

(As amended vide the Punjab Finance Act, 2025 (Act LVIII of 2025) dated 30th June, 2025)

¹THE PUNJAB SALES TAX ON SERVICES ACT 2012

(Act XLII of 2012)

[27th June 2012]

An Act to provide for the levy of a tax on services provided, rendered, initiated, received, originated, executed or consumed in the Punjab.

Preamble.-Whereas it is expedient to provide for the levy of a tax on services provided, rendered, initiated, originated, executed, received or consumed in the Punjab and to deal with ancillary matters;

It is enacted as follows:-

CHAPTER I

PRELIMINARY

1. Short title, extent and commencement.-(1) This Act may be cited as the Punjab Sales Tax on Services Act 2012.

(2) It shall extend to the whole of the Punjab.

(3) This Act shall come into force on and from such date as the Government may, by a notification in the official Gazette, specify.

(4) Notwithstanding sub-section (3), the Government may, by notification in the official Gazette, specify services or class or classes of services in respect of which tax shall be collected and paid with effect from the date subsequent to and different from the date of the commencement of this Act.

2. Definitions.-In this Act-

²[(1) “active taxpayer” means a registered person:

- (i) whose registration has not been suspended or blacklisted by the Authority; and
- (ii) who has filed his tax return for at least one of the preceding three consecutive tax periods;]

³[⁴[(1A)] “Additional Commissioner” means a person appointed as Additional Commissioner of the Authority;

⁵[(1B)] “Appellate Tribunal” means the Appellate Tribunal established under the Punjab Revenue Authority Act 2012 (XLIII of 2012);]

(2) “arrears”, in relation to a person, shall mean, on any day, the tax due and payable by the person under the Act or the rules before that day but which has not yet been paid;

(3) “Assistant Commissioner” means a person appointed as an Assistant Commissioner of the Authority;

1 This Act was passed by the Punjab Assembly on 21 June 2012; assented to by the Governor of the Punjab on 26 June 2012; and, was published in the Punjab Gazette (Extraordinary), dated 27 June 2012, pages 41901-35.

2 Added vide the Punjab Finance Act 2021 (Act XIX of 2021, dated 30th June, 2021)

3 Substituted vide the Finance Act, 2015 (Act XXIX of 2015) assented on 26th June 2015 for the following clause (1):
“(1) “Appellate Tribunal” means the Appellate Tribunal established under any law and notified by the Government as the Appellate Tribunal for purposes of the Act;”

4 Renumbered vide the Punjab Finance Act 2021 (Act XIX of 2021, dated 30th June, 2021)

5 Renumbered vide the Punjab Finance Act 2021 (Act XIX of 2021, dated 30th June, 2021)

- (4) “associates” or “associated persons” refer to–
- (a) two persons, where the relationship between them is such that one may reasonably be expected to act in accordance with the intentions of the other, or both persons may reasonably be expected to act in accordance with the intentions of a third person but two persons shall not be associates solely by reason of the fact that one person is an employee of the other or both persons are employees of a third person;
 - (b) without prejudice to the generality of paragraph (a) and subject to paragraph (c), the following persons shall always be treated as associates:-
 - (i) an individual and a relative of that individual;
 - (ii) members of an association of persons;
 - (iii) a member of an association of persons and the association, where the member, either alone or together with an associate or associates under another application of this section controls fiftypercent or more of the rights to income or capital of the association;
 - (iv) a shareholder in a company and the company, where the shareholder, either alone or together with an associate or associates under another application of this section, controls either directly or through one or more interposed persons–
 - a. fifty *percent* or more of the voting power in the company;
 - b. fifty *percent* or more of the rights to dividends; or
 - c. fifty *percent* or more of the rights to capital; and
 - (v) two companies, where a person, either alone or together with an associate or associates under another application of this section, controls either directly or through one or more interposed persons–
 - a. fifty *percent* or more of the voting power in both companies;
 - b. fifty *percent* or more of the rights to dividends in both companies;
 - c. fifty *percent* or more of the rights to capital in both companies; and
 - (c) two persons shall not be associates under sub-paragraph (i) or (ii) of paragraph (b) where the Commissioner is satisfied that neither person may reasonably be expected to act in accordance with the intentions of the other.
- Explanation.**–The expression ‘relative in relation to an individual’ means–
- (i) an ancestor, a descendant of any of the grandparents, or an adopted child of the individual or of a spouse of the individual; or
 - (ii) a spouse of the individual or of any person specified at (i);
- (5) “association of persons” includes a firm, any artificial or juridical person and body of persons formed under a foreign law, but does not include a company;

- (6) “Authority” means Punjab Revenue Authority established under ⁶[the Punjab Revenue Authority Act 2012 (XLII of 2012)];
- (7) “banking company” means a banking company as defined in the Banking Companies Ordinance, 1962 (*LVII of 1962*) and includes anybody corporate which transacts the business of banking in the Punjab;
- (8) “Commissioner” means a person appointed as Commissioner of the Authority;
- (9) “Commissioner (Appeals)” means a person appointed as Commissioner (Appeals) of the Authority;
- ⁷[(9A) “commission” includes any consideration in whatever form, received or receivable directly or indirectly, by a person acting on behalf of another person for services rendered, not being professional services, in the course of buying or selling of goods or services or in relation to any transaction relating to any asset, valuable article or thing, not being securities;
- “(9B) “commission agent” means a person who acts for consideration on behalf of another person for sale or purchase of goods or provision or receipt of services, and includes any person who, while acting on behalf of another person:
- (a) deals with goods, services or documents of title of such goods or services;
 - (b) collects payment in lieu of such goods or services;
 - (c) guarantees for collection or payment for such goods or services; or
 - (d) undertakes any activity relating to sale or purchase of such goods or provision or receipt of services.]
- (10) “common taxpayer identification number” means the registration number or any other number or identification code allocated to a registered person;
- (11) “company” means-
- (a) a company as defined in ⁸[the Companies Act, 2017 (XIX of 2017)]
 - (b) a body corporate formed by or under any law;
 - (c) a *modarba* and any other Islamic financial institution;
 - (d) a body incorporated outside Pakistan;
 - (e) a trust, a co-operative society or a finance society or any other society established or constituted by or under any law; or
 - (f) a foreign association, whether incorporated or not, which the Authority has, by general or special order, declared to be a company for purposes of the Act;
- (12) “computerized system” means any comprehensive information technology system, including its development, upgradation or updation, to be used by the Authority or any other office as may be notified by the Authority, for carrying out the purposes of the Act;
- (13) “default surcharge” means the default surcharge levied under the Act;

6 Substituted for the words “any law” vide the Punjab Finance Act 2014 (XVII of 2014) assented on 25th June 2014

7 Inserted vide the Punjab Finance Act, 2018 (Act XXX of 2018), dated 29th October, 2018

8 Substituted the words “the Companies Ordinance, 1984 (XLVII of 1984)” vide the Punjab Finance Act 2021 (Act XIX of 2021, dated 30th June, 2021)

- (14) “defaulter” means a person and, in the case of company or firm, every director of the company or partner of the firm and includes guarantors or successors, who fail to pay the arrears of tax under the Act and the rules;
- (15) “Deputy Commissioner” means a person appointed as a Deputy Commissioner of the Authority;
- (16) “document” includes any electronic data, computer programmes, computer tapes, computer disks, micro-films or any other medium or mode for the storage or conveyance of such data;
- (17) “due date” in relation to the furnishing of a return under Chapter VI means the 15th day of the month following the end of the tax period, or such other date as the Authority may, by notification in the official Gazette, specify ⁹[and different dates may be so specified for furnishing different parts or annexures of the return.];
- (18) “economic activity” shall have the meaning given to it in section 6;
- (19) “e-intermediary” means a person appointed as e-intermediary under the Act;
- (20) “exempt service” means a service which is exempt from the tax under section 12;
- (21) “FBR” means the Federal Board of Revenue established under the Federal Board of Revenue Act, 2007;
- (22) “financial year” means the period from 1st July of a year to 30th June of the following year;
- (23) “firm” means the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all;
- (24) “goods” include every kind of movable property other than actionable claims, money, stocks, shares and securities but does not include a service defined under the Act;
- (25) “Government” means Government of the Punjab;
- (26) “inter-bank rate” means the Karachi inter-bank offered rate prevalent on the first day of each quarter of a financial year;
- ¹⁰[(26A) “non-banking financial institution” includes a company licensed by the Securities and Exchange Commission of Pakistan to carry out any one or more of the following forms of business:
 - (i) investment finance services;
 - (ii) leasing;
 - (iii) housing finance services;
 - (iv) venture capital investment;
 - (v) discounting services;
 - (vi) investment advisory services;
 - (vii) asset management services; and
 - (viii) any other form of business which the Federal Government may, from time to time, by notification in the official Gazette specify;]

9 *Inserted vide the Punjab Finance Act, 2017 (Act XII of 2017) assented on 15th June, 2017*
 10 *New clause inserted vide the Finance Act, 2015 (Act XXIX of 2015) assented on 26th June 2015*

- (27) “officer of the Authority” means any officer of the Authority;
- (28) “open market price” shall have the meaning as given to it in section 8;
- (29) “person” means-
- (a) an individual;
 - ¹¹[(aa) an association of persons;]
 - (b) a company;
 - (c) Federal Government;
 - (d) a Provincial Government;
 - (e) a local authority or local government; or
 - (f) a foreign government, a political subdivision of a foreign government, or public international organization;
- Explanation.**-The use of the word “he” in the Act shall be taken to refer to any or all mentioned from (a) to (f) as required in the context of the relevant provision;
- (30) “place of business” means that a person—
- (a) owns, rents, shares or in any other manner occupies a space in the Punjab from where he carries on an economic activity whether wholly or partially; or
 - ¹²(b) carries on an economic activity, wholly or partially, either through any other person such as an agent, associate, franchise, branch, office, or otherwise in the Punjab or through virtual presence or a website or a web portal or through any other form of e-Commerce by whatever name called or treated.]
- (31) “prescribed” means prescribed by the rules;
- (32) “registration number” means the number allocated to a registered person for purposes of the Act;
- (33) “registered person” means a person who is registered or is liable to be registered under the Act but the person liable to be registered and has not registered shall not be entitled to any benefit available to a registered person under any of the provisions of the Act or the rules;
- (34) “return” means any return required to be furnished under Chapter VI of the Act;
- (35) “resident” means—
- (a) an individual who, in a financial year, has—
 - (i) a place of business, whole or part thereof, in the Punjab in any mode, style or manner; or
 - (ii) his permanent address, as listed in the individual’s national identity card, in the Punjab; or

¹¹ Inserted vide the Punjab Finance Act 2014 (XVII of 2014) assented on 25th June 2014

¹² Substituted vide the Punjab Finance Act, 2017 (Act XII of 2017) assented on 15th June, 2017. Before substitution clause (b) appeared as given below:-

“(b) carries on an economic activity whether wholly or partially through any other person such as an agent, associate, franchise, branch, office, or otherwise in the Punjab but does not include a liaison office;”

- (iii) a permanent representative to act on his behalf or to provide service on his behalf in the Punjab.
 - (b) an association of persons or a company which, in a financial year, has–
 - (i) its registered office in the Punjab; or
 - (ii) its place of business, whole or part thereof, in the Punjab in any mode, style or manner; or
 - (iii) a permanent representative to act on its behalf or to provide service on its behalf in the Punjab; or
 - (iv) the control or management of the affairs of the association of persons is situated in the Punjab at any time during the financial year;
 - (36) “rules” means the rules made under the Act;
 - (37) “Schedule” means a Schedule appended to the Act;
 - (38) “service” or “services” means anything which is not goods or providing of which is not a supply of goods and shall include but not limited to the services listed in First ¹³[or Second] Schedule;
- Explanation.**– A service shall remain and continue to be treated as service regardless whether or not rendering thereof involves any use, supply ¹⁴[, disposition] or consumption of any goods either as an essential or as an incidental aspect of such rendering;
- (39) “short-paid” means where a registered person pays an amount of tax less than the tax due owing to miscalculation or incorrect assessment of the tax amount due for a tax period;
 - (40) “similar service” means any other service which is the same as, or closely resembles with, the other service in character, quality, quantity, functionality, materials, or reputation;
 - (41) “Special Judge” means a Special Judge appointed under section 42;
 - ¹⁵[(41A) “Standard Rate” means sixteen percent]
 - (42) “tax” means and includes–
 - (a) the tax, additional tax, or default surcharge levied under the Act;
 - (b) a fine, penalty or fee imposed or charged under the Act; and
 - (c) any other sum payable or recoverable under the Act or rules;
 - ¹⁶[(42A) “taxpayer” means any person who, in the course of an economic activity, provides taxable services for consideration;]
 - (43) “tax fraud” means knowingly, dishonestly or fraudulently and without any lawful excuse–
 - (a) doing of any act or causing to do any act; or

¹³ *Inserted vide the Punjab Finance Act 2025 (LVIII of 2025) dated 30th June 2025*

¹⁴ *Inserted vide the Punjab Finance Act 2014 (XVII of 2014) assented on 25th June 2014*

¹⁵ *Inserted vide the Punjab Finance Act 2021 (Act XIX of 2021, dated 30th June, 2021)*

¹⁶ *New clause inserted vide the Finance Act, 2015 (Act XXIX of 2015) assented on 26th June 2015*

- (b) omitting to take any action or causing the omission of any action, including providing of taxable services without being registered under the Act; or
- (c) falsifying or causing falsification of tax invoices or other tax documents or records; or
- (d) acting in contravention of the duties or obligations imposed under the Act or rules or instructions issued thereunder –

with the intention of understating or suppressing the tax liability or underpaying ¹⁷[or not paying] the tax liability;

- (44) “tax period” means a period of one month or such other period as the Authority may, by notification in the official Gazette, specify;
- (45) “taxable service” shall have the meaning as given to it in section 3; and
- (46) “value of a taxable service” shall have the meaning as given to it in section 7.

3. Taxable service.-(1) Subject to ¹⁸[section 3A, all services are taxable under this Act, including but not limited to the services] listed in Second Schedule, which is provided by a person from his office or place of business in the Punjab in the course of an economic activity, including the commencement or termination of the activity.

Explanation.-This sub-section deals with services provided by a person regardless whether such services are provided to a resident person or a non-resident person.

(2) If a service ¹⁹[, including but not limited to the services] listed in Second Schedule is provided to a resident person by a non-resident person in the course of an economic activity, including the commencement or termination of the activity, it shall be treated as a taxable service.

Explanation.-This sub-section deals with services provided by a non-resident person to a resident person whether or not the end consumers, if any, of such services are identifiable for purposes of this Act or the rules.

(3) For purposes of sub-section (2), where a person has a registered office or place of business in the Punjab and another outside the Punjab, the registered office or place of business in the Punjab and that outside the Punjab shall be treated as separate legal persons.

(4) The Authority may, with prior approval of the Government, by notification in the official Gazette, prescribe rules for determining the conditions under which a particular service or class of service shall be considered to have been provided by a person from his registered office or place of business in the Punjab.

(5) For purposes of this Act and the rules, providing of service shall, where the context so requires, include rendering, supply, initiation, origination, execution, reception, consumption or termination of a service whether in whole or in part.

²⁰[***]

¹⁷ Inserted vide the Punjab Finance Act 2014 (XVII of 2014) assented on 25th June 2014.

¹⁸ Substituted the words “such exclusion as mentioned in Second Schedule, a taxable service is a service” vide the Punjab Finance Act 2025 (LVIII of 2025) dated 30th June 2025

¹⁹ Added vide the Punjab Finance Act 2025 (LVIII of 2025) dated 30th June 2025

²⁰ Sub-section (6) was omitted vide the Punjab Finance Act 2025 (LVIII of 2025) dated 30th June 2025. At the time of omission sub-section (6) was as under:-

“(6) The services mentioned in the First Schedule are not exhaustive and all the services mentioned in the Second Schedule, rules and circulars shall be taxable services.”

²¹[**3A. Tax-free services.**-Notwithstanding anything contained in this Act and subject to any condition and to the extent specified therein; all services mentioned in the First Schedule shall be tax-free services under this Act.]

4. Application of principles of origin and reverse charge in certain situations.-(1) Where a person is providing taxable services in a Province other than the Punjab but the recipient of such services is resident of the Punjab or is otherwise availing such services in the Punjab and has charged tax accordingly, the person providing such services shall pay the amount of tax so charged to the Government.

(2) Where the recipient of a taxable service is a person registered under the Act, he shall deduct the whole amount of tax in respect of the service received and pay the same with the Government.

(3) Where a person is providing taxable services in more than one Province or territory in Pakistan including the Punjab, such person shall be liable to pay tax to the Government to the extent the tax is charged from a person resident in the Punjab or from a person who is otherwise availing such services in the Punjab.

(4) Where rendering of a taxable service originates from the Punjab but terminates outside Pakistan, such person shall be required to pay tax on such service to the Government.

(5) Where a taxable service originates from outside Pakistan but is received or terminates in the Punjab, the recipient of such service shall be liable to pay the tax to the Government.

(6) The persons who are required to pay the tax to the Government in terms of sub-sections (1), (2), (3), (4) and (5) shall be liable to registration for purposes of this Act and the rules.

(7) All questions or disputes relating to the application of the principle of origin given in this section shall be resolved in terms of the already recorded understanding between the Federal Government and the Provincial Governments on the implementation of reformed General Sales Tax provided that pendency of any such question or dispute shall not absolve the concerned person from his obligation to deposit the tax.

(8) The provisions of this section shall apply notwithstanding any other provision of this Act or the rules and the Government may specify special procedure to regulate the provisions of this section.

5. Amendment in ²²[*] Schedule.**-(1) The Government may, by notification in the official Gazette, make an amendment in ²³[First or] Second Schedule by modifying, adding or deleting any entry or entries with reference to the classification, if any, description of any service or class of services and the rate or rates of tax chargeable on any service or class of services not exceeding the maximum rate prescribed in ²⁴[Serial No. 1 of the Part-I of] Second Schedule.

(2) A notification issued under sub-section (1) shall be effective from such date as may be specified in the notification but such date shall not be prior to the date on which the notification is published in the official Gazette.

(3) The Government shall at the time of presenting the Annual Budget Statement for the next financial year, lay before the Provincial Assembly of the Punjab all the notifications relating to the amendments in the Second Schedule during the current financial year.

6. Economic activity.-(1) An economic activity means any activity carried on whether continuously, regularly or otherwise by a person that involves or is intended to involve the provision of services to another person and includes—

²¹ Inserted vide the Punjab Finance Act 2025 (LVIII of 2025) dated 30th June 2025

²² Omitted the word “Second” vide the Punjab Finance Act 2025 (LVIII of 2025) dated 30th June 2025

²³ Inserted vide the Punjab Finance Act 2025 (LVIII of 2025) dated 30th June 2025

²⁴ Inserted vide the Punjab Finance Act 2025 (LVIII of 2025) dated 30th June 2025

- (a) an activity carried on in the form of a business, including a profession, calling, trade, or undertaking of any kind, whether or not the activity is undertaken for any consideration or profit;
 - (b) the supply of movable ²⁵[or immovable] property by way of lease, license or such similar arrangement; and
 - (c) a one-time transaction or concern in the nature of a business or trade.
- (2) Anything done or undertaken during the commencement or termination of an economic activity shall be construed as part of the economic activity.
- (3) An economic activity does not include—
- (a) the activities of an employee providing services in that capacity to an employer; or
 - (b) a private recreational pursuit or hobby of an individual.

