Punjab Agricultural Income Tax Rules, 1997

PROVINCIAL ASSEMBLY OF THE PUNJAB

RULING OF THE CHAIR

RULING ON VALIDITY OF RATE-ALTERING NOTIFICATIONS UNDER SECTION 11, PUNJAB AGRICULTURAL INCOME TAX ACT, 1997: EFFECT OF NON-LAYING BEFORE THE ASSEMBLY UNDER ARTICLES 77 AND 127 OF THE CONSTITUTION

A. BACKGROUND

1. On 15 September 2025, Mr Zulfiqar Ali Shah, MPA (PP-96)/Chairperson, Standing Committee on Agriculture moved a privilege motion (83/2025) in the House asserting that the Government revised the rates of agricultural income tax through Notifications Nos. 1472025/233-RS(II) and 148-2025/234-RS(II) dated 05 March 2025 but failed to lay them before this Assembly at the time of presentation of the Annual Budget for FY 2025–26 in June 2025, as required under section 11(2) of the Punjab Agricultural Income Tax Act, 1997. A further notification dated 10 September 2025 purports to bring the revised regime into effect from 1 July 2025. I referred the motion to the Committee on Privileges and reserved my ruling.
2. Two questions arise:

i. whether section 11 of the Punjab Agricultural Income Tax Act, 1997 imposes a statutory obligation upon the Government to lay the rates related rules before the
Assembly at the time of presentation of Annual Budget? and ii. whether the constitutional scheme of parliamentary control over taxation — vesting authority in this House — has been respected?

B. CONSTITUTIONAL SCHEME AND STATUTORY COMMAND

3. Constitution of the Islamic Republic of Pakistan is unequivocal. Article 77 read with Article 127 declares that no tax shall be levied save by or under the authority of an Act of the Legislature — in the present case, this Assembly.
4. The Punjab Agricultural Income Tax Act, 1997underwent substantial amendments vide Act XV of 2024. While making the enabling provisions for altering the rates of agricultural income tax through rules, the said amendment Act obligated the Government to lay before this House at the time of presentation of the Annual Budget any of such rules made during a financial year. Legislative intent of the Act of 2024 was to ensure that rates of agricultural income tax—quintessentially legislative—remain subject to financial supervision of the Assembly. Amended section 11 of the said Act is reproduced below:

***11.*Rules.**—*(1) The Government may frame rules to carry out the purposes of this Act.*

(2) Any amendment made in the rules, to the extent of rates of agricultural income tax, during a financial year, under sub-section(1), shall be*laid in Provincial Assembly of the Punjab at the time of presentation of the Annual Budget for the next financial year.*

5. This House controls taxation and public finance as a constitutional safeguard—not a technicality. Executive rate changes that bypass this House erode accountability andoffendArticle 77. The Courts have upheld this principle. In World Call Telecom Ltd vs Government of the Punjab (2023 PTD 1), the Lahore High Court held that a statutory duty to lay taxaltering notifications at the next Budget is mandatory, not ornamental; failure to comply renders such notifications ―null and void as well as of no effect.‖ In*Engineer Iqbal Zafar Jhagra vs Federation of Pakistan*(2013 PTD 1491), the Supreme Court ruled that the executive could not alter GST by notification since Article 77 reserves that power exclusively for the legislature. It follows that the Notifications, never having been laid before this Assembly, are void ab initio; any assessment or collection at the revised rates is without lawful authority.

C. TAXATION AS AN EXCLUSIVE AND QUINTESSENTIAL FUNCTION OF THE ELECTED ASSEMBLY

6. The power to levy taxes is the most quintessential function of an elected legislature — the bedrock of the social compact between state and citizen. A citizen submits to a tax because those who represent him in this House have authorised it; this is what distinguishes a lawful imposition from an executive action. Articles 77 and 127 are therefore not procedural formalities: they are the constitutional embodiment of the principle that the burden of taxation requires the consent of the taxed, expressed through their elected representatives in this Assembly.
7. Delegation of rate-making power to the executive is constitutionally permissible — but delegation is not abdication. Such power must be exercised strictly within the conditions Parliament has imposed, including the mandatory requirement to lay rate-altering rules before this Assembly at budget time. The legislature retains oversight; it does not surrender sovereignty. An executive that withholds rate-altering notifications from the Assembly at budget time does not exercise delegated power — it usurps legislative power, and that usurpation is constitutionally impermissible.

D. SPEAKER'S JURISDICTION AND PARLIAMENTARY PRIVILEGE

8. The Speaker is the guardian of the constitutional rights, privileges, and financial sovereignty of this House. Financial privilege — the exclusive right of the elected legislature to authorise, scrutinise, and control all taxation — is among the most ancient and jealously guarded privileges of any parliament in a democratic system of government. Any executive act that displaces or bypasses this oversight constitutes a breach of privilege, and the Speaker has inherent jurisdiction to so declare and to determine the legal consequences that follow. This jurisdiction is not self-arrogated; it inheres in the office as a necessary incident of the Speaker's duty to protect the House's constitutional prerogatives.
9. This ruling operates within the domain of parliamentary privilege and constitutional principle. It binds the House and constitutes a definitive statement of the Assembly's constitutional position on the validity of the Notifications. It is complementary to, and not in derogation of, the jurisdiction of the superior courts. Citizens who have been subjected to tax assessments or demands at the void rates may seek appropriate relief from competent courts; this ruling provides the constitutional foundation for all such reliefs and declaration.

E. DECLARATION AND DIRECTIONS

10. It is hereby declared that:
    i. under Articles 77 and 127 of the Constitution, the power of taxation vests exclusively in this Assembly and may not be displaced by executive action; and that section 11(2) of the Punjab Agricultural Income Tax Act, 1997 imposes a

mandatory condition—not a directory requirement—upon any exercise of delegated power to alter rates of agricultural income tax;

ii. Notifications Nos. 147-2025/233-RS(II) and 148-2025/234-RS(II) dated 05 March 2025, and the Notification dated 10 September 2025 purporting to give them effect, are illegal, unconstitutional and void ab initio for want of laying before this Assembly at the time of presentation of the FY 2025–26 Budget, in violation of section 11(2) of the Punjab Agricultural Income Tax Act, 1997 read

with Articles 77 and 127; they are treated as never having had legal existence, and any assessment, demand, or collection of agricultural income tax at the revised rates is equally without lawful authority;

iii. non-laying of the said Notifications constitutes a breach of privilege of this

House and a violation of the Assembly's exclusive constitutional prerogative over taxation;

11. The following directions are hereby given:

i. Board of Revenue shall**immediately**suspend all assessments, demands, and enforcement proceedings at the revised rates;

ii. the Government shall, within**fifteen (15) days**, table certified copies of the Notifications dated 05-03-2025 and 10-09-2025, a compliance statement explaining the non-discharge of section 11(2) at the FY 2025–26 Budget, and any legal opinion obtained on the matter;

iii. the matter is referred to the**Committee on Law Reforms and Delegated Legislation**to inquire into the circumstances of the non-laying, assess the fiscal impact on taxpayers, identify responsibility, and recommend legislative and administrative safeguards; the Committee shall report to the House within**one (1) month;**

iv. any future rate-altering rule under section 11(1) shall be laid before this Assembly at the time of presentation of Budget and shall not take effect until so laid; the Government may bring fresh rate-altering rules in compliance with section 11(2) at the next Annual Budget; the Secretariat shall communicate this direction forthwith to the Finance Department and Revenue Authority.



MALIK MUHAMMAD AHMAD KHAN
Speaker
Announced in the House on April 20, 2026
