

THE KHYBER PAKHTUNKHWA FINANCE ACT, 2014.

(KHYBER PAKHTUNKHWA ACT NO. XXV OF 2014)

CONTENTS

PREAMBLE

SECTIONS

a

Short title, extent and commencement.

Amendment of Act No. II of 1899.

Amendment of W.P. Act No. V of 1958.

Amendment of W.P. Ord. No. VII of 1969.

Amendment of Khyber Pakhtunkhwa Act No. IV of 1990.

Amendment of Khyber Pakhtunkhwa Act No. I of 1995.

Amendment of Khyber Pakhtunkhwa Act No. I of 1996.

Amendment of Khyber Pakhtunkhwa Ordinance No. IV of 2000.

a

Amendment of Khyber Pakhtunkhwa Act No. VIII of 2010.

S

Amendment of Khyber Pakhtunkhwa Act No. XXI of 2013.

THE KHYBER PAKHTUNKHWA FINANCE ACT, 2014.

(KHYBER PAKHTUNKHWA ACT NO. XXV OF 2014)

[First published after having received the assent of the Governor of the Khyber Pakhtunkhwa in the Gazette of Khyber Pakhtunkhwa (Extraordinary), dated the 2m July, 2014].

AN

ACT

to levy, continue, revise and exempt

certain taxes, fees, cess and duty in the

Province of the Khyber Pakhtunkhwa.

WHEREAS it is expedient to levy, continue, revise and exempt certain taxes, fees, cess and duty in the Province of the Khyber Pakhtunkhwa;

It is hereby enacted as follows:

1. Short title, extent and commencement.---(1) This Act may be called the Khyber Pakhtunkhwa Finance Act, 2014.

(2) It shall extend to whole of the Province of the Khyber Pakhtunkhwa.

(3) It shall come into force on the first day of July, 2014.

2. Amendment of Act No. II of 1899.---In the Stamp Act, 1899 (Act No. II of 1899), in Schedule-I,-

(a) against Article No. 4, in column No. 3, for the word "Thirty", the word "Sixty" shall be substituted;

(b) against Article No. 6(A), in column No. 3, for the figures "100" and "200", the figures "200" and "400" shall respectively be substituted;

(c) against Article No. 8-A, in column No. 3,-

(i) for the words "One hundred & fifty rupees", occurring for the second time, the words "One thousand rupees" shall be

substituted; and

(ii) for the words "One thousand & five hundred", the words "Two thousand and five hundred" shall be substituted;

(d) against Article No. 12, in column No. 2 and 3, for the existing entries, the following shall be substituted, in the respective columns, namely:

(ai)

decision in writing by  
an arbitrator or umpire,  
not being an award  
directing a partition, on  
a reference made  
otherwise than by an  
order of the Court  
in the course of a  
suit; and

directing partition.

2. 3.

“AWARD,- The same duty as  
on a Bond (No.

(i) that is to say, any | 15), for the amount

or value of the  
property to which  
the award relates  
as set forth in such  
award.

Rs. 50.00 for every  
kanal or part  
thereof.”;

(e) against Article No. 48,-

in column No. 2, the existing clause (ee) shall be deleted; and

for the words “Two hundred rupees” and “Two  
hundred & fifty rupees”, the words “Three hundred  
rupees” shall respectively be substituted;

for the words “Seven hundred & fifty rupees”, the  
words “Nine hundred rupees” shall be substituted; and

(i)

(ii) in column No. 3,-

(a)  
(b)  
(c)

3. Amendment of W.P. Act No. V of 1958---In the West Pakistan Urban Immoveable

the words “One thousand rupees” shall be deleted.

Property Tax Act, 1958 (W.P. Act No. V of 1958),-

(i) for the existing Schedule-I, the Schedule specified in Appendix-I to this Act shall be substituted;

(ai)

(a) after entry at S.No. 7, the following new entry shall be

in Schedule-II,-

inserted, namely;

"7(A). Service Station of vehicles, irrespective of operating in addition to other service such as filling station or otherwise shall be charged at flat rate of Rs.10,000 per annum.";

(b) in entry at S.No. 9, the words and slash "or for the establishment of mobile phone towers/ antennas" shall be deleted; and

(c) after entry at S.No. 9, as so amended, the following new entry shall be added, namely:

"10. Buildings and Lands used for erection of Mobile Phone Towers shall be assessed and taxed at the rates:

(i) Provincial — Rs.40,000 per annum;  
Headquarter

(ii) Divisional —..... Rs.30,000 per annum; and  
Headquarter  
and  
respective  
sub-urban  
areas

(iii) =District ae Rs.20,000 per annum.".