7. Value of a taxable service.—(1) The value of a taxable service is the ²⁶[gross amount of] consideration (by whatever name called such as charges or price) in money including all the Federal and the Provincial duties, taxes or charges, if any, which the person providing a service receives from the recipient of the service but does not include the amount of the tax.

(2) In case the consideration for a service is in kind or is partly in kind and partly in money, the value of the service shall mean the open market price of the service as determined under section 8 excluding the amount of the tax.

(3) In case the person who provides the service and the recipient of the service are associated persons and the service is supplied for no consideration or for a consideration which is lower than the price at which the person provides the service to other persons who are not associated persons, the value of the service shall mean the price at which the service is provided to such other persons but does not include the tax.

(4) In case a person provides a service for no consideration or for a consideration which is lower than the price at which such a service is provided by such person, the value of the service shall mean the open market price for such a service.

(5) In case of trade discounts, the value of the service shall mean the discounted price, excluding the amount of the tax, provided the invoice shows that the discounted price and the related tax and the discount allowed is in conformity with customary business practice.

(6) In case there is reason to believe that the value of a service has not been correctly declared in the invoice or for any special nature of transaction it is difficult to ascertain the value of a service, the value of the service shall be the open market price.

(7) Notwithstanding anything in sub-sections (1) to (6), where the Authority deems it necessary, it may, by notification in the official Gazette, fix the value of any service or class of services and for that purpose fix different values for different classes or descriptions of the same or similar types of services but if the value at which the service is provided is higher than the value fixed by the Authority, the value of the service shall, unless otherwise directed by the Authority, be the value at which the service is provided.

Explanation.—For the purpose of this section, the value of the utilities or facilities, if any, ancillary to providing of taxable services shall be included in the value of such services.

²⁵ Inserted vide the Punjab Finance Act, 2018 (Act XXX of 2018), dated 29th October, 2018

²⁶ Inserted vide the Punjab Finance Act 2014 (XVII of 2014) assented on 25th June 2014

(8) The Authority may, by notification in the official Gazette, issue valuation rules for any service or class of services for purposes of assessment or determination and payment of tax under this Act and prescribe threshold, parameters, standards, methods, formula, criteria or bases for the determination of value of any taxable service or class of taxable services and the assessment of the tax on any service or class of services.

8. Open market price.-(1) The open market price of a service is–

- (a) the price, the service would fetch in an open market transaction freely entered into between persons who are not associated persons; or
- (b) if it is not possible to determine an amount under paragraph (a), the price a similar service would fetch in an open market transaction freely made between persons who are not associated persons, adjusted to take account of the differences between the similar service and the actual service,
- (c) determined on the basis of the market conditions prevailing at the time and place at which the service is provided.

(2) If the open market price of a service cannot be determined under sub-section (1), it may be determined by using any method or formula specified by the Authority for calculating an objective approximation of the price, the service would fetch in an open market transaction freely made between persons who are not associates.

9. Provision of services over a period of time.-(1) Where a service is provided over a period of time and payment for the same is made on a periodic basis, the service shall be treated as comprising two or more separate and distinct services each corresponding to the part of the service to which each separate part of the consideration relates.

ILLUSTRATIONS

- (a) Where services are provided for a two year period and payment is made on a semi-annual basis, the provision of services for each six month period constitutes a separate service.
- (b) Where an insurance company provides an insurance policy over a five year period and receives a premium on an annual basis, each premium relates to a separate service.

Note: The above illustrations are merely explanatory and shall not be construed as conclusive in any manner whatsoever.

- (2) This section does not apply to services for which payment is made on installments basis.

CHAPTER II

SCOPE OF TAX

10. Scope of tax and allied matters.-(1) Subject to the provisions of this Act and the rules, there shall be charged, levied, collected and paid the tax on the value of a taxable service at the rate or rates specified in the Second Schedule.

(2) The Government may, on the recommendation of the Authority and subject to such conditions and restrictions as the Government may impose, by notification in the official Gazette, declare that in respect of any taxable service provided by a registered person or a class of registered persons, the tax shall be charged, levied and collected at such higher, lower, fixed or specific rate or rates as may be specified in the said notification.

(3) Notwithstanding other provisions of this Act, the Authority may, with the prior approval of the Government and by notification in the official Gazette and subject to the conditions, restrictions, limitations or otherwise, fix the limit or threshold of annual turnover of any service or class of services provided by any

person or class of persons below which such person or class of persons shall be exempt from payment of tax under the Act.

27[***]

²⁸**[10A. Option to charge tax at standard rate.]**-(1) Where any service or class of services is chargeable at a reduced rate under ²⁹[Part-III of] the Second Schedule, any person or class of persons providing such service or services may, with the permission of the Authority, opt to charge sales tax at the standard rate subject to such conditions, restrictions and limitations as may be specified by the Authority.

(2) The permission granted under subsection (1) shall be irrevocable except with the permission of the Authority.

(3) Where the Authority has reasons to believe that the taxpayer has misused the option, the Authority may withdraw the permission granted under subsection (1) at any time after affording an opportunity of being heard.]

11. Person liable to pay tax.-(1) Where a service is taxable by virtue of sub-section (1) of section 3, the liability to pay the tax shall be on the registered person providing the service.

(2) Where a service is taxable by virtue of sub-section (2) of section 3, the liability to pay the tax shall be on the person receiving the service.

(3) The Authority may, by notification in the official Gazette, specify the service or services in respect of which the liability to pay tax shall be on any person, other than the person providing the taxable service, or the person receiving the taxable service.

(4) Nothing contained in this section shall prevent the collection of tax from a different person if that person is made separately or jointly or severally liable for the tax under section 19.

³⁰**[11A. Liability of a registered person.]**-Subject to the provisions of subsection (1) of section 11, where a registered person receiving the taxable service fails to make payment of the tax to a service provider within one hundred and eighty days from the date of the tax invoice and such service provider has also not made the payment thereof within the prescribed due date, the person providing and the person receiving taxable service shall, jointly and severally, be liable for payment of such tax,

Explanation I: The tax shall include the total amount of the tax and also the tax as was liable to be withheld or deducted by service recipient as notified under section 14 of the Act.

Explanation II: The registered person shall include a person covered by the "withholding agent" as notified under section 140f the Act.]

12. Exemptions.-(1) Notwithstanding the provisions of sections 3 and 10, the Authority may, with the approval of the Government and subject to such conditions, limitations or restrictions as it may impose, by notification in the official Gazette, exempt–

²⁷ Subsections 4 & 5 were omitted vide the Finance Act, 2016 (Act XXXV OF 2016). At the time of omission those appeared as follows:-

“(4) A person required to pay tax under this Act shall be entitled to deduct from the payable amount, the amount of tax already paid by him on the receipt of taxable services used exclusively in connection with taxable services provided by such person subject to the condition that he holds a true and valid tax invoice not older than six tax periods, showing the amount of tax earlier charged and paid under the Act on the services so received but the Authority may, by notification in the official Gazette, disallow or restrict such deduction in case of any service or services as it may deem appropriate.

ⁱ[(5) For purposes of subsection (4), the amount of tax entitled to be deducted shall not include any amount of additional tax, default surcharge, fine, penalty or fee imposed or charged under the Act.]”

inserted vide the Finance Act, 2015 (Act XXIX of 2015) assented on 26th June 2015

²⁸ Inserted vide the Punjab Finance Act 2021 (Act XIX of 2021, dated 30th June, 2021)

²⁹ Inserted vide the Punjab Finance Act 2025 (LVIII of 2025) dated 30th June 2025

³⁰ Inserted vide the Punjab Finance Act, 2017 (Act XII of 2017) assented on 15th June, 2017

- (a) taxable service or services from the whole or any part of the tax;
- (b) taxable service or services provided by a person or class of persons from the whole or any part of the tax;
- (c) recipient or recipients of service or services, including international organizations and institutions, from the payment of the whole or any part of the tax; and
- (d) a class of persons, any area or areas of the Punjab from the whole or any part of the tax.

(2) The exemption under sub-section (1) may be allowed from any previous date specified in the notification issued under sub-section (1).

13. Effect of change in the rate of tax.-If there is a change in the rate of tax, the taxable services shall be charged to tax at such rate as is in force at the time the service is provided.

14. Special procedure and tax withholding provisions.-(1) Notwithstanding anything contained in this Act, the Authority may, by notification in the official Gazette, prescribe a special procedure for the payment of tax, registration, book keeping, invoicing or billing requirements, returns and other related matters in respect of any service or class of services, as may be specified.

(2) Notwithstanding other provisions of this Act, the Authority may require any person or class of persons whether registered or not for the purpose of this Act to withhold full or part of the tax charged from such person or class of persons on the provision of any taxable service or class of taxable services and to deposit the tax so withheld, with the Government within such time and in such manner as it may, by notification in the official Gazette, specify.

³¹[**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.]

32[(3) Where a person or class of persons is required to withhold or deduct full or part of the tax on the provision of any taxable service or class of taxable services and either fails to withhold or deduct the tax or having withheld or deducted the tax, fails to deposit the tax in the Government treasury, such person or class of persons shall be personally liable to pay the amount of tax to the Government in the prescribed manner.]

³³[**14A. Special procedure for collection of tax, etc.**-(1) Notwithstanding anything contained in this Act; the Authority may require any other person or class of persons, not necessarily being a service provider or a service recipient in a particular transaction to collect full or part of the tax charged from another person or class of persons on the provision of any taxable service or class of taxable services and to deposit the tax so collected, in the Government treasury within such time and in such manner as the Authority may, by notification in the official Gazette, specify,

(2) For purposes of subsection (1), the special procedure prescribed for collection and payment of tax may also provide for registration, book keeping; invoicing or billing requirements, returns and other related matters in respect of any service or class of services, as may be specified,

(3) Where a person or class of persons is required to collect full or part of the tax on the provision of any taxable service or class of taxable services and either fails to collect the tax or having collected the tax, fails to deposit the tax in the Government treasury, such person or class of persons shall be personally liable to pay the amount of tax to the Government in the prescribed manner.]

15. Delegation of power to collect, administer and enforce tax on certain services.-(1) The Government may, in accordance with Article 147 of the Constitution of the Islamic Republic of Pakistan,

31 *Added vide the Punjab Finance Act, 2019 (Act XV of 2019, dated 28th October, 2019)*

32 *Inserted vide the Finance Act, 2016 (Act XXXV of 2016)*

33 *Inserted vide the Punjab Finance Act, 2017 (Act XII of 2017) assented on 15th June, 2017*

authorize the Federal Board of Revenue or any other Federal agency or person to administer, collect and enforce the levy of tax on such taxable services as it may notify and in such mode and manner and for such period as may be prescribed and subject to such limitations, restrictions and conditions as it may deem appropriate.

(2) The Government may, by notification in the official Gazette, authorize any Provincial agency, department, organization or person to administer, collect and enforce the levy of tax on such taxable services as it may notify in such mode and manner and for such period as it may prescribe and subject to such restrictions and conditions as it may impose.

(3) At the end of the period prescribed under sub-section (1), the tax on taxable services notified under sub-section (1) shall be administered, collected and enforced by the Authority in the same mode and manner as all other taxable services.

³⁴[**16. Deduction and adjustment of tax on inputs to the business.**-(1) A person required to pay tax under this Act shall be entitled to deduct from the payable amount, the amount of tax payable or already paid by him on the receipt of taxable services exclusively used in connection with the taxable services he provides, subject to the condition that he holds a true and valid tax invoice not older than six tax periods, showing the amount of tax charged under the Act on the services so received, but the Authority may disallow or subject to additional conditions may restrict such deduction in cases or with respect to taxable services or goods specified in section 16A or section 168 or the rules.

³⁵(2) Subject to provisions of section 16A or section 168 or to such conditions and restrictions as may be prescribed, the Authority may allow a registered person to claim adjustment, deduction, or refund in respect of the tax paid or payable under any other law in for any taxable service or goods or class of taxable service or goods used in connection with the provision of a taxable service by such person, ³⁶[if he holds a valid tax invoice or declaration of import of goods not older than six tax periods bearing his name and National Tax Number].]

(3) For purposes of subsection (2), the Authority may adopt the principles or concepts laid down in such other law in respect of adjustments, deductions or refunds including zero-rating principle.

³⁷(4) Notwithstanding anything contained in this Act or the rules made thereunder, the Authority, with the approval of the Government, may, by notification in the official Gazette; and subject

³⁴ Section 16 was substituted vide the Finance Act, 2016 (Act XXXV of 2016). Before substitution, section 16 appeared as given below:-

“16. Adjustments.– (1) The Authority may, subject to such conditions and restrictions as it may specify, allow registered persons to claim adjustments or deductions, including refunds arising as a result thereof, in respect of the tax paid under any other law on any account in respect of any taxable service or goods or class of taxable services or goods provided by them.

(2) For purposes of sub-section (1), the Authority may adopt the principles or concepts laid down in such other law in respect of adjustments, deductions or refunds including zero-rating principle.

(3) For the purpose of removal of any doubt it is clarified that no adjustment or deduction of any tax payable under any other law shall be claimed by any person except in the manner and to the extent specified in the notification issued under sub-section (1).”

³⁵ Substituted vide the Punjab Finance Act, 2017 (Act XII of 2017) assented on 15th June, 2017. Before substitution clause (b) appeared as given below:-

“(2) The Authority may, subject to section 16A or section 168 or to such conditions and restrictions as may be prescribed, allow registered persons to claim adjustments or deductions, including refunds arising as a result thereof, in respect of the tax paid or payable under any other law in respect of any taxable service or goods or class of taxable services or goods used in connection with the taxable services such persons provide.”

³⁶ Substituted the words “on his furnishing a tax invoice or declaration of import of goods in his name which bears his National Tax Number” vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020)

³⁷ Substituted vide the Punjab Finance Act, 2017 (Act XII of 2017) assented on 15th June, 2017. Before substitution clause (b) appeared as given below:-

“(4) For purposes of subsections (1) and (2), the amount of tax to be deducted or adjusted shall not include any amount of additional tax, default surcharge, fine, penalty or fee imposed or charged under this Act or any other law.]”

to such conditions, limitations or restrictions as may be specified therein, allow a registered person or class of persons to deduct such amount of input tax from the output tax as maybe specified in the notification,]

³⁸[(5) For purposes of subsection (1) or subsection (2), the amount of tax to be deducted or adjusted shall not include any amount of additional tax, further tax, extra tax, default surcharge, fine, penalty or fee imposed or charged under this Act or any other law:]

³⁹[**16A. Certain transactions not admissible.**-(1) Notwithstanding anything contained in this Act or any other law for the time being in force, ⁴⁰[payment of amounts of one or more transactions made to the same person in one tax period where the aggregate of such amounts exceeds fifty thousand rupees including the amount of sales tax but excluding any payments made on account of utilities] shall be made by a crossed cheque drawn on a bank or by crossed bank draft or crossed pay order or any other crossed banking instrument showing transfer of the amount of the sales tax invoice in favour of the service provider from the business bank account of the service recipient.

(2) Online transfer of payment from the business account of service recipient to the business account of service provider as well as payments through credit card shall be treated as transactions through the banking channel, subject to the condition that such transactions are verifiable from the bank statements of the respective service recipient and the service provider.

(3) The service recipient shall not be entitled to claim input tax credit, adjustment or deduction, or refund, repayment or zero-rating of tax under this Act if payment for the amount is made otherwise than in the manner prescribed in subsection (1), provided that payment in case of a transaction on credit is transferred within one hundred and eighty days of issuance of the tax invoice.

(4) The amount transferred in terms of this section shall be deposited in the business bank account of the service provider; otherwise, the service provider shall not be entitled to claim input tax credit, adjustment or deduction, or refund, repayment or zero-rating of tax under this Act.

Explanation.-For purposes of this section, the term "business bank account" means a bank account utilized by the registered person for business transactions, declared to the Authority in the prescribed manner.

16B. Tax credit not allowed.-(1) Notwithstanding anything contained in this Act or the rules, a registered person shall not be entitled to claim input tax adjustment in respect of:

- (a) capital goods (plant, machinery, equipment and others) not exclusively useable or used in providing taxable services;
- (b) goods and services already in use on which the tax is not paid, or, where paid, the input adjustment has been taken before the commencement of the Act or where the input related goods and services were purchased or acquired before such commencement;
- (c) utility bills not in the name of registered person with reference to his registered premises unless evidence of consumption is produced in the matter of such claims;
- (d) the tax claimed as input tax on services where such tax amount has not been deposited by the supplier or the service provider or where the evidence of such payment is not produced;
- (e) carry forward of the input tax adjustment relating to the period prior to the commencement of the Act;

38 *Inserted vide the Punjab Finance Act, 2017 (Act XII of 2017) assented on 15th June, 2017*

39 *Inserted vide the Finance Act, 2016 (Act XXXV OF 2016)*

40 *Substituted for the words "payment of the tax amount for a transaction exceeding value of fifty thousand rupees" vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022*

- (f) goods and services received against false, fake, forged, flying, untrue, unreal or unrelated invoices or against purchases from the persons black listed or suspended by the Authority or by the Federal Board of Revenue or by any other Provincial authority;
- (g) goods and services liable to a tax rate lesser than ⁴¹[fifteen] per cent of the charges or to a specific rate of tax not based on value when used for providing or rendering any service;
- (h) goods and services used or consumed in a service liable to a rate of tax lesser than the ⁴²[fifteen] per cent of the charges or to a specific rate of tax not based on value;
- (i) vehicles including three and two wheelers;
- (j) food, beverages, garments, fabrics or others and consumption on entertainment, amusement, recreation or enjoyment;
- (k) gift and giveaway;
- (l) goods or services used or to be used for any purpose other than for taxable supplies made or to be made by him;
- (m) goods and services acquired for personal or non-business consumption;
- ⁴³[(n) goods and services not related to the taxable supplies made or services rendered by the registered person;]
- ⁴⁴[(nn) tax free services including rendering and consumption of goods or services;]
- (o) goods and services in respect of which input tax adjustment is barred under the respective federal and provincial sales tax law;
- (p) sales tax paid to the Federal Government or any other Provincial Government for supply of goods or provision of services, if the sales tax law of the Federation or the Province concerned does not allow adjustment of tax paid under this Act;
- (q) from the date to be notified by the Authority, such goods and services which, at the time of filing of return by the buyer, have not been declared by the supplier in his return;
- (r) further tax, extra tax and value addition tax levied under the Sales Tax Act, 1990, and the rules or notifications issued thereunder;
- ⁴⁵[(rr) amount of sales tax paid on:
 - (i) telecommunication services in excess of nineteen and a half percent ad valorem;
 - (ii) carriage of goods by rail or road in excess of fifteen percent ad valorem; and
 - (iii) other services in excess of sixteen percent ad valorem;]
- (s) goods used in, or permanently attached to, immoveable property, such as building and construction material, paints, electrical and sanitary fittings, pipes, wires, cables, glass products and furniture, furnishings, office equipment, excluding those directly used in the economic activity of registered persons paying sales tax at a rate of not less than sixteen per cent; and

41 Substituted the word "sixteen" vide the Punjab Finance Act, 2019 (Act XV of 2019, dated 28th October, 2019)

42 Substituted the word "sixteen" vide the Punjab Finance Act, 2019 (Act XV of 2019, dated 28th October, 2019)

43 Clause (n) was substituted vide the Punjab Finance Act, 2019 (Act XV of 2019, dated 28th October, 2019). At the time of substitution clause (n) was as under:-

"(n) goods and services not related to the taxable supplies made by the registered person;"

44 Inserted vide the Punjab Finance Act 2025 (LVIII of 2025) dated 30th June 2025

45 Inserted vide the Punjab Finance Act 2025 (LVIII of 2025) dated 30th June 2025

- (t) such goods or services as are notified or specified by the Authority to be inadmissible for input tax adjustment.
- (2) No person other than a registered person shall make any deduction or reclaim input tax in respect of taxable services made or to be made by him.

