculture produce for the person's adjustment or  
own consumption. refund shall be

\_\_\_| admissible

## 6. Amendment in the Azad Jammu and Kashmir Motor

Vehicles Ordinance, 1971.- In the Azad Jammu and Kashmir  
Motor Vehicles Ordinance, 1971 (Ordinance IX of 1971),  
hereinafter referred to as the said Ordinance, following  
amendments shall be made, namely:-

(i) Substitution of Section 23-A, Ordinance IX of 1971.-  
In the said Ordinance, the Section 23-A shall be substituted as  
under:-

“23-A. Penalty for default in Registration.- If any owner of a  
motor vehicle, imports or purchase it from any authorized  
manufacturer in the country, fails to get it registered within  
sixty days of its import or purchase, as the case may be, he shall

besides the Prescribed registration fee, be liable to a penalty at the following rates:-

| Default Period Penalty

[Exceeding 60 days but not|10% of Registration  
exceeding 8 months Fee

Exceeding 8 months but not} 15% of Registration

vn] -lze

4

exceeding 14 months Fee \_

3. Exceeding 14 months but not | 20% of Registration |  
| exceeding 20 months Fee ;

4. Exceeding 20 months 25% of Registration  
Fee

—

(ii) Amendment of Section 25, Ordinance IX of 1971.- In the said Ordinance, in sub-section (5) of Section 25 following amendments shall be made:-

(i) In the heading of clause (c), after the word "Book", the expression and word "/Card" shall be added; and

(ii) In the beginning of clause (c), for the words "A Registration", the words "Security featured smart card on payment of Prescribed fee or a registration" shall be substituted.

(Kh. Hashim Shaheen)  
Section Officer (Legislation)

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