Headquarter  
and  
respective  
sub-urban  
areas

4. Amendment of W.P. Ord. No. VIII of 1969.—In the West Pakistan Shops and Establishment Ordinance, 1969 (W.P. Ord. No. VIII of 1969), in section 24,-

(a)

(b)

in sub-section (2), for the words and \_ figures "Rs. 75.00", "Rs.100.00", "Rs.125.00", and "Rs.150.00", the words and figures "Rs.200.00", "Rs.500.00", "Rs.1000.00" and "Rs.2000.00" shall respectively be substituted; and

in sub-section (6), in clauses (a), (b), (c) and (d), for the words and figures "Rs. 25.00", "Rs. 50.00", "Rs.75.00" and "Rs. 100.00", the words and figures "Rs.200.00", "Rs. 500.00", "Rs. 1000.00" and "Rs.2000.00" shall respectively be substituted.

5. Amendment of Khyber Pakhtunkhwa Act No. IV of 1990.---In the Khyber Pakhtunkhwa Finance Act 1990 (Khyber Pakhtunkhwa Act No. IV of 1990), in section 7, for the existing Table, the Table specified in Appendix-II to this Act shall be substituted.

6. Amendment of Khyber Pakhtunkhwa Act No. I of 1995.---In the Khyber Pakhtunkhwa Finance Act 1995 (Khyber Pakhtunkhwa Act No I of 1995), in section 6, in sub-section (8), for the words "Five thousand" and "Two thousand", the words "Six thousand" and "Two thousand and five hundred" shall respectively be substituted.

7. Amendment of Khyber Pakhtunkhwa Act No. I of 1996.---In the Khyber Pakhtunkhwa Finance Act 1996 (Khyber Pakhtunkhwa Act No. I of 1996), in section 11, in sub-section (1), for clauses (a), (b) and (c), the following shall respectively be substituted, namely:

"(a) for virginia (flu-curd, barley and ..... Rs. 5.00 per dark-air-cured) kilogram;  
(b) for white patta/rustica tobacco —..... Rs. 2.50 per including khaka and the roth made kilogram; and of main stalk (dandi) and stem of tobacco  
(c) for snuff maswar a Rs. 2.00 per kilogram.".

8. Amendment of Khyber Pakhtunkhwa Ordinance No. IV of 2000.---In the Khyber Pakhtunkhwa Land Tax and Agriculture Income Tax Ordinance, 2000 (Khyber Pakhtunkhwa Ordinance No. IV of 2000), for the existing First Schedule and Second Schedule, the Schedules specified in Appendix-III to this Act shall be substituted.

9. Amendment of Khyber Pakhtunkhwa Act No. VIII of 2010.---In Khyber Pakhtunkhwa Finance Act, 2010 (Act No. VIII of 2010), in section 2, in sub-section (2), for clause (c) the following shall be substituted, namely:

"(c) Commercial Immoveable property including residential flats situated in Plazas or Multi-story buildings of any size situated in an urban area:

S.No. Description of Rate of Tax.

property.

(i) Where the value of 2% of the recorded value of the  
the immovable immovable property provided that  
property is the amount of tax per Sq-ft of  
recorded. constructed area for floor indicated

below shall not be less than:

Rs.8/ per Sq-ft for basement

Rs.10/ per Sq-ft for ground floor

Rs.8/ per Sq-ft for 1" floor

Rs.7.5/ per Sq-ft for 2"! floor

Rs.7/ per Sq-ft for 3" floor and

above.

(ii) Where the value The amount of tax per Sq-ft of  
of the immovable constructed area for floor indicated  
property is not below shall be:

recorded.

Rs.8/ per Sq-ft for basement

Rs.10/ per Sq-ft for ground floor

Rs.8/ per Sq-ft for 1" floor

Rs.7.5/ per Sq-ft for 2<sup>TM</sup>! floor

Rs.7/ per Sq-ft for 3<sup>TM</sup> floor and  
above.".