(3) Notwithstanding anything contained in any other law for the time being in force or any decision of any court, for purposes of this section, no input tax credit shall be allowed to the persons who paid fixed tax under any provisions of this Act or under the respective federal or provincial sales tax law.]

⁴⁶[**16C. Extent of adjustment of input tax.**-(1) Notwithstanding anything contained in this Act, a registered person shall not be allowed to adjust input tax in a tax period in excess of ⁴⁷[ninety] percent of the output tax for that tax period.

(2) The Authority may by notification in the official Gazette exclude any person or class of persons from the purview of sub section (1).]

⁴⁸[**16D. Refunds.**-Notwithstanding anything contained in this Act and subject to the conditions and restrictions as may be prescribed, the Authority or any officer authorized by the Authority, may allow a registered person refund of the tax claimed to have been paid through inadvertence, error or misconception.]

CHAPTER III

PAYMENT AND COLLECTION OF TAX ON TAXABLE SERVICES

17. Collection of excess tax.-(1) Any person who has collected or collects the tax or charge, whether under misapprehension of any provision of this Act or otherwise, which was not payable as tax or charge or which was in excess of the tax or charge actually payable and the incidence of which had been passed on to the person to whom the service was provided, shall pay the amount of tax or charge so collected to the Government.

(2) Any amount payable to the Government under sub-section (1) shall be deemed to be an arrear payable under the Act and shall be recovered accordingly.

(3) The burden of proof that the incidence of tax or charge referred to in sub-section (1) has been or has not been passed to the person to whom the service is provided shall be on the person collecting the tax or charge.

18. Time, manner and mode of payment.- ⁴⁹[(1) Notwithstanding anything to the contrary contained in this Act or any other law for the time being in force, tax in respect of a taxable service provided during a tax period shall be paid by a person at the time of filing the return in respect of that period under Chapter VI.]

(2) For purposes of sub-section (1), a taxable service shall be considered to have been provided in the tax period during which—

⁴⁶ Section 16C was substituted vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020). At the time of substitution section 16C was as under:-

“16C. Adjustment of input tax paid on certain goods and services.-Notwithstanding anything contained in this Act, the input tax paid on acquisition of such of the capital goods, machinery and fixed assets as are classified under section XVI, Chapters 84 and 85 of the First Schedule of the Customs Act, 1969 (IV of 1969) shall be adjustable against the output tax in twelve equal monthly instalments.”

⁴⁷ Substituted the word “eighty” vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022

⁴⁸ Added vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020)

⁴⁹ Sub-section (1) was substituted vide the Punjab Finance Act, 2018 (Act XXX of 2018), dated 29th October, 2018. At the time of substitution sub-section (1) was as under:-

“(1) The tax in respect of a taxable service provided during a tax period shall be paid by a person at the time of filing the return in respect of that period under Chapter VI.”

- (a) it was provided to the recipient;
- (b) an invoice for the value of the taxable service was issued or was due to be issued or sent or due to be sent to the recipient; or
- (c) consideration for the same was received—, whichever is earlier.

(3) Notwithstanding anything contained in sub-section (1), the Authority may, by a notification in the official Gazette, direct that the tax in respect of any taxable service or such class of taxable services shall be charged, collected and paid in any other way, mode, manner or time as may be specified in the notification.

(4) The tax due on taxable services shall be paid by any of the following modes:-

- (a) through deposit in a bank designated by the Authority; or
- (b) through such other mode and manner as may be specified by the Authority.

19. Joint and several liability of registered persons where tax unpaid.— (1) Where a registered person receiving a taxable service from another registered person is in the knowledge of or has reasonable grounds to suspect that some or all of the tax payable in respect of that taxable service provided would go unpaid as against the requirements of this Act, such person as well as the person providing the taxable service shall be jointly and severally liable for payment of such unpaid amount of the tax.

(2) The Authority may, by notification in the official Gazette, exempt any person, service or transaction or class of persons, services or transactions from the provision of sub-section (1).

20. Sales of taxable activity or transfer of ownership.— (1) Where the ownership of any business providing taxable services is sold, transferred or otherwise disposed of as an ongoing concern or activity, the fact of such sale, transfer or other disposition shall be intimated to the Commissioner within one month of the occurrence of such fact by the former owner.

(2) The tax chargeable on the taxable services provided in the business referred to in sub-section (1) shall be accounted for and paid by the person to whom sale or other disposition of such business is made or ownership thereof is transferred and every such person shall be liable to registration under this Act.

21. Estate of deceased person.— The tax liability of a deceased registered person under this Act shall be the first charge on his estate in the hands of his successors.

22. Estate in bankruptcy.— (1) Where a registered person is declared bankrupt, the tax liability under this Act shall pass on to the estate in bankruptcy if it continues to operate the business.

(2) Where the tax liability is incurred by an estate in bankruptcy, the tax shall be deemed to be a current expenditure in the operations of the estate in bankruptcy and shall be paid before the claims of all other creditors are settled.

23. Liability for payment of tax in case of private companies or business enterprises.— Where any private company or business enterprise is wound up and any tax chargeable on or payable by the company or business enterprise, whether before, or in the course, or after its liquidation, in respect of any tax period cannot be recovered from the company or business enterprise, every person who was an owner of, or partner in, or director of the company or business enterprise during the relevant period shall, jointly and severally with such persons be liable for payment of such tax.

24. Assessment of tax.—(1) Where on the basis of any information acquired during an audit, inquiry, inspection or otherwise, an officer of the Authority is of the opinion that a registered person has not paid the tax due on taxable services provided by him or has made short payment, the officer shall make an assessment of the tax actually payable by that person and shall impose a penalty and charge default surcharge in accordance with sections 48 and 49.

(2) No order under sub-section (1) shall be made unless a notice to show cause is given to the person in default within ⁵⁰[eight] years from the conclusion of the tax period to which the assessment relates ⁵¹[for tax periods ending before 1st of July 2022, and within five years from the end of the financial year in which the tax period to which the assessment relates falls for tax periods ending on or after 1st July 2022] specifying the grounds on which it is intended to proceed against him and the said officer shall take into consideration the representation made by such person and provide him with an opportunity of being heard if the person so desires.

⁵²[(3) An order under sub-section (1) shall be made within one year from the end of the financial year in which the show cause notice is issued]

(4) In computing the period specified in sub-section (3), any period during which the proceedings are adjourned on account of a stay order or proceedings under section 69 ⁵³[***] shall be excluded.

(5) An order passed by an officer under sub-section (1) may be further amended as may be necessary when on the basis of any additional information acquired during an audit, inquiry, inspection or otherwise, the officer is satisfied that—

- (a) any tax has been under-assessed or assessed at a low rate; or
- (b) any taxable service provided by the person has escaped assessment.

(6) The provisions of sub-sections (2), (3) and (4) shall be applicable to an order passed under sub-section (5).

⁵⁴[**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.]

CHAPTER IV

REGISTRATION

25. Registration.— (1) A person shall register under this Act, who—

- (a) provides any taxable service from his office or place of business in the Punjab; or
- (b) is otherwise required to be registered under any of the provisions of the Act or the rules; or
- (c) fulfills any other criteria or requirements which the Authority may prescribe under sub-section (2).

(2) The registration under this section will be regulated in such manner and subject to such conditions and restrictions as the Authority may, by notification in the official Gazette, prescribe.

⁵⁰ Substituted for 'five' vide the Punjab Finance Act, 2017 (Act XII of 2017) assented on 15th June, 2017

⁵¹ Inserted vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022

⁵² Sub-section (3) was substituted vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022. At the time of substitution sub-section (3) was as under:-

“(3) An order under sub-section (1) shall be made within one hundred and twenty days of issuance of the show cause notice or within such extended period as the officer may, for reasons to be recorded in writing, fix provided that such extended period shall ordinarily not exceed sixty days.”

⁵³ Omitted for the words “or the time taken through adjournments by the person” vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022.

⁵⁴ Inserted vide the Punjab Finance Act, 2019 (Act XV of 2019, dated 28th October, 2019)

(3) A person who receives a service, which is a taxable service by virtue of sub-section (2) of section 3, and is not a registered person shall be deemed to be a registered person for the purposes of the tax period in which—

- (a) such person receives the service;
- (b) an invoice for the value of the service is issued or sent to or received by the person; or
- (c) consideration for the service is paid by the person –

whichever is earlier and all the provisions of this Act and the rules shall be applicable to such person for that particular tax period and any matters relating to, arising out of, or concerning that tax period as if that person had provided the service.

(4) The Authority may publish on its website a list of persons registered under this Act.

(5) It shall be reasonable for a person to believe that another person is registered under this Act if that other person is on the list placed on the website of the Authority.

⁵⁵[**Explanation.**— Unless otherwise specified, no person shall be absolved of any tax liability for want of registration under this Act or the rules.]

26. Voluntary registration.— (1) A person who carries on an economic activity but is not required to be registered may apply for voluntary registration at any time.

(2) If a person who is not required to be registered applies for voluntary registration, the Authority may register the person if the Authority is satisfied that—

- (a) the person is providing, or shall provide a service that is taxable service if the person was registered;
- (b) the person has a place of business at which he carries on an economic activity;
- (c) there are reasonable grounds to believe that the person shall keep proper records and file regular returns as prescribed under this Act and the rules; and
- (d) if the person has commenced carrying on an economic activity, the person has—
 - (i) kept proper records in relation to his economic activity; and
 - (ii) complied with his obligations under other applicable taxation laws.

27. Compulsory registration.—(1) If the ⁵⁶[Commissioner] is satisfied that a person who is required to be registered and has not applied for registration, the ⁵⁷[Commissioner] shall register the person and shall, not later than fifteen days before the day on which the registration takes effect, notify the person of the registration, the day on which it takes effect, and the registration number issued to the person.

(2) No person shall be registered compulsorily without being given an advance notice and an opportunity of being heard in such manner as the ⁵⁸[Commissioner] may specify.

⁵⁹[(3) ⁶⁰[The Commissioner may, by an order in writing] authorize any other officer to perform any of the functions under this section relating to compulsory registration of a person for any of the taxable services.]

55 Inserted vide the Punjab Finance Act 2014 (XVII of 2014) assented on 25th June 2014

56 Substituted the word “Authority” vide the Punjab Finance Act, 2018 (Act XXX of 2018), dated 29th October, 2018

57 Substituted the word “Authority” vide the Punjab Finance Act, 2018 (Act XXX of 2018), dated 29th October, 2018

58 Substituted the word “Authority” vide the Punjab Finance Act, 2018 (Act XXX of 2018), dated 29th October, 2018

59 Sub-section (3) was substituted vide the Punjab Finance Act, 2018 (Act XXX of 2018), dated 29th October, 2018. At the time of substitution sub-section (3) was as under:-

28. Suspension of registration.—(1) Subject to sub-section (3), the Authority may temporarily inactivate the registration of a person if it is satisfied that the person—

- (a) is not entitled to be registered; or
- (b) has failed to comply with obligations under this Act or the rules.

(2) The Authority shall give notice to a registered person stating the reasons for temporary inactivation of the person's registration and the remedial actions required to be taken by the person in such time as may be specified in the notice.

(3) In case the Authority is not satisfied with the response of the person or the remedial action taken by him or does not receive any response in the specified time, the Authority may suspend that person's registration.

(4) The suspension of registration shall be effected by removing the name of the person from the list of registered persons published on the Authority's website.

(5) At any time within a period of sixty days of suspension, the Authority may withdraw the suspension if it is satisfied with the remedial actions taken by the person.

- (6) Where, after sixty days, the suspension has not been withdrawn, the Authority may—
- (a) institute proceedings against the person in respect of the alleged non-compliance under this Act;
 - (b) reinstate the person's registration; or
 - (c) if neither of the actions in clauses (a) and (b) is done, cancel the person's registration.

(7) No registration shall be cancelled unless the Authority either through enquiry, investigation or audit is satisfied that circumstances exist necessitating such cancellation and under no circumstances, the cancellation of registration shall absolve the person of his other obligations and liabilities under the Act or the rules.

29. De-registration.— (1) The ⁶¹[Commissioner] may de-register a registered person or such class of registered persons not required to be registered under this Act.

(2) Where any person registered under this Act believes that he does not satisfy the requirements for registration specified in section 25, he may make an application to the ⁶²[Commissioner] to be de-registered.

(3) If upon receiving such an application, the ⁶³[Commissioner] is satisfied that the person is not required to be registered under this Act and has fulfilled the obligations under the Act, it shall de-register such person.

(4) Where the ⁶⁴[Commissioner] receives an application under sub-section (2), it shall dispose of the application within a period of three months from the date of the receipt of the application,

60 “(3) The Authority may, by notification in the official Gazette, authorize any officer to perform any of the functions under this section relating to compulsory registration of a person for any of the taxable services.”
61 Substituted for the words “The Authority may, by notification in the official Gazette” vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022.
62 Substituted the word “Authority” vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020)
63 Substituted the word “Authority” vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020)
64 Substituted the word “Authority” vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020)

or within such extended period, not exceeding sixty days, as the ⁶⁵[Commissioner] may, for reasons to be recorded in writing, fix.

⁶⁶[29A. **Restoration of registrations.**— The Authority may, subject to conditions as may be prescribed, reactivate, revive, reinstate or restore any registration which has been de-activated, suspended or cancelled for any reason or under any circumstances.]

CHAPTER V

BOOK KEEPING AND AUDIT PROCEEDINGS

30. Issuance of tax invoices.— (1) A registered person providing a taxable service shall issue a numbered and dated tax invoice containing the following particulars:-

- (a) name, address and registration number of the service provider;
- (b) name, address and registration number, if any, of the service recipient;
- (c) description of service or services;
- (d) value exclusive of the tax;
- (e) amount of the tax; and
- (f) value inclusive of the tax.

⁶⁷[(2) The Authority may, by notification in the official Gazette, specify a format of invoices to be issued by a registered person or a class of registered persons and prescribe a procedure for authentication of such invoices.

(3) The Authority or an officer authorized by the Authority in this behalf, may require a registered person or a class of registered persons to issue invoices electronically in such manner as may be prescribed, and to transmit such invoices to the Authority, subject to such conditions and restrictions as the Authority may specify by notification in the official Gazette.]

31. Records.— (1) A registered person providing taxable service ⁶⁸[or a person required to pay tax under this Act or rules] shall maintain and keep at his business premises or registered office in English or Urdu the following records of taxable service (including ⁶⁹[exempt or tax free services]) provided by him or by his agent acting on his behalf in such form and manner as would permit ready ascertainment of his tax liability during a tax period—

- ⁷⁰[(a) record of services provided, including ⁷¹[exempt or tax free services] indicating the description, quantity and value of service, name, registration number and address of the person to whom services were rendered and the amount of tax charged;

65 Substituted the word “Authority” vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020)

66 Inserted vide the Punjab Finance Act 2014 (XVII of 2014) assented on 25th June 2014.

67 Subsections (2) and (3) was substituted vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020. At the time of substitution subsections (2) and (3) was as under:-

“(2) The Authority may, by notification in the official Gazette, specify such modified invoices for different services or persons and prescribe the manner and procedure for regulating the issuance and authentication of tax invoices.

(3) A registered person providing a taxable service may, subject to such conditions and restrictions as the Authority may, by notification in the official Gazette, specify, issue invoices to another registered person or other recipient of taxable service electronically and transmit images or statements of such invoices to the Authority as well as to the Commissioner, as may be specified.”

68 Inserted vide the Punjab Finance Act 2014 (XVII of 2014) assented on 25th June 2014.

69 Substituted the words “exempt service” vide the Punjab Finance Act 2025 (LVIII of 2025) dated 30th June 2025

70 Clauses (a), (b) and (c) was substituted vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020. At the time of substitution clauses (a), (b) and (c) was as under:-

- (b) record of goods and services received, including exempt goods and ⁷²[[exempt or tax free services](#)] indicating description, quantity and value of goods and services, name, address and registration number of the service provider or supplier of goods and the amount of the tax charged;
- (c) record of goods imported indicating the description, quantity and value of goods and the amount of tax paid on imports;
- (d) double entry accounts;
- (e) bank statements and banking instruments;
- (f) inventory records, utility bills, salary and labor bills, rent deeds and agreements;
- (g) record required to be maintained and the declarations filed under any other law for the time being in force; and
- (h) such other record as may be specified by the Authority.]

(2) The Authority may, by notification in the official Gazette, require a registered person or class of registered persons to declare and use as many number of business bank accounts as may be specified by the Authority in such notification to make or receive payments on account of providing ⁷³[or receiving] services for the purpose of this Act and the rules and to make payment of due tax from such accounts.

(3) The Authority may, by notification in the official Gazette, specify that any person or class of persons registered under this Act shall use such electronic fiscal cash registers in such manner as are approved by the Authority.

(4) The Authority may, by notification in the official Gazette, prescribe the procedure or software for electronic invoicing or billing, maintenance of records, filing of tax returns and for any other matter or approve any software for electronic invoicing or billing, maintenance of records and filing of returns by a registered person or class of such persons under this Act.

(5) The registered persons, whose accounts are subject to audit under the ⁷⁴[Companies Act, 2017 (XIX of 2017)], shall be required to submit a copy of the annual audited accounts, along with a certificate by the auditors certifying the payment of the tax due and any deficiency in the tax paid by the registered person.

32. Retention and production of records and documents.-(1) A person, who is required to maintain any record or documents under this Act, shall retain the record and documents for a period of ⁷⁵[⁷⁶eight]] years after the end of the tax period to which such record or documents relate ⁷⁷[for tax periods before July 2022, and six years from the end of the financial year to which such record or documents

-
- “(a) records of taxable service provided indicating–
 - (i) the description and type of service;
 - (ii) the value of the service;
 - (iii) the particulars of the person to whom the service was provided; and
 - (iv) any other information as may be specified by the Authority;
 - (b) records of exempt service; and
 - (c) such other records as may be specified by the Authority.”

⁷¹ *Substituted the words “exempt service” vide the Punjab Finance Act 2025 (LVIII of 2025) dated 30th June 2025*

⁷² *Substituted the word “services” vide the Punjab Finance Act 2025 (LVIII of 2025) dated 30th June 2025*

⁷³ *Inserted vide the Punjab Finance Act 2014 (XVII of 2014) assented on 25th June 2014*

⁷⁴ *Substituted the words “Companies Ordinance, 1984 (XLVII of 1984)” vide the Punjab Finance Act, 2018 (Act XXX of 2018), dated 29th October, 2018*

⁷⁵ *Substituted for the word “five” vide the Finance Act, 2015 (Act XXIX of 2015) assented on 26th June 2015*

⁷⁶ *Substituted the word “six” vide the Punjab Finance Act, 2018 (Act XXX of 2018), dated 29th October, 2018*

⁷⁷ *Inserted vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022.*

relate for tax periods after 1st July 2022] or till the final decision in any proceedings including proceedings for assessment, appeal, revision, reference or petition, whichever is later.

(2) A person who is required to maintain any record or documents under this Act or any other law shall, as and when required by an officer not below the rank of the Assistant Commissioner, produce records or documents which are in his possession or control or in the possession or control of his agent, and where such records or documents have been stored as electronic data, he shall allow to such officer full and free access to, and use of, such data of any machine.

33. Audit proceedings.— (1) An officer authorized by the Authority or the Commissioner may, on the basis of the return or returns submitted by a registered person or the records maintained ⁷⁸[or obtained] under this Act and the rules, conduct an audit of such person.

(2) In case the Authority or the Commissioner has any information showing that any registered person is involved in tax fraud or evasion of tax, it or as the case may be, he may authorize an officer not below the rank of the Assistant Commissioner, to conduct an inquiry or investigation, which may or may not be in addition to any audit carried out for the same period.

(3) Where the officer is to conduct an audit under sub-section (1), he shall issue a notice of audit to the person informing him of the audit proceedings and direct him to produce any records or documents which such officer may require for conducting the audit.

⁷⁹[(3a) The officer authorized under subsection (1) may conduct audit proceedings electronically through video links or any other facility as may be notified by the Authority.]

(4) The officer shall conduct audit and issue an audit observation or observations pointing out the contraventions of this Act or the rules and the amount of the tax evaded or short paid, and the registered person may, within a period of twenty one days of the receipt of the audit observation, submit his reply in writing.

(5) If no reply is received within the specified time or the reply furnished by the registered person is found unsatisfactory, the officer shall issue an audit report specifying the amount of the tax or charge that has not been levied or has been short levied or any other violation of any provision of the Act or the rules.

(6) After completion of the audit under this section or any other provision of this Act or the rules, an officer having pecuniary jurisdiction in terms of section 60 shall, if required, pass an order determining the correct amount of payable tax, charging default surcharge and imposing a penalty.

(7) Notwithstanding the penalties prescribed in section 48—

- (a) if a registered person wishes to deposit the amount of the tax short paid or evaded along with default surcharge voluntarily, whenever it comes to his notice, he may, before receipt of notice of audit, file a revised return and may deposit the amount of tax short paid or evaded along with default surcharge, in which case no penalty shall be recovered from him;
- (b) if a registered person wishes to deposit the amount of the tax short paid or evaded along with default surcharge during the audit, or at any time before issuance of show cause notice in lieu of the audit report, he may file a revised return and may deposit the short paid or evaded amount of the tax, default surcharge under section 49 and twenty percent of the penalty payable under section 48, in which case the show cause notice in lieu of the audit report shall not be issued in the matter;

⁷⁸ Inserted vide the Finance Act, 2015 (Act XXIX of 2015) assented on 26th June 2015

⁷⁹ Added vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020)

- (c) if a registered person wishes to deposit the amount of tax short paid or evaded along with default surcharge after issuance of show cause notice, he may file a revised return and may deposit the short paid or evaded amount of the tax, default surcharge under section 49, and fifty percent of the penalty payable under section 48 and, thereafter, the show cause notice shall abate.

34. Special audit by chartered accountants or cost accountants.—⁸⁰[(1) The Authority may, by notification in the official Gazette, appoint a Chartered Accountant as defined under Chartered Accountants Ordinance, 1961 (*X of 1961*) or a firm of Chartered Accountants or a Cost and Management Accountant within the meaning of the Cost and Management Accountants Act, 1966 (*XIV of 1966*), or a firm of Cost and Management Accountants or a person or a firm having expertise in forensic audit, for conducting a special audit or forensic audit or both of the records of any registered person.]

(2) Notwithstanding that the records of a registered person have been audited by an officer appointed under section 39, the Authority or a Commissioner may direct an auditor appointed under sub-section (1) to audit the records of any registered person for the same period.

(3) An auditor appointed under sub-section (1), shall have such powers of an officer as may be conferred by the Authority to such auditor under any of the provisions of this Act or the rules.

⁸¹[(3A) The Authority may require that such officers of the Authority as the Authority may nominate, shall be associated in the special audit or the forensic audit conducted under subsection (1) and the Authority may also get the special audit or the forensic audit conducted jointly with similar audit of a registered person being conducted by FBR or any other provincial administrations of sales tax on services.]

(4) For purposes of this section or section 33, the audit of records includes audit of the tax affairs of the registered person under this Act and the rules.

CHAPTER VI

RETURNS

35. Return.—⁸²[(1) Every registered person shall furnish to the Authority, not later than the due date, a true, correct and properly filled-up return in the form notified by the Authority, indicating the tax due and paid during a tax period and such other information or particulars as may be notified by the Authority.]

⁸³[(1A) A statement, in the prescribed manner, filed by a person who is only obliged to withhold or' deduct tax, shall be treated as a return of that person, provided that such a statement shall not be a substitute for the return required to be filed by a person providing taxable services.]

(2) Notwithstanding anything in sub-section (1), the Authority may, by notification in the official Gazette, require any registered person or class of registered persons to submit returns on a quarterly, six monthly or annual basis in lieu of monthly return.

⁸⁰ *Substituted vide the Finance Act, 2015 (Act XXIX of 2015) assented on 26th June 2015 for the following subsection (1):*
“(1) The Authority may, by notification in the official Gazette, appoint a Chartered Accountant as defined under Chartered Accountants Ordinance, 1961 (*X of 1961*) or a firm of Chartered Accountants or a Cost and Management Accountant within the meaning of the Cost and Management Accountants Act, 1966 (*XIV of 1966*) or a firm of Cost and Management Accountants, for conducting a special audit of the records of any registered person.”

⁸¹ *New subsection inserted vide the Finance Act, 2015 (Act XXIX of 2015) assented on 26th June 2015*

⁸² *Sub-section 1 was substituted vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020. At the time of substitution sub-section (1) was as under:-*

“(1) Every registered person shall furnish, not later than the due date, a true, correct and properly filled-up return in the prescribed form to the Authority, indicating the tax due and paid during a tax period and such other information or particulars as may be prescribed by the Authority.”

⁸³ *Inserted vide the Finance Act, 2016 (Act XXXV OF 2016)*

(3) Notwithstanding anything in sub-section (1), the Authority may, by notification in the official Gazette, require any registered person to submit such returns, as may be prescribed, on any period basis in addition to other returns required to be filed by such person.

(4) A return filed electronically on the web or any magnetic media or any other computer readable media as may be specified by the Authority shall be deemed to be a return for the purpose of sub-sections (1), (2) or (3) and the Authority may, by notification in the official Gazette, prescribe the criteria for eligibility of the data of such returns and e-intermediaries who shall digitize the data of such returns and transmit the same electronically under their digital signatures.

(5) If there is a change in the rate of the tax during a tax period, a separate return in respect of each portion of tax period showing the application of different rates of tax shall be furnished.

(6) ⁸⁴[Subject to rules, a registered person may], after prior permission from the Commissioner, file a revised return within one hundred and twenty days of filing a return under sub-sections (1), (2) or (3), to correct any omission or wrong declaration made therein and to deposit any amount of the tax not paid or short paid.

36. Special returns.— In addition to the return or returns specified under section 35, the Commissioner may require any person, whether registered or not, to furnish a return (whether on his own behalf or as an agent or trustee) in a prescribed form and such person shall furnish the return not later than the date specified in this regard.

37. Final return.— If a person applies for de-registration in terms of section 29, he shall before such de-registration, furnish a final return to the Authority or the Commissioner in the specified form in such manner and at such time as may be directed by the Authority or the Commissioner.

38. Return deemed to have been made.— A return purporting to be made on behalf of a person by his duly appointed representative or agent shall, for all purposes of this Act or the rules, be deemed to have been made by such person or under his authority unless proved to the contrary.

CHAPTER VII

APPOINTMENT OF AUTHORITIES AND THEIR POWERS

39. Appointment of authorities.— (1) For purposes of this Act and the rules, the Authority may, ⁸⁵[***] by notification ⁸⁶[***] appoint in relation to any area or cases specified in the notification, any person to be a—

- (a) Commissioner;
- (b) Commissioner (Appeals);
- (c) Additional Commissioner ⁸⁷[***];
- (d) Deputy Commissioner;
- (e) Assistant Commissioner;
- (f) Audit Officer ⁸⁸[***];

⁸⁴ Substituted for the words “A registered person may” vide the Finance Act, 2015 (Act XXIX of 2015) assented on 26th June 2015

⁸⁵ Omitted the words “in the prescribed manner and” vide the Punjab Finance Act, 2024 (Act VIII of 2024, dated 27th June, 2024)

⁸⁶ Omitted the words “in the official Gazette” vide the Punjab Finance Act, 2024 (Act VIII of 2024, dated 27th June, 2024)

⁸⁷ Omitted the words “of the Authority” vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020)

⁸⁸ Omitted the words “of the Authority” vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020)

⁸⁹[(ff) Audit-cum-Risk Compliance Officer;]

(fff) Enforcement Officer ⁹⁰[***];]

(g) Inspector ⁹¹[***]; or

(h) An officer of the Authority with any other designation.

(2) The Commissioner (Appeals) and the Commissioner shall be subordinate to the Authority.

(3) The Additional Commissioners, Deputy Commissioners and the Assistant Commissioners shall be subordinate to the Commissioner and unless otherwise directed by the Authority or the Commissioner, both the Deputy Commissioner and the Assistant Commissioner shall also be subordinate to the Additional Commissioner.

⁹²[(4) Risk Compliance Officers, Enforcement Officers, Audit Officers, Inspectors and other officers of equal or lower designations, if any, shall be subordinate to the Deputy Commissioner or, as the case may be, to the Assistant Commissioner or as the Authority may, from time to time, specify.]

(5) The Authority may designate any Deputy Commissioner supervisory incharge of any Assistant Commissioner either by name or by designation in any of its subordinate offices or formations.

(6) The Authority may distribute the work and related functions amongst the above designations in a manner it deems appropriate and make changes in such work distribution as and when deemed proper.

(7) The Authority may, by notification in the official Gazette, prescribe uniform including shoulder strips and badges for different classes of the officers or officials of the Authority.

(8) All jurisdictional and competency issues arising under this Act or the rules shall be decided by the Authority in such manner as it thinks fit.

40. Powers.— (1) An officer appointed under section 39 shall exercise such powers and discharge such duties as are conferred on him under this Act and the rules and he shall also be empowered and competent to exercise all powers and discharge all duties or functions conferred upon any officer subordinate to him.

(2) The Authority may, by general or special order, impose such limitations, restrictions or conditions on the exercise of such powers and discharge of such duties or functions as it deems fit.

41. Distribution of powers.— (1) The Authority may, by notification in the official Gazette, and subject to such limitations or conditions, empower by name or by designation—

(a) an Additional Commissioner to exercise or perform any of the powers or functions of a Commissioner;

(b) a Deputy Commissioner to exercise or perform any of the powers or functions of an Additional Commissioner;

⁸⁹ Clause (ff) was substituted vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020). At the time of substitution clause (ff) was as under:-

“(ff) Risk Compliance Officer of the Authority;”

⁹⁰ Omitted the words “of the Authority” vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020)

⁹¹ Omitted the words “of the Authority” vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020)

⁹² Substituted vide the Punjab Finance Act, 2017 (Act XII of 2017) assented on 15th June, 2017. Before substitution clause (b) appeared as given below:-

“(4) The Audit Officers and Inspectors and the officers of other such equal or lower designations, if any, shall be subordinate to the Deputy Commissioner or to the Assistant Commissioner.”

- (c) an Assistant Commissioner to exercise or perform any of the powers or functions of a Deputy Commissioner; and
- (d) any other officer to exercise or perform any of the powers or functions of an Assistant Commissioner.

(2) The Authority may confer powers and functions of any officer as additional duties to any officer of the same rank or a step senior or junior in rank.

(3) An officer to whom any powers or functions are conferred under this section shall not assign such powers or functions to any other officer except with the prior permission of the Authority.

42. Special Judges.—(1) The Government may, by notification in the official Gazette, appoint any person who is serving or has served as District and Sessions Judge for a period of at least five years as Special Judge and, where it appoints more than one Special Judge, it shall specify in the notification the headquarters of each Special Judge and the territorial limits within which he shall exercise jurisdiction under this Act and the rules.

(2) If a Special Judge is, for any reasons, unable to perform his duties under this Act or the rules, the District and Sessions Judge of the District shall perform the duties of the Special Judge for the District.

43. Cognizance of offence.—(1) The Special Judge may, within the limits of his jurisdiction, take cognizance of any offence punishable by him upon—

- (a) a report in writing made by an officer, not below the rank of Assistant Commissioner with the approval of the Commissioner or by an officer especially authorized in this behalf by the Authority;
- (b) receiving a complaint or information of facts constituting such offence made or communicated by any person; or
- (c) his knowledge acquired during any proceedings before him.

(2) If the Special Judge receives a report under clause (a) of sub-section (1), the Special Judge shall proceed with the trial of the accused.

(3) If the Special Judge receives a complaint or information under clause (b) of sub-section (1), on the basis of his own knowledge, the Special Judge shall, before issuing a summon or warrant for appearance of the person hold a preliminary inquiry for purposes of ascertaining the truth or falsehood of the complaint, information or knowledge or direct any Magistrate or any officer to hold such inquiry and submit a report, and such Magistrate or officer, shall conduct such inquiry and make a report accordingly.

(4) If, after conducting such an inquiry or after considering the report of such Magistrate or officer, the Special Judge may dismiss the complaint if there are no grounds to proceed further, or may decide to proceed against the person in accordance with law.

(5) A Special Judge or a Magistrate or an officer holding an inquiry under sub-section (3) may hold such inquiry, as nearly as possible, in accordance with the provisions of section 202 of the Code of Criminal Procedure, 1898 (V of 1898).

44. Application of the Code of Criminal Procedure, 1898.—(1) The provisions of the Code of Criminal Procedure, 1898 (*V of 1898*), so far as they are not inconsistent with the provisions of this Act, shall apply to all proceedings of the court of a Special Judge and such court shall be deemed to be a Court of Session for the purposes of the said Code and the provisions of Chapter XXII-A of the Code, so far as applicable and with necessary modifications, shall apply to the trial of cases by the Special Judge under the Act.

(2) For purposes of sub-section (1), the Code of Criminal Procedure, 1898 (V of 1898) shall have effect as if an offence punishable under this Act was one of the offences referred to in sub-section (1) of section 337 of the Code.

45. Exclusive jurisdiction of Special Judge.—No court other than the Special Judge having jurisdiction, shall try an offence punishable by the Special Judge under this Act.

46. Place of sitting.—A Special Judge shall ordinarily hold sittings at his headquarters provided that keeping in view the general convenience of the parties or the witnesses, he may hold sittings at any other place.

47. Persons who may conduct prosecution.—(1) An officer not below the rank of an Assistant Commissioner shall be competent to conduct prosecution before a Special Judge for and on behalf of the Government.

(2) A prosecution conducted under this Act before the Special Judge may only be withdrawn by the Authority on the direction or after concurrence of the Government.

CHAPTER VIII

OFFENCES AND PENALTIES

48. Offences and penalties.—(1) If a person commits any offence described in column 2 of the Table below shall, in addition to and not in derogation of any punishment to which he may be liable under any other law, be liable to the penalty mentioned against that offence in column 3.

(2) The sections referred to in column 4 of the said Table shall be deemed to be meant for illustrative purposes only and the corresponding offence described in column 2 may fall and be prosecuted under other sections of this Act as well.

TABLE

S. No.	Offences	Penalties	Section
1	2	3	4

S. No.	Offences	Penalties	Section
1	2	3	4
1.	Any person who is required to apply for registration under this Act fails to make an application for registration before providing any taxable services	Such person shall be liable to pay a penalty of ⁹³[fifty thousand] rupees or five percent of the amount of the tax he would have been liable to pay had he been registered, whichever is higher. In the case of non-compliance of compulsory registration, the minimum penalty ⁹⁴[for a company shall be one hundred thousand rupees and for a person, other than a company, shall be fifty thousand rupees]: If such person who is required to get himself registered under this Act, fails to get registered within ninety days of providing taxable services, he shall be further liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to one year, or with fine which may extend to the amount of the tax he would have been liable to pay had he been registered, or with both.	⁹⁵ [25 and 27]
2.	Where any person fails to furnish a return within the due date.	Such person shall be liable to pay a penalty of ⁹⁶ [ten] thousand rupees provided ⁹⁷ [further] if a return is not filed within fifteen days of the due date, a penalty of ⁹⁸ [two hundred] rupees for each day of default shall be levied.	35

93 Substituted for the words “ten thousand”, vide the Punjab Finance Act 2014 (XVII of 2014) assented on 25th June 2014

94 Substituted for the words “shall be ten thousand rupees” vide the Finance Act, 2015 (Act XXIX of 2015) assented on 26th June 2015

95 Substituted for “25” vide the Finance Act, 2015 (Act XXIX of 2015) assented on 26th June 2015

96 Substituted for ‘five’ vide the Finance Act, 2016 (Act XXXV OF 2016)

97 Inserted vide the Punjab Finance Act, 2019 (Act XV of 2019, dated 28th October, 2019)

98 Substituted for ‘hundred’ vide the Finance Act, 2016 (Act XXXV OF 2016)

S. No.	Offences	Penalties	Section
1	2	3	4
3.	Where any person fails to deposit the amount of the tax due or any part thereof in the time or manner laid down under this Act or the rules.	(a) Such person shall be liable to pay a penalty of ten thousand rupees or five percent of the tax payable for that period, whichever is higher ⁹⁹[:] ¹⁰⁰[Provided that if the amount of tax or any part thereof is paid within ten days from the due date, the defaulter shall pay a penalty of five hundred rupees for each day of default.] (b) If the amount of the tax due is not paid even after the expiry of a period of sixty days of issuance of the notice for such payment by an officer, not below the rank of Assistant Commissioner, the person shall be further liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to three years, or with fine which may extend to the amount of the unpaid tax, or with both. (c) No penalty shall be levied if any miscalculation is made for the first time during a year.	3, 4, 10, 11, 17, 18 and 68
4.	Any person who fails to maintain records required under the Act or the rules.	¹⁰¹ [Such person shall be liable to pay a penalty which may range from ten thousand rupees to one hundred thousand rupees or five percent of the total tax payable for the period for which he has failed to maintain the required record, whichever is higher.]	30, 31 and 32

99 Substituted vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022.

100 Inserted vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022.

101 Column No. 3 was substituted vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022. At the time of substitution column No. 3 was as under:-

“Such person shall pay a penalty of ten thousand rupees or five percent of the total tax payable for the tax period for which he has failed to maintain the required record, whichever is higher.”