10. Amendment of Khyber Pakhtunkhwa Act No. XXI of 2013---In the Khyber  
Pakhtunkhwa Finance Act, 2013 (Khyber Pakhtunkhwa Act No. XXI of 2013), in the First  
Schedule,-

(a) after the existing entries against Classification No. 9802.5000, the  
following new Classification No. and Description shall be inserted, in  
the respective columns, namely:

"9802.6000 Advertisements on poles.

9802.7000 Advertisements on billboards.

9802.8000 Sale of Space for Advertisement  
services.";

(b) after the existing entries against Classification No. 9802.9000, the

following new Classification No. and Description shall be inserted, in the respective columns, namely:

(◎)

(d)

(e)

(f)

(g)

(h)

"9802.9010 TV, Radio & Production

Services.

9802.9020 Broadcasting Services.";

for the existing entry in Description column against Classification No. 9814.2000, the following shall be substituted, namely:

"Contracting services rendered by the contractors of buildings, electro-mechanical works, turn-key projects and similar other works, excluding individual house construction contracts.";

after the existing entries against Classification No. 9815.6000, the following new Classification No. and Description shall be inserted, in the respective columns, namely:

"9815.7000 Cosmetic and Plastic Surgery Services.";

after the existing entries against Classification No. 9819.8000, the following new Classification No. and Description shall be inserted, in the respective columns, namely:

"9819.8700 Video Tape and \_ Production Services.";

after the existing entries against Classification No. 9819.9500, the following new Classification No. and Description shall be inserted, in the respective columns, namely:

"9819.9600 Copy Right Services.;

9819.9800 Sound Record Service."

after the existing entries against Classification No. 9820.4000, the following new Classification No. and Description shall be inserted, in the respective columns, namely:

"9820.5000 Services provided by motor vehicle workshops, mechanic shops, air conditioning fitting service and cleaning centres.";

and

after the existing entries against Classification No. 9868.0000, the following new Classification No. and Description shall be added, in the respective columns, namely:

"9869.0000 Container terminal services.

9870.0000 Manpower recruitment and labour supply services.

9871.0000 Port operating services.

9872.0000 Public Bonded Warehouse.

9873.0000 Services provided in respect of mining of minerals, oil and gas including related surveys and allied activities.

9874.0000 Event Management Services.”.

Appendix-I  
[Section 3]

"Schedule-I

[See Section 3(2)]

PART 'A'

S category Rate of tax Rate of tax Rate of tax in Rate of tax at Distt: | Rate of tax at

No for areas of at Divisional HQ suburban areas of HQs district other than

Provincial HQ (per annum) Div: HQ (per annum) district HQs

as notified by @Rs. (per annum) @Rs. (per annum)

the Govt: @Rs. @Rs.

(per annum) @Rs.

1. 2. 3. 5. 6. 7. 8. 9. 10. 11. 12. 13.

A Cc Town- | Other than | Town- | Other than | Town- | Other than | Town | Other than  
ships townships | ships | townships | ships | townships | -ships | townships

1. | Upto 5 marlas 1000 900 750 900 750 500 325 400 300 200 150

(other than self  
occupied)

2. | Exceeding 5 1700 1600 1500 1600 1500 900 750 800 750 600 500

marlas but not

exceeding 10

marlas

3. | Exceeding 10 2200 | 2100 | 2000 2100 2000 1100 1000 1100 1000 600 500

marlas but not

exceeding 15

marlas

4. | Exceeding 15 3300 | 3200 | 3000 3200 3000 1700 1500 1700 1500 900 750

marlas but not

exceeding 18

marlas

Exceeding 18 10000 | 9000 | 8000 9000 8000 5000 3000 4000 2000 1500 1000

marlas but not  
exceeding 20  
marlas

Exceeding 20 15000 | 14000 | 12000 | 14000 10000 8000 6000 5000 3000 3000 2000

marlas but not  
exceeding 30  
marlas

Exceeding 30 20000 | 18000 | 16000 | 18000 16000 14000 12000 10000 8000 6000 4000

marlas but not  
exceeding 40  
marlas

Exceeding 40 30000 | 25000 | 20000 | 25000 20000 15000 12000 10000 8000 6000 4000

marlas

#### PART 'B'

Building acquired for the use by Government, Semi-Government, Non Government Organizations, Development Financial Institutions, private commercial organizations, guest houses, hostels or by Banks shall be assessed and taxed twenty percent actual annual rent. In case building other than those exempted under section 4 of the Act, which are owned and occupied by organizations, tax shall be levied on the assessed annual rental value of such buildings on the rate prescribed hereinbefore.