S. No.	Offences	Penalties	Section
1	2	3	4
¹⁰² [5.	Where a person, without any reasonable cause, fails to produce the record or information despite receipt of a notice from the Authority or any officer of the Authority directing him to produce such record or information ¹⁰³ [:] ¹⁰⁴ [Provided that if the record is not produced despite issuance of three notices, it shall be considered as sufficient evidence that the person, has failed to maintain the record.]	¹⁰⁵ [Such person shall pay a penalty of twenty five thousand rupees for the first default and one hundred thousand rupees for each subsequent default.]	30, 32, 53 and 57]
6.	Any person who knowingly or fraudulently- (a) submits a false or forged document to any officer of the Authority; or (b) destroys, alters, mutilates or falsifies the records; or (c) makes a false statement, false declaration, false representation, false personification, or gives any false information ¹⁰⁶ [or] ¹⁰⁷ [(d) fails to pay, recover, or deposit the actual amount of tax, or claims inadmissible tax credit or adjustment or deduction or refund.]	Such person shall be liable to pay a penalty of ¹⁰⁸ [fifty] thousand rupees or one hundred percent of the tax payable for the tax period to which the offence relates, whichever is higher. Such person shall further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to five years or with fine which may extend to an amount equal to the tax payable for the tax period to which the offence relates, or with both.	General

¹⁰² Substituted vide the Finance Act, 2015 (Act XXIX of 2015) assented on 26th June 2015 for the following:

"S/N	Offences	Penalties	Section
5.	Where a registered person who, without any reasonable cause, in non-compliance with the provisions of this Act fails to produce records on receipt of a notice from the Authority or any officer of the Authority directing him to produce such records.	Where such a person is a company, it shall be liable to pay a penalty of ten thousand rupees. Where such person is not a company, he shall be liable to pay a penalty of five thousand rupees. Where such person fails to produce the record within sixty days of receipt of a notice, he shall be liable to pay the penalty prescribed for the offence at serial No.4 above.	30, 32, 53 and 57"

¹⁰³ Substituted vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022.

¹⁰⁴ Inserted vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022.

¹⁰⁵ Column No. 3 was substituted vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022. At the time of substitution column No. 3 was as under:-

"Such person shall pay a penalty of twenty five thousand rupees for the first default and fifty thousand rupees for each subsequent default."

¹⁰⁶ Substituted vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022.

¹⁰⁷ Added vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022.

¹⁰⁸ Substituted for the words "twenty five" vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022.

S. No.	Offences	Penalties	Section
1	2	3	4
7.	Where any person who denies or obstructs the access of an authorized officer to the business premises, registered office or to any other place where records are kept, or otherwise refuses access to accounts or records.	Such person shall be liable to pay a penalty of twenty five thousand rupees or one hundred percent of the tax payable for the tax period to which the offence relates, whichever is higher. Such persons shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to five years, or with a fine which may extend to an amount equal to the tax payable for the tax period to which the offence relates, or with both.	31, 32 and 56
8.	Where any person commits, causes to commit or attempts to commit tax fraud, or abets or connives in the commission of tax fraud equal to twenty five thousand rupees or more.	Such person shall be liable to pay a penalty of up to five hundred thousand rupees, but not less than twenty five thousand rupees, or one hundred percent of the tax payable for the tax period to which the offence relates, whichever is higher. Such person shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to five years, or with fine which may extend to an amount equal to the tax payable for the tax period to which the offence relates, or with both.	2(43)
9.	Where any person violates any embargo placed on providing of service ¹⁰⁹ [or tempers a seal placed by an officer of the Authority].	Such person shall be liable to pay a penalty of ¹¹⁰ [one hundred] thousand rupees or ¹¹¹ [equal to] of the amount of the tax sought to be recovered, whichever is higher. Such person shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to one year, or with fine which may extend to amount equal to the amount of the tax sought to be recovered, or with both.	70

109 Substituted the words “in connection with recovery of the tax” vide the Punjab Finance Act, 2019 (Act XV of 2019, dated 28th October, 2019)

110 Substituted for the words “twenty five” vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022.

111 Substituted for the words “ten percent of” vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022.

S. No.	Offences	Penalties	Section
1	2	3	4
10.	Where any person obstructs any officer of the Authority in the performance of his official duties under this Act or the rules.	Such person shall be liable to pay a penalty of ¹¹² [one hundred thousand] rupees or one hundred percent of the tax payable for the tax period to which the offence relates, whichever is higher. Such person shall be further liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to one year or with fine not exceeding fifty thousand rupees or with both ¹¹³ [:] ¹¹⁴ [Provided that where any recipient of a service does not pay the amount of tax due to be paid to a service provider, such recipient shall also be liable to action for obstruction under this provision.]	¹¹⁵ [¹¹⁶ [General and section 59 and section 70]
11.	Where any person who fails to fulfill any of the conditions, limitations or restrictions prescribed in a notification issued under any of the provisions of the Act or the rules.	Such person shall be liable to pay a penalty of ¹¹⁷ [ten thousand rupees or five per cent of the amount of tax involved] whichever is higher.	General
12.	Where any person who contravenes any provision of this Act or the rules for which no penalty has specifically been provided in this section.	Such person shall be liable to pay a penalty of ten thousand rupees or ¹¹⁸ [five] percent of the tax payable for the tax period to which the offence relates, whichever is higher.	General
13.	Where any person repeats an offence for which a penalty is provided under this Act.	Such person shall be liable to pay twice the amount of penalty provided under the Act for the said offence.	General

112 Substituted for 'twenty five thousand' vide the Punjab Finance Act, 2017 (Act XII of 2017) assented on 15th June, 2017

113 Substituted for the full-stop vide the Punjab Finance Act 2014 (XVII of 2014) assented on 25th June 2014

114 Proviso inserted vide the Punjab Finance Act 2014 (XVII of 2014) assented on 25th June 2014

115 Substituted for the entry "General" vide the Finance Act, 2015 (Act XXIX of 2015) assented on 26th June 2015

116 Substituted for ' General and section 59' vide the Punjab Finance Act, 2017 (Act XII of 2017) assented on 15th June, 2017

117 Substituted for the words "five thousand rupees or three per cent of the tax payable for the tax period to which the offence relates" vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022.

118 Substituted the word "three" vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022.

S. No.	Offences	Penalties	Section
1	2	3	4
14.	Where any person– (a) knowingly and without lawful authority gains access to or attempts to gain access to the computerized system; or (b) unauthorizedly uses or discloses or publishes or otherwise disseminates information obtained from the computerized system; or (c) falsifies any record or information stored in the computerized system; or (d) knowingly or dishonestly damages or impairs the computerized system; or (e) knowingly or dishonestly damages or impairs any duplicate tape or disc or other medium on which any information obtained from the computerized system is kept or stored; or (f) unauthorizedly uses unique user identifier of any other registered user to authenticate a transmission of information to the computerized system; or (g) fails to comply with or contravenes any of the conditions prescribed for security of unique user identifier.	Such person shall pay a penalty of twenty five thousand rupees or one hundred percent of the amount equal to the loss caused to the tax revenue. Such person shall further be liable, upon conviction by the Special Judge, to imprisonment for a term which may extend to one year, or with fine which may extend to an amount equal to the loss caused to the tax revenue, or with both.	General
¹¹⁹ [15]	Where any person: (a) avoids, denies or obstructs installation of electronic invoice monitoring system at a business premises; or (b) fails to comply with the electronic invoice monitoring system or issues invoices bypassing the system.	Such person shall be liable to pay a penalty of up to one ¹²⁰ [million] rupees, but not less than ¹²¹ [four hundred] thousand rupees. In case of three acts of commission or omission, the business premises of such person may further be liable to be sealed for a period which may extend to one month.	59A

¹¹⁹ Inserted vide the Punjab Finance Act, 2018 (Act XXX of 2018), dated 29th October, 2018

¹²⁰ Substituted the words “hundred thousand” vide the Punjab Finance Act 2025 (LVIII of 2025) dated 30th June 2025

¹²¹ Substituted the words “twenty five” vide the Punjab Finance Act 2025 (LVIII of 2025) dated 30th June 2025

S. No.	Offences	Penalties	Section
1	2	3	4
16	Where any person: (a) causes intentional damage to or intervention in the electronic invoice monitoring system; or (b) impedes or obstructs transmission of invoice data to the Authority.	Such person shall be liable to pay a penalty of one hundred thousand rupees for each act of commission. In case of three acts of such commission, the business premises of such person shall be liable to be sealed for a period which may extend to one month and such person shall further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to one year, or with fine which may extend to the amount equal to the tax payable for the tax period to which the offence relates, or with both.”	59A]
¹²² [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, ¹²³ [business bank account, changes in taxable / economic activity etc. in accordance with the requirements prescribed under this Act and rules made thereunder within fourteen days of such change].	¹²⁴ [Such person shall be liable to a penalty which may range from fifty thousand rupees to one hundred thousand rupees.]	25

¹²² Inserted vide the Punjab Finance Act, 2019 (Act XV of 2019, dated 28th October, 2019)

¹²³ Substituted for the words “branches etc. within fourteen days” vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022.

¹²⁴ Column No. 3 was substituted vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022. At the time of substitution column No. 3 was as under:-
“Such person shall be liable to pay a minimum penalty of fifty thousand rupees.”

S. No.	Offences	Penalties	Section
1	2	3	4
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 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.	¹²⁵ [59B]
¹²⁶ [21]	Where a registered person charges sales tax in excess to the rate provided in the Second Schedule	¹²⁷ [Such person shall be liable to pay a penalty of twenty thousand rupees on first default and fifty thousand rupees for each subsequent default: Provided that in case of three defaults, the business premises of such person may be liable to sealing for a period which may extend to one month.]	10]
¹²⁸ [22]	Where any person unauthorizedly issues an invoice in which an amount of tax is specified.	Such person shall be liable to pay a penalty of ten thousand rupees per invoice or five percent of the amount of tax involved, whichever is higher.	30
23	Where a bank fails to attach, or delays in attaching the bank account of a person, specified in the notice issued by an officer of the Authority, from whom tax is sought to be recovered, or fails to pay or delays payment of such amount.	Such bank shall be liable to pay a penalty of one hundred thousand rupees or one hundred percent of the tax sought to be recovered, whichever is higher. The concerned manager or officer incharge of such bank shall further be liable, upon conviction by a Special Judge, to imprisonment, which may extend to one year or with fine, which may extend to an amount equal to the amount of tax sought to be recovered or with both.	70

¹²⁵ Substituted the word "59A" vide the Punjab Finance Act 2021 (Act XIX of 2021, dated 30th June, 2021)

¹²⁶ Added vide the Punjab Finance Act 2021 (Act XIX of 2021, dated 30th June, 2021)

¹²⁷ Column No. 3 was substituted vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022. At the time of substitution column No. 3 was as under:-

"Such person shall be liable to pay a penalty of rupees ten thousand per invoice or ten percent of the invoice amount, whichever is higher"

¹²⁸ Added vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022.

S. No.	Offences	Penalties	Section
1	2	3	4
24	Where any person refuses to receive any notice or order issued by an officer of the Authority.	Such person shall be liable to pay a penalty of fifty thousand rupees or one hundred percent of the tax payable for the tax period to which the offence relates, whichever is higher.	38]
¹²⁹ [25	where any person refuses to accept payments through digital means i.e.(debit/credit cards, mobile wallets or QR scanning).	Such person shall be liable to pay a penalty of up to one million rupees: Provided that the penalty shall not be less than four hundred thousand rupees on first and three hundred thousand rupees on each subsequent default: Provided further that in case of three acts of commission or omission, the business premises of such person may further be liable to be sealed for a period which may extend to one month.	General]

49. Default surcharge.– (1) Notwithstanding the provisions of section 24, if a registered person does not pay the tax due or any part thereof, whether willfully or otherwise, on time or in the manner specified under this Act, rules or notifications or procedures issued thereunder, he shall, in addition to the tax due and any penalty under section 48, pay default surcharge at the rate mentioned below:-

- (a) the person liable to pay any amount of tax or charge shall pay default surcharge at the rate of inter-bank rate plus three percent per annum of the amount of the tax due; and
- (b) in case, the default is on account of tax fraud, the person who has committed tax fraud shall pay default surcharge at the rate of two percent per month, of the amount of tax evaded, till such time the entire liability including the amount of default surcharge is paid.

(2) For the purpose of calculation of default surcharge, the period of default shall be reckoned from the sixteenth day following the due date of the tax period to which the default relates, to the day preceding the date on which the tax due is actually paid.

Explanation: For purposes of this section, the tax due does not include the amount of penalty.

50. Exemption from penalty and default surcharge.– The Government may, by a notification in the official Gazette, exempt any registered person or any taxable service from payment of the whole or any part of the penalty and default surcharge subject to such conditions and limitations as may be specified.

51. Compounding of offences.– Notwithstanding anything contained in any other provision of this Act, where any person has committed any offence warranting prosecution under the Act, the Authority may, either before or after the institution of any proceedings for the prosecution of such offence, compound the offence and terminate the proceedings if such person pays the amount of the tax due along with such default surcharge and penalty as is determined by the Authority under the provisions of this Act and the rules.

52. Recovery of tax not levied or short-levied.— (1) Where by reason of inadvertence, error, misconstruction or for any other reason, any tax or charge has not been levied or has been short levied, the person liable to pay such amount of the tax or charge shall be served with a notice, within ¹³⁰[¹³¹eight] years] of the relevant tax period ¹³²[for periods before 1st of July 2022 and within five years from the end of the financial year in which the relevant tax period falls for tax periods after 1st July 2022,] requiring him to show cause for payment of the amount specified in the notice.

(2) Where by reason of some collusion, abetment, deliberate attempt, mis-statement, fraud, forgery, false or fake documents—

- (a) any tax or charge has not been paid or is, short paid, the person liable to pay such tax shall be served with a notice within ¹³³[eight] years of relevant tax period, ¹³⁴[for periods before 1st of July 2022 and within five years from the end of the financial year in which the relevant tax period falls for tax periods after 1st July 2022,] requiring him to show cause for non-payment of such tax; and
- (b) any amount of the tax is refunded which is not due, the person obtaining such refund shall be served with a notice within ¹³⁵[five years from the end of the financial year in which the refund was received] to show cause for recovery of such refund.
- (4) Any order under subsection (3) shall be made within one year from the end of the financial year in which the show cause notice is issued.

(3) The officer shall, after considering the objections of the person served with a notice under sub-sections (1) or (2) or if the objections are not received within the stipulated period, determine the amount of the tax or charge payable by him and such person shall pay the amount so determined.

(4) Any order under sub-section (3) shall be made within one hundred and twenty days of issuance of the notice to show cause or within such extended period as the officer may, for reasons to be recorded in writing, fix provided that such extended period shall not ordinarily exceed sixty days.

(5) In computing the period specified in sub-section (4), any period during which the proceedings are adjourned on account of a stay order or proceedings under section 69 ¹³⁶[***] shall be excluded.

53. Power to summon persons to give evidence and produce documents.— (1) An officer may summon any person whose attendance he considers necessary either to tender evidence or to produce documents or any other thing in any audit, inquiry, investigation or proceedings which such officer is making for any of the purposes of this Act and the rules.

(2) Any person summoned under sub-section (1) shall be bound to attend either in person or by an authorized agent, as the officer may direct.

(3) Notwithstanding anything in sub-sections (1) and (2), a person who is exempt from personal appearance in a Court under sections 132 and 133 of the Code of Civil Procedure 1908 (V of 1908), shall not be required to appear in person.

130 Substituted for the words “three years” vide the Punjab Finance Act 2014 (XVII of 2014) assented on 25th June 2014

131 Substituted the word “five” vide the Punjab Finance Act, 2018 (Act XXX of 2018), dated 29th October, 2018

132 Inserted vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022.

133 Substituted the word “five” vide the Punjab Finance Act, 2018 (Act XXX of 2018), dated 29th October, 2018

134 Inserted vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022.

135 Substituted for the words “eight years of the receipt of such refund” vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022.

136 Omitted for the words “or the time taken through adjournments by the petitioner not exceeding thirty days” vide the Punjab Finance Act, 2022 (Act IX of 2022), dated 24th June, 2022.

(4) Any proceedings under this Act or the rules before an officer shall be deemed to be judicial proceedings within the meaning of sections 193 and 228 of the Pakistan Penal Code 1860 (XLV of 1860).

54. Power to arrest and prosecute.— (1) An officer authorized by the Authority by notification in the official Gazette in this behalf, who on the basis of material evidence has reasonable cause to believe that any person has committed a tax fraud or any offence warranting prosecution under this Act, may cause arrest of such person.

(2) All arrests made under this Act shall be carried out in accordance with the relevant provisions of the Code of Criminal Procedure, 1898 (V of 1898).

(3) Where the person suspected of tax fraud or any offence warranting prosecution under this Act is a company, every director or officer of that company whom the officer has reason to believe is personally responsible for actions of the company contributing to the tax fraud or any offence warranting prosecution under this Act shall be liable to arrest provided that such arrest shall not absolve the company from the liabilities of payment of the tax, default surcharge and any penalty imposed or due under this Act.

55. Procedure to be followed on arrest of a person.— (1) When an officer arrests a person under section 54, he shall immediately intimate the fact of arrest of that person to the Special Judge who may direct such officer to produce that person at such time and place and on such date as the Special Judge considers expedient.

(2) Notwithstanding anything contained in sub-section (1), any person arrested under this Act shall be produced before the Special Judge or, if there is no Special Judge within a reasonable distance, to the nearest Magistrate within twenty-four hours of such arrest, excluding the time necessary for the journey from the place of arrest to the court of the Special Judge or of the Magistrate.

(3) When any person is produced under sub-section (2) before the Special Judge, the Special Judge may, on the request of such person, after perusing the record, if any and after giving the prosecution an opportunity of being heard, admit him to bail on his executing a bond, with or without sureties, or refuse to admit him to bail and direct his detention at such place as he deems fit.

(4) Nothing contained herein shall preclude the Special Judge from cancelling the bail of any such person at a subsequent stage if, for any reason, he considers such cancellation necessary, but before passing such order he shall afford such person an opportunity of being heard, unless for reasons to be recorded he considers that the affording of such opportunity shall defeat the purpose of this Act.

(5) When such person is produced under sub-section (2) before a Magistrate, such Magistrate may, after authorizing his detention in such custody at such place and for such period as he considers necessary or proper for facilitating his earliest production before the Special Judge, direct his production before the Special Judge on a date and time to be fixed by him or direct such person to be forthwith taken to, and produced before the Special Judge and he shall be so taken or produced.

(6) Nothing in sub-sections (2), (3) and (4) shall preclude the Special Judge or the Magistrate from remanding any such person to the custody of the officer holding an inquiry or investigation against that person if such officer makes a request in writing to that effect, and the Special Judge or the Magistrate, after perusing the record, if any, and hearing such person, is of the opinion that for the completion of inquiry or investigation it is necessary to make such order but the total period of such custody shall not exceed fourteen days.

(7) When any person is arrested under this Act, the arresting officer shall record the fact of arrest and other relevant particulars in the register specified in sub-section (11) and shall immediately proceed to inquire into the charge against such person and if he completes the inquiry within twenty-four hours of his arrest, and he may, after producing such person before the Special Judge or the Magistrate, make a request for his further detention in his custody.

(8) While holding an inquiry under sub-section (7), the officer shall exercise the same powers as are conferred upon or exercisable by an officer incharge of a police station under the Code of Criminal Procedure, 1898 (V of 1898), but such officer shall exercise such powers subject to the foregoing provisions of this section while holding an inquiry under this Act.

(9) If the officer, after holding an inquiry, is of the opinion that there is no sufficient evidence or reasonable ground for suspicion against such person, he shall release him on his executing a bond, with or without sureties, and shall direct such person to appear, as and when required, before the Special Judge, and make a report to the Special Judge for the discharge of such person and shall make a full report of the case to his immediate superior.

(10) The Special Judge to whom a report has been made under sub-section (8) may, after the perusal of record of the inquiry, and hearing the prosecution, agree with such report and discharge the accused or, if he is of the opinion that there is sufficient ground for proceedings against such person, proceed with his trial and direct the prosecution to produce evidence.

(11) The officer holding an inquiry under this section shall maintain a register to be called register of arrests and detentions in the form prescribed by the Government in which he shall enter the name and other particulars of every person arrested under this Act, together with the time and date of arrest, the details of the information received, the details of things, goods or documents, recovered from his custody, the name of the witnesses and the explanation, if any, given by him and the manner in which the inquiry has been conducted from day to day; and, such register or authenticated copies of its entries shall be produced before the Special Judge, whenever it is directed by the Special Judge.

(12) After completing the inquiry, the officer shall, as early as possible, submit to the Special Judge a complaint in the same form and manner in which the officer incharge of a police station submits a report before a Court.

(13) Any Magistrate of the first class may record any statement or confession during inquiry or investigations under this Act in accordance with the provisions of section 164 of the Code of Criminal Procedure, 1898 (V of 1898).

56. Authorized officers to have access to premises, stocks, accounts and records.—(1) Any officer, authorized in this behalf by the Authority by notification in the official Gazette, shall have free and full access to the business premises, registered office or any other place where any business records or documents required under this Act and the rules are kept or maintained by any registered person or a person liable for registration or whose business activities are covered under this Act and the rules or who may be required for any inquiry or investigation in any tax fraud committed by him or his agent or any other person; and such officer may, at any time, inspect the records, data, documents, correspondence, accounts, statements, utility bills, bank statements, information regarding nature and sources of funds or assets with which his business is financed, and any other records or documents, including those which are required under any other law maintained in any form or mode and may take into his custody such records, statements, diskettes or documents, in original or copies, in such form as the officer may deem fit against a signed receipt.

(2) The registered person, his agent or any other person specified in sub-section (1), shall answer any question or furnish such information or explanation as may be asked by the authorized officer.

(3) All other Government departments, local bodies, autonomous bodies, corporations or such other institutions shall supply requisite information and render necessary assistance to the authorized officer in the course of inquiry or investigation under this section.

57. Obligation to produce documents and provide information.— (1) Notwithstanding anything contained in this Act or any other law, any person required to maintain any record under this Act and the rules, shall, on demand by an officer,¹³⁷[***] by notice in writing, as and when specified in the notice—

- (a) produce for examination, such documents or records which the officer considers necessary or relevant to the audit, inquiry or investigation under this Act;
- (b) allow the officer to take extracts from or make copies of such documents or records; and
- (c) appear before the officer and answer any question put to him concerning the documents and records relating to the audit, inquiry or investigation referred to in clause (a).

¹³⁸[(2) An officer conducting an audit, enquiry, investigation or otherwise for the purposes of the Act or the rules may require in writing any person to furnish any information as is held by the person.]

(3) The Authority¹³⁹[or an officer authorized by the Authority] may require, in writing, any person, department, company or organization, to provide any information or data held by that person, department, company or organization, which, in the opinion of the Authority, is required for purposes of formulation of policy or administering or implementing this Act and the rules.

(4) Every person, department, company or organization shall furnish the information requisitioned by the Authority or the officer under sub-sections (2) or (3), within the time specified in the notice issued by the Authority.

58. Searches under warrants.— (1) Where any officer has reason to believe that any documents or things which in his opinion, may be useful for, or relevant to, any proceedings under this Act are kept in any place, he may after obtaining a warrant from the Magistrate or from the Commissioner, enter that place and cause a search to be made at any time.

(2) All searches made under sub-section (1) shall be carried out in accordance with the relevant provisions of the Code of Criminal Procedure, 1898 (V of 1898).

59. Posting of an officer to business premises.— (1) Subject to such conditions and restrictions as it deems fit to impose, the Authority may post an officer to the premises of a registered person to monitor the provision of services by such registered person.

(2) Notwithstanding anything contained in sub-section (1), if a Commissioner, on the basis of material evidence, has reasonable cause to believe that a registered person is involved in evasion of the tax or tax fraud, he may, by recording the grounds in writing, post an officer of the Authority to the premises of such registered person to monitor provision¹⁴⁰[and receipt] of services by such person.

(3) A person to whose premises, an officer of the Authority is posted under this section, shall provide on his own cost, all facilities required to meet the departmental requirements of such posting as determined by the Authority or the Commissioner.

¹⁴¹[**59A. Power to Seal the Business Premises.**—When an officer of the Authority not below the rank of Commissioner has reason to believe that the Act or the rules made thereunder are not obeyed and observed at a business premises, he may by an order in writing, seal that premises for a period which may extend to one month upon giving a notice in writing to this effect.

¹³⁷ Omitted the words “not below the rank of an Assistant Commissioner,” vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020)

¹³⁸ Substituted vide the Punjab Finance Act 2015 (XXIX of 2015) for the following:

“(2) An officer conducting an audit, inquiry or an investigation under the Act and the rules, may require in writing any person, department, company or organization to furnish such information as is held by that person, department, company or organization, which, in the opinion of the officer, is relevant to such audit, inquiry or investigation.”

¹³⁹ Inserted vide the Finance Act, 2015 (Act XXIX of 2015) assented on 26th June 2015

¹⁴⁰ Inserted vide the Punjab Finance Act 2021 (Act XIX of 2021, dated 30th June, 2021)

¹⁴¹ Inserted vide the Punjab Finance Act, 2018 (Act XXX of 2018), dated 29th October, 2018

59B. Monitoring or Tracking by Electronic or other Means.-(1) Subject to such conditions, restrictions and procedures, as it deems fit to impose, the Authority may, by notification in the official Gazette, determine any registered person or class of registered persons or any of the services or class of services in respect of which monitoring or tracking of provision of service or services may be enforced through electronic or other means.

(2) The Authority may, in the prescribed manner, devise and enforce an electronic system for monitoring and capturing the transactions recorded or the invoices issued by a registered person or a class of registered persons or a service or services or class of services, and for transferring the electronic information so obtained to its computer system at such times as it deems fit.

¹⁴²[(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.]

(3) The Commissioner may order, as and when required, video vigilance of the economic activity of a registered person or class of registered persons to monitor provision of taxable services including counting of heads of visiting customers, occupancy of sitting space and regularity of issuance of invoices.

(4) For the purpose of this section, the Authority shall, in the prescribed manner, take measures for the security protection and processing of personal data of natural persons.

(5) From such date as may be specified by the Authority, the persons providing or rendering taxable services shall compulsorily use such electronic means, modes or systems, as may be prescribed by the Authority for issuance of tax invoice.]

60. Powers of adjudication.-(1) In respect of cases involving determination of tax liability, assessment of the tax, charging of default surcharge, imposition of penalty and recovery of amount erroneously refunded or any other contravention or violation including tax fraud under this Act or the rules, the jurisdiction and powers of adjudication of the officers shall be as follows:-

(a) **Additional Commissioner:** Cases without any restriction as to the amount of the tax involved ¹⁴³[***];

¹⁴⁴[(b) Assistant Commissioner/Deputy Commissioner: Cases where the amount of the tax involved does not exceed ten million rupees; and]

¹⁴⁵[(c) Enforcement Officer/Audit-cum-Risk Compliance Officer: Cases where the amount of the tax involved does not exceed five million rupees; and]

¹⁴⁶[(d) **Other officers of the Authority:** Such cases or class of cases as may be prescribed by the Authority.]

142 Inserted vide the Punjab Finance Act, 2019 (Act XV of 2019, dated 28th October, 2019)

143 Omitted the words "or amount erroneously refunded" vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020)

144 Clause (b) was substituted vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020. At the time of substitution clause (b) was as under:-

"(b) **Deputy Commissioner:** Cases where the amount of the tax involved or the amount erroneously refunded does not exceed two and a half million rupees;"

145 Clause (c) was substituted vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020. At the time of substitution clause (c) was as under:-

"(c) **Assistant Commissioner:** Cases where the amount of the tax involved or the amount erroneously refunded does not exceed one million rupees; and"

146 Clause (d) was substituted vide the Punjab Finance Act, 2019 (Act XV of 2019, dated 28th October, 2019). At the time of substitution clause (d) was as under:-

"(d) other officers of the Authority: Such cases, other than those mentioned above, as may be prescribed."

(2) The Commissioner may adjudicate any case falling in the jurisdiction and powers of any officer subordinate to him ¹⁴⁷[or falling in jurisdiction specifically assigned to him by the Authority” shall be inserted] and appeal against the order passed by the Commissioner in such case shall lie to the Appellate Tribunal.

(3) The Authority may regulate the system of adjudication including transfer of cases and extension of time limit.

¹⁴⁸[(4) Notwithstanding the provisions of subsection (1), the Authority may assign a case or class of cases to any of its officers involving any amount of tax involved.]

Explanation: For purposes of this section, the tax means the principal amount of the tax other than default surcharge and in case where only default surcharge is involved, the amount of default surcharge.

61. Revision by the Commissioner.– (1) The Commissioner may, of his own motion or on an application made in writing by a registered person for revision, call for and examine the record of any proceedings under this Act in which an order has been passed by an officer subordinate to him.

(2) If after examining the record under sub-section (1), the Commissioner is not satisfied with the legality or propriety of any order passed by an officer, the Commissioner may make such revision to the order as he may think fit.

(3) No order imposing or enhancing any penalty or fine requiring payment of a greater amount of the tax than the originally levied amount shall be passed unless the person affected by such order has been given an opportunity of showing cause and of being heard.

(4) The Commissioner shall not revise any order under sub-section (2) if–

- (a) an appeal under section 63 is pending or the matter has been referred for resolution under section 69;
- (b) where an appeal against the order lies under section 63, the time within which such appeal can be made has not expired or the person has not waived in writing his right of appeal;
- (c) in the case of an application made by a person, the application has not been made within ninety days of the date on which such order was served on the person, unless the Commissioner is satisfied that the person was prevented by sufficient cause from making the application within the time allowed; and
- (d) in the case where the Commissioner has on his own motion called for and examined an order passed by a subordinate officer, more than five years have lapsed from the date of the original order.

(5) No application for revision of an assessment shall be made under sub-section (1) unless the amount of the tax due under the assessment, as is not in dispute, has been paid by the taxpayer.

62. Revision by the Authority.– (1) The Authority may, of its own motion, call for and examine the record of any departmental proceedings under this Act or the rules for the purpose of satisfying itself as to the legality or propriety of any decision or order passed therein by an officer.

(2) If after examining the record under sub-section (1), the Authority is not satisfied with the legality or propriety of any decision or order passed by an officer, it may pass such order as it may think fit.

¹⁴⁷ Inserted vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020)

¹⁴⁸ Added vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020)

(3) No order imposing or enhancing any penalty or fine requiring payment of a greater amount of the tax than the originally levied amount shall be passed unless the person affected by such order has been given an opportunity of showing cause and of being heard.

(4) No proceeding under this section shall be initiated in a case where an appeal under section 66 is pending or the matter has been referred for resolution under section 69.

(5) No order shall be made under this section after the expiry of five years from the date of the original decision or order of the subordinate officer referred to in sub-section (1).

CHAPTER IX

APPEALS

63. Appeals.— (1) Any person, other than the Authority or any of its employees, aggrieved by any decision or order passed under section 60 by an officer of the Authority other than Commissioner may, within thirty days of the date of receipt of such decision or order, prefer an appeal to the Commissioner (Appeals).

(2) An appeal under sub-section (1) shall—

- (a) be in the prescribed form;
- (b) be verified in the prescribed manner;
- (c) state precisely the grounds upon which the appeal is made;
- (d) be accompanied by the fee specified in sub-section (3); and
- (e) be lodged with the Commissioner (Appeals) within the time set out in sub-section (4).

(3) The prescribed fee shall be—

- (a) where the appellant is a company, one thousand rupees; or
- (b) where the appellant is not a company, two hundred rupees.

¹⁴⁹[(4) An appeal under subsection (1) may be filed manually or electronically as may be specified by the Authority.]

(5) The Commissioner (Appeals) may, upon application in writing by the appellant, admit an appeal after the expiration of the period specified in sub-section (4) if the Commissioner (Appeals) is satisfied that the appellant was prevented by sufficient cause from lodging the appeal within that period.

64. Procedure in appeal.— (1) The Commissioner (Appeals) shall give notice of the day fixed for the hearing of the appeal to the appellant and to the officer of the Authority against whose order the appeal has been made.

(2) The Commissioner (Appeals) may adjourn the hearing of the appeal from time to time.

(3) The Commissioner (Appeals) may, before the hearing of an appeal, allow the appellant to file any new ground of appeal not specified in the grounds of appeal already filed by the appellant where the Commissioner (Appeals) is satisfied that the omission of the ground from the form of the appeal was not willful or unreasonable.

149 *Sub-section (4) was substituted vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020. At the time of substitution Sub-section (4) was as under:-*

“(4) An appeal shall be preferred to the Commissioner (Appeals) within thirty days of the receipt of the decision or order passed under section 60.”

(4) The Commissioner (Appeals) may stay the recovery of any tax due by virtue of the decision or order being appealed against and any such order made by the Commissioner (Appeals) shall remain operative for not more than fifteen days during which period a notice shall be issued to the respondent and after hearing the parties, the order staying recovery may be confirmed, varied or vacated as the Commissioner (Appeals) deems fit but the stay order so confirmed or varied shall remain operative for not more than sixty days, including any period for which the recovery may have been stayed prior to the confirmation or variation of the stay order.

(5) The Commissioner (Appeals) may, before disposing of an appeal, call for such particulars, documents, records or information as the Commissioner (Appeals) may require respecting the matters arising in the appeal or cause further inquiry to be made by the officer of the Authority.

65. Decision in appeal.— (1) In disposing of an appeal lodged under section 63, the Commissioner (Appeals) may pass such order as he thinks fit, confirming, varying, altering, setting aside or annulling the decision or order appealed against.

(2) In deciding an appeal, the Commissioner (Appeals) may make such further inquiry as may be necessary provided that he shall not remand the case for *de novo* consideration.

(3) The Commissioner (Appeals) shall not increase the amount of any tax payable by the appellant unless the appellant has been given an opportunity of showing cause against such increase.

(4) The Commissioner (Appeals) shall communicate his order to the appellant and the Authority.

(5) An order passed by the Commissioner (Appeals) under sub-section (1) shall be passed not later than one hundred and twenty days from the date of filing of appeal or within such extended period, not exceeding sixty days, as the Commissioner (Appeals) may, for reasons to be recorded in writing, fix.

(6) In computing the aforesaid time period, any period during which the proceedings are adjourned on account of a stay order or proceedings under section 69 or the time taken through adjournments by the appellant shall be excluded.

¹⁵⁰[***]

¹⁵¹[***]

(9) For purposes of sub-section (5), any period during which the hearing of an appeal is adjourned on the request of the appellant shall be excluded in the computation of the period mentioned in the sub-section.

66. Appeal to the Appellate Tribunal.— ¹⁵²(1) Any person including an officer of the Authority not below the rank of an Additional Commissioner, aggrieved by any order passed by the:

¹⁵⁰ Sub-section (7) was omitted vide the Punjab Finance Act 2021 (Act XIX of 2021, dated 30th June, 2021). At the time of substitution sub-section (7) was as under:-

“(7) Where the Commissioner (Appeals) has not made an order under sub-section (1) before the expiration of one hundred and eighty days from the end of the month in which the appeal was lodged, the Commissioner (Appeals) shall transfer his appeal to the Appellate Tribunal and the Tribunal shall decide the appeal under this Act as if it has been filed against the order of the Commissioner (Appeals).”

¹⁵¹ Sub-section (8) was omitted vide the Punjab Finance Act 2021 (Act XIX of 2021, dated 30th June, 2021). At the time of substitution sub-section (8) was as under:-

“(8) While transferring the undecided appeal to the Appellate Tribunal, the Commissioner (Appeals) shall attach his comprehensive report explaining the circumstances and reasons due to which the appeal could not be decided within time.”

¹⁵² Sub-section (1) was substituted vide the Punjab Finance Act, 2019 (Act XV of 2019, dated 28th October, 2019). At the time of substitution sub-section (1) was as under:-

- (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 ¹⁵³[sixty] days of the receipt of such decision or order, prefer an appeal to the Appellate Tribunal.]
- (2) An appeal under sub-section (1) shall be—
- (a) in the prescribed form;
 - (b) verified in the prescribed manner; ¹⁵⁴[and]
 - (c) accompanied, except in case of an appeal preferred by an officer by the fee specified in sub-section (3); ¹⁵⁵[.]

¹⁵⁶[***]

- (3) The fee for an appeal shall be two thousand rupees.

(4) The Appellate Tribunal may, upon application in writing, admit an appeal after the expiration of the period specified in ¹⁵⁷[subsection (1)] if it is satisfied that the person appealing was prevented by sufficient cause from filing the appeal within that period.

67. Disposal of appeals by the Appellate Tribunal.—(1) The Appellate Tribunal may, before disposing of an appeal, call for such particulars, documents, records or information as it may require in respect of the matters arising from the appeal or cause further inquiry to be made by the officer of the Authority.

(2) The Appellate Tribunal shall afford an opportunity of being heard to the parties to the appeal and, in case of default by any of the parties on the date of hearing, the Tribunal may, if it deems fit, dismiss the appeal in default, or may proceed *ex-parte* to decide the appeal on the basis of the available record but the Appellate Tribunal shall decide the appeal within six months from the date of filing of the appeal.

(3) The Appellate Tribunal may stay the recovery of any tax due by virtue of the decision or order being appealed against and any such order made by the Appellate Tribunal shall remain operative for no more than thirty days during which period a notice shall be issued to the respondent and after hearing the parties, the order staying recovery may be confirmed, varied or vacated as the Appellate Tribunal deems fit but the stay order so confirmed or varied shall remain operative for not more than ninety days including any period for which the recovery may have been stayed prior to the confirmation or variation of the stay order.

(4) In deciding the appeal, the Appellate Tribunal may, without prejudice to the powers specified in sub-section (2), make an order to—

“(1) Where the taxpayer or the officer not below the rank of Additional Commissioner objects to any order passed by the Commissioner (Appeals), including an order under sub-section (4) of section 64, the taxpayer or the officer may appeal to the Appellate Tribunal against such order.”

153 Substituted the word “thirty” vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020)

154 Inserted vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020)

155 Substituted vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020)

156 Clause (d) was omitted vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020). At the time of omission clause (d) was as under:-

“(d) preferred to the Appellate Tribunal within sixty days of the date of receipt of the order of the Commissioner (Appeals) by the taxpayer or the officer.”

157 Substituted the words “clause (d) of subsection (2)” vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020)

- (a) affirm, modify or annul the order being appealed against; or
- (b) remand the case to the officer or the Commissioner (Appeals) for making such inquiry or taking such action as the Tribunal may direct.

(5) The Appellate Tribunal shall not increase the amount of any tax payable, penalty or default surcharge unless the taxpayer has been given a reasonable opportunity of showing cause against such increase.

(6) The Appellate Tribunal shall communicate its order to the taxpayer and the Commissioner.

(7) Save as provided in any other law, the decision of the Appellate Tribunal on an appeal shall be final.