#### PART 'C'

Tax on properties let out on rent, lease or other arrangement and not in use of their registered owners will be double of the above except for the category-1 (upto 5 marlas).

Explanation: Categorization of area in Provincial Headquarter into Category "A", "B" or "C" shall be by way of notification by the Local Government & Rural Development Department, to be notified from time to time. In Divisional and District Headquarters, Townships are approved Townships and include those areas, which are declared so by Local Government & Rural Development Department from time to time.”.

Appendix-II  
[See section 5]

“TABLE  
S.No. Description of Tax payers. Rates of Tax  
(per annum).

1. 2. 3.

1. (i) All persons engaged in any profession, trade, calling or employment, other than those specifically mentioned hereinafter, in the Khyber Pakhtunkhwa Province, whose monthly income or earning:

(a) when exceeds Rs.6000 but not exceeds Exempted  
Rs.10000;

(b) when exceeds Rs.10000 but not exceeds Rs.330  
Rs.20000;

(c) when exceeds Rs.20000 but not exceeds Rs.435  
Rs.50000;

(d) when exceeds Rs.50000 but not exceeds Rs.600  
Rs.100000;

(e) when exceeds Rs.100000 but not exceeds Rs.800  
Rs.200000; and

(f) when exceeds Rs.200000 but not exceeds Rs.1000  
Rs.500000.

(g) Employees of Federal and Provincial Government drawing pay in Basic

Scales:

(a) BS-01 to 04; Exempted

(b) BS 05 to 12; Rs.100

(c) BS 13-16; Rs.200

(d) BS-17; Rs.300

(e) BS-18; Rs.500

(f) BS-19; and Rs.1000

(g) BS-20 and above. Rs.2000

private education institutions and private hospitals, having the following

commercial establishment:

2. All limited companies, Modarbas, Mutual Funds and any other body corporate with paid up capital and reserves in the preceding year, whichever is more:

- (a) when not exceeding Rs.10 million; Rs.18000
- (b) when exceeding Rs.10 million but not exceeding Rs.27000
- 25 million;
- (c) when exceeding Rs.25 million but not exceeding Rs.36000
- 50 million;
- (d) when exceeding Rs.50 million but not exceeding Rs.90000
- 100 million;
- (e) when exceeding Rs.100 million but not Rs.100000
- exceeding 200 million; and
- (f) when exceeding Rs.200 million. Rs.100000

Explanation---The paid up capital in case of foreign banks shall be the minimum paid up capital as determined by the State Bank of Pakistan:

3. Persons, other than companies, owning factories, commercial establishments,

(a)

(b)

(c)

(d)

(e)

(f)

any commercial establishment/factories having  
10 or more employees which have not been  
otherwise explicitly given in this table;

private clinics & hospitals having upto 10  
employees;

private clinics, hospitals having employees more  
than 10 but not more than 50;

private clinics & hospitals having more than 50  
employees;

private medical colleges;

private engineering institutes having degree  
programs;

Rs.10000

Rs.10000

Rs.50000

Rs. 100000

Rs. 100000

(g)

private business education institutes:

(i) having upto 100 students; Rs.70000

(ii) exceeding 100 students. Rs.100000

(h) private law colleges; Rs.100000

(i) private education institutions \_including Rs.5000

professional and technical institutions other than  
specified at e,f, g & h charging monthly fee not  
exceeding Rs.1000 per student;

Gj) private education institutions \_including Rs.7000

professional and technical institutions other than

specified at e,f, g & h charging monthly fee

exceeding Rs.1000 but not exceeding Rs.2000

per student.

(k) private education institutions \_ including Rs. 20000

professional and technical institutions other than

specified at e,f, g & h charging monthly fee

exceeding Rs.2000 but not exceeding Rs.5000

per student;

() private education institutions \_including Rs.100000

professional and technical institutions other than

specified at e, f, g & h charging monthly fee

exceeding Rs.5000 per student.