¹⁵⁸[67A. **Reference to the High Court.**-(1) A reference to the High Court shall lie only if a question of law is involved in a case.

(2) Notwithstanding anything contained in section 67, a taxpayer or the officer not below the rank of Additional Commissioner, aggrieved by any decision or order of the Appellate Tribunal may, within sixty days of communication of such decision or order, prefer a reference, in the prescribed form, along with a statement of the facts of the case and the question of law involved in that case to the Lahore High Court Lahore.

(3) The reference under this section shall be heard by a Bench of at least two Judges of the High Court and the provisions of section 98 of the Code of Civil Procedure 1908 (V of 1908) shall apply mutatis mutandis to such reference.

(4) The High Court shall send a copy of its judgment under the seal of the Court to the Appellate Tribunal.

(5) Notwithstanding a reference preferred in the High Court under this section, the tax shall be paid in accordance with the order of the Appellate Tribunal.

(6) If the tax liability is reduced by the High Court and the Authority decides to seek leave to appeal to the Supreme Court, the Authority may, within thirty days of the receipt of the judgment in the reference, apply to the High Court to postpone the refund of tax until the decision by the Supreme Court.

(7) Section 5 of the Limitation Act 1908 (IX of 1908) shall apply to a reference under this section.

(8) A court fee of rupees one thousand shall be paid for a reference under this section except when it is filed by the Authority.]

68. Deposit of the tax demand while appeal is pending.— Where in any appeal, the decision or order appealed against relates to any tax demanded under this Act, the person who has filed the appeal shall, pending the appeal, deposit the admitted amount of the tax based on the return filed under section 35 or as may be determined by the Commissioner (Appeals) or the Appellate Tribunal where such return has not been filed.

69. Alternate dispute resolution.— (1) Notwithstanding any other provisions of this Act or the rules, any registered person aggrieved in connection with any dispute pertaining to—

- (a) the liability of the tax against the registered person;
- (b) the extent of waiver of default surcharge and penalty;

¹⁵⁸ Inserted vide the Punjab Finance Act, 2018 (Act XXX of 2018), dated 29th October, 2018

- (c) relaxation of any procedural or technical irregularities and condonation of any prescribed time limitation; and
- (d) any other specific relief required to resolve the dispute, may apply to the Authority for the appointment of a committee for the resolution of any dispute mentioned in detail in the application.

(2) Notwithstanding anything contained in sub-section (1), the Authority shall not accept an application under sub-section (1) where criminal proceedings have been initiated or where the Authority is of the opinion that the interpretation of a question of law having a larger impact on revenue or on a number of similar cases is involved.

(3) The Authority may, after examination of the application of a registered person, appoint a committee of not less than three persons within thirty days of receipt of such application, consisting of an officer of the Authority not below the rank of an Additional Commissioner and nominees from the notified panel consisting of chartered or cost accountants, advocates, representatives of trade bodies or associations, retired officers of the rank of not less than BS-20, retired judges, or any other reputable taxpayers, for the resolution of the dispute.

(4) The committee constituted under sub-section (3) shall examine the issue and may, if it deems fit, conduct an inquiry, seek expert opinions, direct any officer of the Authority or any other person to conduct an audit and shall make recommendations to the Authority within ninety days of its constitution in respect of the dispute.

(5) If the committee fails to make recommendations within the said period, the Authority may dissolve the committee and constitute a new committee which shall decide the matter within a further period of ninety days and even if after the expiry of that period the dispute is not resolved, the matter shall be taken up before the appropriate forum provided under this Act for decision.

(6) The Authority may, on the recommendation of the committee, pass such order, as it may deem appropriate within forty-five days of the receipt of the recommendations of the committee.

(7) The registered person may make payment of the tax as determined by the Authority in its order under sub-section (6), and such order of the Authority shall be submitted before the forum, Appellate Tribunal or the Court where the matter is pending adjudication for consideration of orders as deemed appropriate.

CHAPTER X

RECOVERY OF ARREARS

70. Recovery of arrears of tax.—(1) Subject to sub-section (2), where any amount of the tax is due from any person, the officer of the Authority¹⁵⁹[appointed under section 39] may—

- (a) deduct the amount from any money owing to the person from whom such amount is recoverable and which may be at the disposal or in the control of such officer or any officer of the Authority;
- (b) require by a notice in writing any person who holds or may subsequently hold any money for or on account of the person from whom tax is recoverable to pay to such officer the amount specified in the notice;

¹⁶⁰[(bb) require by a notice in writing payment of money owed to a taxpayer by any person on account of legally enforceable relations created between the taxpayer and the other

¹⁵⁹ Inserted vide the Finance Act, 2016 (Act XXXV OF 2016)

person including but not limited to purchase contracts, contracts with creditor financial institutions or with banking companies, ¹⁶¹[including running and demand finance] lease contracts; loan agreements, building loan contracts, life insurance contracts, employment or work contracts.]

- (c) require by a notice in writing any bank to attach that person's bank accounts ¹⁶²[and recover the amount payable or recover such amount without attachment];
- (d) seal the person's business premises till such time as the amount of the tax is paid or recovered in full;
- (e) attach and sell or sell without attachment any movable or immovable property of the person from whom the tax is due; and
- (f) recover such amount by attachment and sale of any movable or immovable property of the guarantor, person, company, bank or financial institution where a guarantor or any other person, company, bank or financial institution fails to make payment under such guarantee, bond or instrument.

¹⁶³[(g) arrest or cause to arrest a defaulter and cause his detention in prison for a period not exceeding six months subject to the condition that the adjudged amount has been upheld by the Appellate Tribunal.]

¹⁶⁴[Provided that no action shall be taken against the person during the pendency of the appeal, if any, under section 63 of the Act if he deposits at least ¹⁶⁵[ten] per cent the amount of the tax demanded from him.]

(2) If any arrears of tax, default surcharge, penalty or any other amount which is payable by any person cannot be recovered in any manner whatsoever, the Authority or the Commissioner if so authorized by the Authority, may for reasons to be recorded in writing write off the arrears or amount in the manner in the prescribed manner.

¹⁶⁶[(3) For the purpose of recovery of tax, penalty or any other demand or sum under this Act or the rules, the Authority or the officer of the Authority may exercise the powers of a Civil Court under the Code of Civil Procedure, 1908 (V of 1908) for recovery of an amount due under a decree and, in such an eventuality, the Authority or the officer of the Authority shall be deemed to be a Civil Court.]

CHAPTER XI

AGENTS, REPRESENTATIVES AND E-INTERMEDIARIES

71. Agent.—(1) For purposes of this Act and subject to sub-sections (2) and (3), the expression 'agent' in respect of a registered person, means—

- (a) where the person is an individual under a legal disability, the guardian or manager who receives or is entitled to receive income, financial gains or benefits, funds, money or property on behalf, or for the benefit of, the individual;

¹⁶⁰ Substituted vide the Punjab Finance Act, 2017 (Act XII of 2017) assented on 15th June, 2017. Before substitution clause (b) appeared as given below:-

¹⁶¹ Inserted vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020)

¹⁶² Inserted vide the Punjab Finance Act, 2019 (Act XV of 2019, dated 28th October, 2019)

¹⁶³ Inserted vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020)

¹⁶⁴ Added vide the Punjab Finance Act, 2017

¹⁶⁵ Substituted the words "twenty five" vide the Punjab Finance Act, 2020 (Act VIII of 2020, dated 29th June, 2020)

¹⁶⁶ Inserted vide the Punjab Finance Act 2014 (XVII of 2014) assented on 25th June 2014

- (b) where the person is a company (other than a Trust, a Provincial Government, or local authority in Pakistan), a director or a manager or secretary or accountant or any similar officer of the company;
- (c) where the person is a Trust declared by a duly executed instrument in writing, whether testamentary or otherwise, any trustee of the trust;
- (d) where the person is a Provincial Government, or local authority in Pakistan, any individual responsible for accounting for the receipt and payment of money or funds on behalf of the Provincial Government or the local authority;
- (e) where the person is an association of persons, a director or a manager or secretary or accountant or any similar officer of the association or, in the case of a firm, any partner in the firm;
- (f) where the person is the Federal Government, any individual responsible for accounting for the receipt and payment of moneys or funds on behalf of the Federal Government ¹⁶⁷[:
Provided that no action shall be taken against the person during the pendency of the appeal, if any, under section 63 of the Act if he deposits at least twenty five per cent the amount of the tax demanded from him.]; or
- (g) where the person is a public international organization, or a foreign government or political sub-division of a foreign government, any individual responsible for accounting for the receipt and payment of moneys or funds in Pakistan on behalf of the organization, government, or political subdivision of the government; or
- (h) when any person is expressly or impliedly authorized by a registered person to be his agent for all or any of the purposes of this Act.

(2) Where Court of Wards, Administrator General, Official Trustee, or any receiver or manager appointed by, or under any order of a Court receives or is entitled to receive income on behalf, or for the benefit of any person, such Court of Wards, Administrator General, Official Trustee, receiver or manager shall be the agent of the person for purposes of this Act.

(3) Notwithstanding anything in this section, any registered person may expressly or impliedly authorize another person to be his agent for all or any of the purposes this Act.

72. Liability and obligations of agents.—(1) Every agent of a person shall be responsible for performing any duties or obligations imposed by or under this Act and the rules on the person, including the payment of the tax.

(2) Subject to sub-section (5) of this section, the tax that by virtue of sub-section (1), is payable by an agent of a registered person shall be recoverable from the agent only to the extent of any assets of the registered person that are in the possession or under the control of the agent.

(3) Every agent of a registered person who pays any tax owing to the registered person shall be entitled to recover the amount so paid from the registered person or to retain the amount so paid out of any moneys of the registered person that are in the agent's possession or under the agent's control.

(4) Any agent, or any person who apprehends that he may be assessed as an agent, may retain out of any money payable by him to the person on whose behalf he is liable to pay the tax (hereinafter in this section referred to as the 'principal'), a sum equal to his estimated liability under this Act, and in the event of disagreement between the principal and such an agent or a person as to the amount to be so retained, such agent or person may obtain from the Commissioner a certificate stating the

¹⁶⁷ For the full stop, a colon was substituted and thereafter the proviso was added vide the Punjab Finance Act, 2017 (Act XII of 2017) assented on 15th June, 2017

amount to be so retained pending final determination of the tax liability and the certificate so obtained shall be his conclusive authority for retaining that amount.

(5) Every agent shall be personally liable for the payment of any tax due by the agent if, while the amount remains unpaid, the agent—

- (a) alienates, charges or disposes of any moneys received or accrued in respect of which the tax is payable; or
- (b) disposes of or parts with any moneys or funds belonging to the registered person that is in the possession of the agent or which comes to the agent after the tax is payable, if such tax could legally have been paid from or out of such moneys or funds.

(6) Nothing in this section shall relieve any person from performing any duties imposed by or under this Act on the person which the agent of the person has failed to perform.

73. Liability of the registered person for the acts of his agent.— A registered person shall be responsible for any and all acts done by his agent.

74. Appearance by authorized representative.— A registered person required to appear before the Appellate Tribunal or an officer in connection with any proceedings under this Act may, in writing, authorize any person having such qualification as may be prescribed by the Authority, to represent him or appear on his behalf.

75. E-intermediaries to be appointed.— (1) Subject to such conditions, limitations and restrictions as the Authority may impose, the Authority may, by a notification in the official Gazette, appoint a person as e-intermediary to electronically file returns and other electronic documents under this Act and the rules on behalf of a registered person.

(2) A registered person may authorize an e-intermediary to electronically file returns or any other documents on his behalf as specified in sub-section (1).

(3) The return or such other documents filed by an e-intermediary on behalf of a registered person shall be deemed to have been filed by that registered person.

(4) Where this Act requires anything to be done by a registered person and if such thing is done by an e-intermediary authorized by the registered person under sub-section (2), unless the contrary is proved, such thing shall be deemed to have been done with the knowledge and consent of the registered person so that in any proceedings under this Act, the registered person shall be liable as if the thing has been done by him.

(5) Where an e-intermediary, authorized by a registered person under sub-section (2) to act on his behalf, knowingly or willfully submits false or incorrect information or document or declaration with an intent to avoid payment of the tax due or any part thereof, such e-intermediary shall be jointly and severally responsible for recovery of the amount of tax short paid as a result of such incorrect or false information or document or declaration, without prejudice to any other action that may be taken against him or the registered person under the relevant provisions of the law.

(6) The Authority may, by notification in the official Gazette, prescribe rules for the conduct and transaction of business of e-intermediaries, including their appointment, suspension and cancellation of appointment, subject to such conditions and restrictions as specified in such rules.

CHAPTER XII

GENERAL ADMINISTRATION

76. Power to make rules.— (1) The Authority may, with the approval of the Government and by notification in the official Gazette, make the rules for carrying out the purposes of any of the provisions of this Act.

(2) All rules made under sub-section (1) during a financial year shall be laid in Provincial Assembly of the Punjab at the time of presentation of the Annual Budget for the next financial year.

(3) The rules made under this Act shall be collected, arranged and published along with general orders and departmental instructions, directions, notifications and rulings, if any, at appropriate intervals and sold to the public at a reasonable price.

¹⁶⁸[**76A. Power to restrain certain authorities.**—The Authority may, with the approval of the Government and by notification in the official Gazette, require that any authority competent to issue or renew a license or to grant permission to any person to engage in an economic activity which is a taxable service, shall not issue or renew such license or grant permission unless the licensee or the grantee furnishes the evidence that he is a duly registered person under section 25, section 26 or section 27 of the Act.]

77. Computerized system.— (1) The Authority may prescribe the use of a computerized system for carrying out the purposes of this Act and the rules including the receipt of applications for registration, returns and such other declarations or information required to be provided under this Act and the rules from such date and for such registered persons or class of persons as the Authority may, by notification in the official Gazette, specify.

(2) The Authority may regulate the conduct and transaction of business in relation to the submission of returns or other information to the Authority by the persons required to transmit or receive any information through the computerized system, including matters such as the grant of authorization, suspension and cancellation of authorization and for security of the information transmitted or received through the computerized system.

(3) The information received in the computerized system from or on behalf of any registered person shall, for all official and legal purposes, be deemed to have been furnished by and received from such registered person.

(4) The business information gathered through computerized system shall be confidential to be used only for official and legal purposes and no unauthorized person shall claim or be provided any access to such information.

78. Service of orders and decisions.— (1) Subject to this Act, any notice, order or requisition required to be served on an individual for the purposes of this Act shall be treated as properly served on the individual if—

- (a) personally served on the individual or, in the case of an individual under a legal disability the agent of the individual;
- (b) sent by registered post or courier service to the individual's usual or last known address in Pakistan; or
- (c) served on the individual in the manner prescribed for service of a summons under the Code of Civil Procedure, 1908 (*V of 1908*).

(2) Subject to this Act, any notice order or requisition required to be served on any person, other than an individual to whom sub-section (1) applies, for the purposes of this Act, shall be treated as properly served on the person if—

- (a) personally served on the agent of the person;

¹⁶⁸ Inserted vide the Punjab Finance Act, 2017 (Act XII of 2017) assented on 15th June, 2017

- (b) sent by registered post or courier service to the person's registered office or address for service of notices under this Act in Pakistan or where the person does not have such office or address, the notice is sent by registered post to any office or place of business of the person in Pakistan; or
- (c) served in the manner prescribed for service of a summons under the Code of Civil Procedure, 1908 (V of 1908).

(3) Where an association of persons is dissolved, any notice, order or requisition required to be served under this Act, on the association or a member of the association may be served on any person who was the principal officer or a member of the association immediately before such dissolution.

(4) Where a business stands discontinued, any notice order or requisition required to be served under this Act, on the person discontinuing the business may be served on the person personally or on any individual who was the person's agent at the time of discontinuance.

(5) The validity of any notice issued under this Act or the validity of any service of a notice shall not be called into question after the notice has been complied with in any manner.

(6) Any registered person may indicate, in the manner prescribed by the Authority, that he wishes to electronically receive all or specific communications, including notifications, orders, assessments and requisitions from the Authority, the Appellate Tribunal or any officer of the Authority.

(7) The Authority may, by notification in the official Gazette, direct that all or specific communications, including notifications, orders, assessments and requisitions ¹⁶⁹[including notices and show cause notices] from the Authority, the Appellate Tribunal or any officer to a specific registered person or class of registered persons shall be made electronically.

(8) For purposes of sub-sections (6) and (7), a registered person shall be considered to have received the electronic communication within seventy two hours of the sending of the electronic communication by the Authority, Appellate Tribunal or the officer of the Authority.

(9) For purposes of sub-sections (6), (7) and (8), an electronic communication includes a communication sent by email.

79. Correction of clerical errors.—(1) Any clerical or arithmetical error in any assessment, adjudication order or decision may, at any time, be corrected by the officer of the Authority who made the assessment or adjudication or passed such order or decision or by his successor in office, through an order made under this section.

(2) Before any correction is made under sub-section (1), a notice shall be given to the registered person likely to be affected by such correction.

80. Issuance of duplicate of the tax documents.— An officer of the Authority not below the rank of the Assistant Commissioner may, on payment of one hundred rupees, issue an attested copy of any document filed by a registered person with the Authority.

81. Power to issue orders, instructions and directions.— The Authority may issue such orders, instructions and directions, not inconsistent with this Act and the rules, to all officers of the Authority, as it may deem necessary to implement, administer or enforce the provisions of this Act and the rules.

82. Officers of the Authority to follow orders.— (1) All officers of the Authority and other persons employed in the administration of this Act and the rules shall observe and follow the orders, instructions and directions of the Authority.

169 *Inserted vide the Punjab Finance Act, 2017 (Act XII of 2017) assented on 15th June, 2017*

(2) No such orders, instructions or directions shall be given so as to interfere with the powers or discretion of officers of the Authority in the exercise of their judicial or quasi-judicial functions.

CHAPTER XIII

MISCELLANEOUS

83. Computation of limitation period.— In computing the period of limitation prescribed for any appeal or application under this Act, the day on which the order complained of was served and, if the concerned person was not furnished with a copy of the order, the time requisite for obtaining a copy of such order shall be excluded.

84. Condonation of time-limit.— (1) Where any time or period has been specified under any of the provisions of the Act or the rules within which any act or thing, including submission of an application, filing of a return or payment of tax, is to be done, the Authority may permit such application to be made or such act or thing to be done within such time or period as it may consider appropriate.

(2) The Authority may, by notification in the official Gazette, and subject to such limitations or conditions as may be specified therein, empower any Commissioner or the officer of the Authority to exercise the powers under this section in any case or class of cases.

¹⁷⁰[**Explanation.**—The expression "act or thing to be done" includes an act or thing to be done by a registered person or by an authority specified in section 39 of the Act.]

85. Bar of suits, prosecution and other legal proceedings.— (1) No suit shall be brought in any civil court to set aside or modify any order passed, any assessment made, any tax levied, any penalty or default surcharge imposed or collection of any tax made under this Act.

(2) No suit, prosecution or other legal proceeding shall lie against the Government or against any public servant in respect of any order passed in good faith under this Act.

(3) Notwithstanding anything in any other law, no investigation or inquiry shall be undertaken or initiated by any government agency against any officer or official for anything done in his official capacity under this Act, except with the permission of the Authority.

86. Removal of difficulties.— (1) The Government may pass such order for removing any difficulty or for bringing the provisions of this Act into effective operation direct that provisions of this Act shall, during such period as may be specified in the order, have effect subject to such adaptations whether by way of modification or addition or omission as it may deem to be necessary or expedient.

(2) The power under this section shall not be exercised after the expiry of two years from the commencement of this Act.

87. Repeal and savings.— (1) The Punjab Sales Tax Ordinance, 2000 (II of 2000) is hereby repealed.

(2) Any proceeding under the repealed Ordinance pending on the date notified under sub-section (3) of section 1 before any authority, forum or any court by way of adjudication, assessment, appeal, reference, revision or prosecution shall be continued and disposed of as if this Act has not come into force.

(3) Where the Government or the Authority takes any action, makes any decision or orders, issues any instructions, directions, clarifications or notifications in pursuance of or in exercising of powers conferred under any provision of any law in respect of any matter relating to the tax and allied issues covered under this Act or the rules, such actions, decisions, orders, instructions, directions, clarifications and notifications shall be deemed to have been validly issued to serve the purposes of this Act and the rules.

¹⁷⁰ Added vide the Punjab Finance Act, 2017 (Act XII of 2017) assented on 15th June, 2017

(4) Where so directed by the Government, any tax payable but not paid under the Punjab Sales Tax Ordinance, 2000 (II of 2000) may be recovered under this Act, but without prejudice to any action already taken for the recovery of the amount under the said Ordinance.

¹⁷¹**[88. Prize schemes to promote tax culture.**– The Authority may, with the approval of the Government, prescribe prize schemes to encourage the general public to make purchases only from registered persons issuing tax invoices.]

¹⁷²**[89. Reward to whistleblowers.**– (1) The Authority may, with the approval of the Government, sanction reward to a whistleblower.

(2) The Authority may, by notification, prescribe the procedure in this behalf and also specify the apportionment of reward sanctioned under this section for a whistleblower.

(3) The claim for reward by the whistleblower shall be rejected if–

- (a) the information provided is of no value;
- (b) the Authority already had the information;
- (c) the information was available in public records; or
- (d) no collection of tax is made from the information provided by a whistleblower.

(4) Where, after providing an opportunity of being heard, it is found that a whistleblower has provided false, misleading or frivolous information, he shall be liable to a penalty of one hundred thousand rupees.

(5) In this section, ‘whistleblower’ means a person who reports concealment or evasion of tax or tax fraud leading to detection or collection of the tax.]

¹⁷³**[FIRST SCHEDULE**
Tax Free Services
(see section 3A)

Sr. No.	Description	Conditions
(1)	(2)	(3)
1	Services related to healthcare provided by the Federal or Provincial Governments or local governments including consultation or visit fee of doctors, medical practitioners and medical specialists, bed or room charges, in public sector hospitals.	None
2	Services provided by skin and laser clinics, cosmetic and plastic surgeons and hair transplant services including consultation services.	Only to the extent of services provided to acid or burn victims.
3	(i) General education services; and (ii) Education provided by the Federal, or Provincial Governments or local governments in public sector educational institutions.	None
4	Public transport service provided by the Federal or Provincial Governments or local Governments.	None

¹⁷¹ New section 88 inserted vide the Finance Act, 2015 (Act XXIX of 2015) assented on 26th June 2015

¹⁷² New section 89 inserted vide the Finance Act, 2015 (Act XXIX of 2015) assented on 26th June 2015

¹⁷³ First Schedule was substituted vide the Punjab Finance Act 2025 (LVIII of 2025) dated 30th June 2025

5	Postal and courier services provided by the Federal or Provincial Governments or local governments.	Only to the extent of services provided to the Federal, Provincial Government Departments or local governments.
6	Registration services provided by Federal or Provincial Governments or local governments including passport and identity cards services	None
7	Services relating to religion, art, culture and sports provided by the Federal or Provincial Governments or local governments	None
8	Services relating to physical fitness, entertainment, amusement and learning provided by the Federal or Provincial Governments or local governments, such as gymnasiums, sports clubs, playgrounds, zoological and botanical gardens, museums, libraries, parks, etc.	None
9	Services provided by property developers, builders and promoters, including their allied services.	Only to the extent of affordable housing services provided under Government sponsored housing programs or any area notified for an Affordable Private Housing Scheme by the Punjab Housing and Town-Planning Agency (PHATA) covered under Rule 2(1)(k), Rule 35 and Rule 36 of the Punjab Housing and Town-Planning Agency (Affordable Private Housing Schemes Rules), 2020.
10	Services provided by: (i) a religious or charitable institution for the benefit of public registered under any law for the time being in force; (ii) international non-governmental organizations (INGOs) approved by the Federal Government; and (iii) international agencies.	Subject to exemption from federal taxes by the Federal Board of Revenue.
11	Services provided in respect of insurance.	Only to the extent of: (a) marine insurance for export; and (b) crop insurance.
12	Construction services and services provided by contractors of building (including water supply, gas supply and sanitary works), roads and bridges, electrical and mechanical works (including air conditioning), horticultural works, multi-discipline works (including turn-key projects) and similar other works.	Only to the extent: (i) where the tax is otherwise paid by registered persons as property developers, builders or promoters for building construction; or (ii) where the construction work is funded under an agreement of foreign grant-in-aid or involves construction of consular buildings; or (iii) residential construction projects where the covered area does not exceed 10,000 square feet for a house and 20,000 square feet for an apartment except where construction services are provided to

		construct more than one house or more than one apartment building; or (iv) where the construction services are provided to any registered person who is otherwise liable to pay sales tax as a property developer, builder and promoter.
13	Services provided for personal care by beauty parlors, salons, clinics, sliming clinics, spas (including saunas, Turkish baths and Jacuzzi) and similar other services.	Only to the extent of services provided in a parlour, salon or clinic where the facility of air-conditioning is not installed or is not available in the premises on any day of the financial year.
14	Services provided by tour operators and travel agents including all their allied services or facilities.	Only to the extent of Hajj and Umrah purposes including 'Ziyarat'.
15	Facilities for travel originating from Punjab by Air for domestic and international travel.	Only to the extent of Air travel services provided to Hajj or Umrah passengers, diplomats and supernumerary crew.
16	Services provided by warehouses or depots for storage or cold storages including letting of space for storages.	Only to the extent of storage of agriculture produce for the person's own consumption.
17	Services provided by photography studios and event or occasion photographers or film-makers.	Only to the extent of non-corporate (individual) photographers operating from small road-side shops declared as such by the Authority.
18	Services provided by diplomatic missions.	None
19	Renting of personal dwellings for residential use.	None
20	Services provided by persons engaged in contractual execution of works or furnishing supplies.	Only to the extent of services related to the contracts involving supplies or printing of books
21	Advertisement on television and radio or advertisement services showcasing of any product or service in video programmes, television programmes or motion pictures or music albums.	Only to the extent of: (a) sponsored by an agency of the Federal or Provincial Government for health education; or (b) financed out of funds provided by a Government under an agreement of foreign grant-in-aid; or (c) conveying public service message, if telecast on television by the World Wide Fund for Nature (WWF) or United Nations Children's Fund (UNICEF).
22	Services relating to pathological or diagnostic tests exclusively for medical treatment purposes.	None
23	Services provided in respect of manufacturing or processing on toll or job basis (against processing on conversion charges) [including industrial and commercial packaging services and similar outsourcing of industrial or commercial processes].	None
24	Advertisement including classified ads in newspapers, magazines, journals and periodicals.	None
25	Services provided by a foreign exchange dealer or exchange company or money changer or money	None

	exchanger.	
26	Services provided by port operators (including airports and dry-ports) and allied services provided at ports and services provided by terminal operators including services in respect of public bonded warehouses.	Only to the extent of the amounts received by way of fee under any law or bye-law.]

¹⁷⁴**[SECOND SCHEDULE**

(Taxable Services)

(see section 3)

Part I

Sr. No.	Description	Classification Code, if Applicable	Rate of Tax
(1)	(2)	(3)	(4)
1	All services, except those specified in serial numbers 2 and 3 of this Part, Part-II and Part-III.	Respective headings	Sixteen percent
2	Services provided by persons for carriage of goods by rail or road.	98.04 9804.20009804.9000 and respective headings	15% With input tax adjustment for service provider and service recipient.
3	Telecommunication services: (a) telephone services; (b) fixed line voice telephone service; (c) wireless telephone; (d) cellular telephone; (e) wireless local loop telephone; (f) video telephone; (g) payphone cards; (h) pre-paid calling cards; (i) voice mail service; (j) messaging service; (k) short message service (SMS); (l) multimedia message service (MMS); (m) bandwidth services used for voice and video telecommunication services: (i) copper line based; (ii) fiber-optic based; (iii) co-axial cable based; (iv) microwave based; (v) satellite based; (n) telegraph; (o) telex; (p) telefax;	98.12 [9857.0000, 9858.0000]	Nineteen and a half percent]

¹⁷⁴ Second Schedule was substituted vide the Punjab Finance Act 2025 (LVIII of 2025) dated 30th June 2025

	(q) store and forward fax services; (r) audio-text services; (s) tele-text services; (t) trunk radio services; (u) paging services; (v) voice paging services; (w) radio paging services; (x) vehicle and other tracking services; and (y) burglar and security alarm services; (z) (i) internet services, whether dialup or broadband, including email services, data communication network services (DCNS) and value added data services; (ii) such charges payable on the international leased lines or bandwidth services used by: (a) software exporting firms registered with Pakistan Software Export Board; and (b) data and internet service providers licensed by the Pakistan Telecommunication Authority; and (iii) such charges payable on the international leased lines used by the software exporting firms registered with Pakistan Software Export Board for software exports.		
--	--	--	--

PART II

FIXED-TAXED SERVICES

The services enumerated below, shall be fixed rate, subject to the conditions, if any, specified hereunder:

Sr. No.	Description	Classification Code, if Applicable	Rate of Tax
(1)	(2)	(3)	(4)
1	Services provided by property developers, builders and promoters (including their allied services);	9807.0000 and respective sub-headings of heading 98.14	Rs.100 per square yard for land development and Rs.50 per square feet for building construction.
2	Freight forwarding agents.	9805.3000	Rs. 1000 per bill of lading

PART III

REDUCED RATE SERVICES

The services enumerated below, shall be reduced rate, subject to the conditions, if any, specified hereunder:

Sr.	Description	Classification	Rate of tax
-----	-------------	----------------	-------------

No.		code, if applicable	
(1)	(2)	(3)	(5)
1	Hotels, motels and guest houses	9801.1000	(i) Five percent without input tax adjustment for non-corporate, non-franchise, non-chain businesses with less than 20 rooms; and (ii) Sixteen percent for others
2	Marriage halls and lawns (by whatever name called) including pandal and shamiana services. Catering services (including all ancillary/allied services such as floral or other decoration, furnishing of space whether or not involving rental of equipment and accessories).	9801.3000 9801.5000	Five percent without input tax adjustment.
3	Services provided in respect of insurance to a policy holder by an insurer, including a re-insurer for: (a) fire insurance; (b) goods insurance; (c) health insurance; (d) life insurance; (e) marine insurance; (f) theft insurance; and (g) any other insurance.	98.13	(a) Zero percent without input tax adjustment for health insurance for individuals; and (b) Five percent for insurance agents and insurance brokers; (c) Sixteen percent of gross premium paid, for others.
4	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 outlets etc.	9801.2000 [9801.9000]	(a) Five percent without input tax adjustment where payment against services is received through debit or credit cards, mobile wallets or QR scanning; and (b) Sixteen percent for others.
5	Franchise services including intellectual property rights and licensing	9823.0000 9839.0000 and respective headings	(a) Zero percent without input tax adjustment for services relating to educational institutions for information technology; and (b) Five percent without input tax adjustment for services relating to educational institutions other than educational institutions for information technology; and (c) Sixteen percent for others.
6	[Construction services and services provided by contractors of building (including water supply, gas supply and sanitary works), roads and bridges, electrical and mechanical works (including air conditioning),	9824.0000 and 9814.2000	five percent without input tax credit or adjustment in respect of Government civil works and sixteen percent with input tax credit or adjustment for others.

	horticultural works, multi-discipline works (including turn-key projects) and similar other works) Explanation:Notwithstanding the rate of 5% fixed in column 4, the following further reduced rates shall be applicable: (a) one per cent for all services specified at S.No.14 without input tax credit or adjustment to the extent of Government civil works including those of cantonment boards involved in the ongoing development schemes and projects launched during Financial Year 2016-17 and funded under the Annual Development Plan of the Punjab Government or funded through foreign loans where the negotiations were finalized after 1st of July 2016 or funded under Public Sector Development Program of the Federal Government or funded by the Cantonment Boards; and (b) zero per cent for all services specified at S.No.14 without input tax credit/adjustment to the extent of Government civil works including those of cantonment boards involved in the ongoing development schemes and projects launched prior to Financial Year 2016-17 and funded under the Annual Development Plan of the Punjab Government or funded through foreign loans where the negotiations were finalized as on 1st of July 2016 or funded under Public Sector Development Program of the Federal Government or funded by Cantonment Boards.		
7	Services provided for personal care by beauty parlors, salons, clinics, sliming clinics, spas (including saunas, Turkish baths and Jacuzzi) and similar other establishments.	9810.0000 9848.0000 9847.0000 9821.4000 9821.5000 9815.7000 and respective headings	Five percent without input tax adjustment.
8	Information technology-enabled or information technology based services including software development,	9815.6000 and respective heading	(a) Zero percent without input tax adjustment for services provided by software or IT-based system

	software customization, software maintenance, system support, system assembly, system integration, system designing and architecture, system analysis, system development, system operation, system maintenance, system up-gradation and modification, data warehousing or management, data entry operations, data migration or transfer, system security or protection, web designing, web development, web hosting, network designing, services relating to enterprise resource or management planning (including marketing of products), development and sale of smart phone applications or games, graphics designing, medical transcription, remote monitoring, telemedicine, insurance claim processing, online retrieval and database access or retrieval service.] [Explanation: This entry includes and shall be deemed to have always included real estate aggregators and streaming/over-the-top (OTT) services.]		development persons; and (b) Five percent without input tax adjustment for others.
9	[Services provided by other consultants (by whatever name called or treated, whether as consultant or otherwise) including human resource and personnel development services, exhibition or convention services including provision of space, equipment, accessories and other allied services, event management services (whole range and variety of their services regardless of separate or individual classification thereof), valuation services, evaluation services (including competency and eligibility testing services), certification, verification and equivalence services, market research services, marketing or sales services (including marketing agencies and on line marketing or sales services), surveyors services, training or coaching services (other than general education services) and credit rating services.	9815.9000 [9832.0000, 9827.0000, 9818.3000, 9818.2000, 9819.9300, 9852.0000, 9859.0000, 9825.0000, 9819.5000, 9849.0000, 9818.9000, 9853.0000, 9856.0000 and respective headings.	(a) Zero percent without input tax adjustment for training services related to Information Technology; and (b) Sixteen percent for others.
10	Services provided by tour operators and travel agents including all their allied	9805.5100, 9805.5000,	Five percent without input tax adjustment.

	services or facilities.	9803.9000.	
11	Manpower recruitment agents, including labour and manpower supplies.	9805.6000	(a) Five percent without input tax adjustment for services where the value of service is fixed by the Bureau of Emigration and Overseas Employment; and (b) Sixteen percent for others.
12	Services provided by property dealers and realtors.	9806.2000, 9844.0000.	Five percent without input tax adjustment.
13	Services provided by fashion designers, including use of brand name, logo or house mark (whether or not registered) in the manufacturing or trading of products whether relating to textile, leather, jewellery or other product regimes including allied services such as cutting, stitching, printing, manufacturing, fabrication, assembly, embellishment, adornments, display (including marketing, packing and delivery etc.)	9834.0000, 9819.6000, 9839.0000 and respective headings	Five percent without input tax adjustment.
14	Services provided by architects, town planners, landscapers, landscape designers, [interior decorators and interior designers.	9814.1000, 9814.9000, 9814.4000 and respective headings.	Five percent without input tax adjustment.
15	Rent-a-car (including renting of all categories of vehicles meant for transportation of persons)	9819.3000 and respective headings	(a) Five percent without input tax adjustment for services provided to end consumers; and (b) Sixteen percent for others.
16	Car/automobile dealers	9806.3000 9845.0000	(a) Sixteen percent for services provided by companies or authorized dealers; and (b) Five percent without input tax adjustment, for others.
17	Brokerage (other than stock) and indenting services including <i>agents</i> , brokers, under-writers and auctioneers	9829.0000 9819.1200 9819.1100 9819.1300 9819.9100	(a) Five percent without input tax adjustment for services provided in respect of agricultural produce and home chefs; and (b) Sixteen percent for others.
18	Services provided in specified fields such as health care, gym, physical fitness, indoor sports, games, amusement parks, arcades and other recreation facilities, and body or sauna massage etc.	9821.1000 9821.2000 9821.4000	Five percent without input tax adjustment.
19	Services provided by Laundries and dry cleaners	9811.0000	Five percent without input tax adjustment.
20	Services provided by Cable TV	9819.9000	Five percent without input tax

	operators		adjustment.
21	Services in relation to supply of tangible goods including machinery, equipment and appliances for use, without transferring right of possession and effective control of such machinery, equipment and appliances.	Respective headings	Five percent without input tax adjustment.
22	Services provided by accountants (including practicing chartered or cost accountants), auditors, actuaries, tax consultants (by whatever name called), practicing company secretaries, receivers, liquidators, auctioneers and corporate law consultants, whether individual or otherwise.	9815.2000 9815.3000 9850.0000 9851.0000 9855.0000 and respective headings	(a) Five percent without input tax adjustment for services relating to accountancy, audit, tax or corporate law consultancy; and (b) Sixteen percent for others.
23	Facilities for travel originating from Punjab by Air for domestic and international travel.	9803.1000 9803.1100	Five percent without input tax adjustment.
24	Services provided by skin and laser clinics, cosmetic and plastic surgeons and hair transplant services including consultation services.	9847.0000 and respective headings	Five percent without input tax adjustment.
25	Services provided by warehouses or depots for storage or cold storages including letting of space for storages.	9833.0000 and respective headings	Five percent without input tax adjustment.
26	(i) Medical consultation/visit fee exceeding Rs.1500 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.	9815.1000 and other Respective headings	Zero percent without input tax adjustment.
27	Services provided by photography studios and event or occasion photographers/film-makers.	9 819.7000 and respective headings	Five percent without input tax adjustment.
28	Parking services	Respective headings	Five percent without input tax adjustment.
29	Dress designing and stitching services.	Respective headings	Five percent without input tax adjustment.
30	Rental of bulldozers, excavators, cranes, construction equipment, Scaffolding, framework and shuttering, generators, storage containers, Refrigerator, shelf or rack renting, etc	Respective heading	Five percent without input tax adjustment.
31	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	Respective heading	Five percent without input tax adjustment.

	shrinking, Colour separation services, pattern printing and shoe making services.		
32	Apartment house management, real estate management and services of rent collection.	Respective heading	Five percent without input tax adjustment.
33	Ride-Hailing Services Explanation: This entry includes and shall be deemed to have always included cab aggregators.	Respective heading	Five percent without input tax adjustment.
34	Entertainment services (including cinemas, theatres, concerts, circus, sports events, races, film, fashion shows and mobile stage shows)		Zero percent without input tax adjustment.]