4. Holders of import or export license, assessed to income tax in the preceding year  
with annual turnover:

(a) when not exceeding Rs.50000; Rs.4000

(b) when exceeding Rs.50000. Rs.5000

5. Clearing agents licensed or approved as custom house Rs.10000  
agents.

6. Travel Agents:

(a) IATA travel agents approved; Rs.15000

(b) Non-IATA approved; Rs.8000

(c) Hajj and tour operator. Rs.15000

7. Restaurants/Guest Houses liable to sales tax. Rs.15000

8. Professional Caterers. Rs.15000
9. Wedding Halls/Lawns (irrespective of their nomenclature). Rs.30000
10. Advertisement Agencies. Rs.10000
11. Doctors:
  - (a) Specialists; Rs.20000
  - (b) Non Specialists including Medical Practitioners, Rs.2000  
Hakeem's, Homeopaths etc.;
  - (c) Dentists. Rs.15000
12. Diagnostic and Therapeutic Centers, including pathological and chemical laboratories:
  - (a) located at Divisional Headquarters; Rs.15000
  - (b) located at other places. Rs.3600
13. Contractors, Suppliers and Consultants who, during preceding financial year

supplied to the Federal or any Provincial Government or any local authority in the District, Goods, Commodities, or rendered service of the value:

- (a)
- (b)
- (d)
- (e)
- (f)
- (g)

when exceeding Rs.10,000 but not exceeding Rs. 5 million;

Ss

when exceeding Rs.0.5 million but not exceeding Rs.1 million;

when exceeding Rs.1.50 million but not exceeding Rs.2.500 million;

when exceeding Rs.2.500 million but not exceeding Rs.10 million;

when exceeding Rs.10 million but not exceeding Rs.25 million;

when exceeding Rs.25 million but not exceeding Rs.50 million;

when exceeding Rs.50 million.

Rs.4000

Rs.5000

Rs.7000

Rs.18000

Rs.25000

Rs.30000

Rs. 100000

14. Petrol/Diesel/CNG filling stations. Rs. 8000
15. All establishments, including video shops, real estate shops/ Rs. 3000 agencies, card dealers, and net cafes assessed or not assessed to income tax in the preceding financial year.
16. Chartered Accountants with an independent audit practice Rs.15000 and excluding those who are employed in companies not owned by them.
17. Vehicles Service Stations. Rs.5000
18. Transporters/Transport companies:
  - (a) within provincial headquarters limit; Rs.3000
  - (b) Others. Rs.2000
19. Member of Stock Exchange. Rs.5000
20. Money Changer:
  - (i) within Provincial Headquarter's limits; and Rs.10000
  - (ii) Others. Rs.5000
21. Health Fitness Centers/Gymnasium:
  - (i) within Provincial Headquarter's limits; and Rs.2000
  - (ii) Others. Rs.1000
22. Jewelers. Rs.1000
23. Departmental Stores. Rs.1000
24. Electronic goods Stores. Rs.1000
25. Cable Operators. Rs.1000
26. Printing Presses. Rs.1000
27. Pesticides Dealers. Rs.1000
28. Tobacco Whole Sellers. Rs.2000".

Appendix-III  
[Section 8(b)]

"The First Schedule  
(See Section 3)

Rates of Land Tax

S.No. Kind/Area of Land Per acre

rate

1. 2. 3.

1. Slab of total cultivated land, computed as Irrigated land, by treating one irrigated Acre as equal to two un-irrigated acres, excluding orchards:

(i) Not exceeding 5 acres;

Exempted

(ii) exceeding 5 acres but not exceeding 121"

acres; and Rs.225

(iii) exceeding 121" acres.

Rs.340

2. Orchard. Rs.900

The Second Schedule  
(See section 6)

Rates of Agricultural Income Tax

In the case of every owner, the agriculture income tax shall be charged on the agriculture income:

1.

Where income is not more than Rs.400,000/-

No tax

Where total taxable income exceeds  
Rs.400,000/- but does not exceed  
Rs.550,000/-.

5% of amount exceeding  
Rs.400,000/-.

Where total taxable income exceeds  
Rs.550,000/- but does not exceed  
Rs.750,000/-.

Rs.7500/- plus 7.5% on  
amount exceeding  
Rs.550,000/-.

Where total taxable income exceeds  
Rs.750,000/- but does not exceed  
Rs.950,000/-.

Rs.22,500/- plus 10% on  
amount exceeding  
Rs.750,000/-.

Where total taxable income exceeds  
Rs.950,000/- but does not exceed  
Rs.1,100,000/-.

Rs.42,500/- plus 15% on  
amount exceeding  
Rs.950,000/-.

Where total taxable income exceeds  
Rs.1,100,000/-.

Rs.65,000/- plus 17.5% on  
amount exceeding  
Rs.1,100,000/-".