



## **Sindh and Punjab Budgets**

Commentary 2017-18

# Foreword



Greetings from Deloitte Yousuf Adil, Chartered Accountants.

The Minister for Finance, Government of Punjab, presented the 2017-18 Budget on June 2, 2017. Whereas the Chief Minister Sindh, presented the provincial Budget 2017-18 of Sindh on June 5, 2017.

We are pleased to provide our commentary on the significant amendments proposed in provincial sales tax laws of both the provinces as well as on the changes proposed in the Stamp Duty Act, 1899 by the provincial Government of Punjab.

Overall, no new services have been taxed in the respective Bills. However, exclusion and exemptions provided for certain services have been withdrawn.

The amendments proposed in the Bills once approved by the provincial assemblies of Punjab and Sindh shall take effect from July 01, 2017 unless otherwise notified.

It should be noted that the commentary is our interpretation of the changes proposed in the provincial Finance Bills, 2017. As the proposals are yet to be enacted, and the legislations to enact the proposals are yet to be published, our comments in this commentary should not be considered definitive and should, therefore, be used only as a guide.

We hope you will find this commentary useful.

The commentary can also be accessed on our website [www.deloitte.com/view/en\\_PK/pk/index](http://www.deloitte.com/view/en_PK/pk/index).

**Karachi**  
**June 06, 2017**

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# Proposed amendments through the Sindh Finance Bill, 2017

## The Sindh Sales Tax on Services Act, 2011

### A. Changes in Definitions

#### 1. Franchise [Section 2(17)]

The existing definition of 'Franchise' only covers Franchise arrangements, where authority or right is granted by the franchiser to franchisee against a consideration. Rule 36 of the Sindh Sales Tax on Services Rules, 2012, provides the mechanism for determination of consideration, where no consideration is provided in the Agreement or where there is no agreement. However, such provisions of Rules are not supported by the substantive provisions of the main Act.

It is now proposed to amend the definition of 'franchise' under the Act to include "franchise agreements not against the consideration" in the definition, to align the Rules and main Act.

#### 2. Place of Business [Section 2(46)]

Considering the increasing transactions under e-commerce business and to bring said business into the tax net, a change in the definition of place of business is proposed to cover an economic activity carried on by a person in Sindh through virtual presence or a website or a web portal or through any other form of e-commerce by whatever name called or treated.

Similar amendment has also been proposed in the Punjab Finance Bill.

#### 3. Programme [Section 2(67B)]

The existing definition of programme covers the audio or visual matter live or recorded. The scope of programme and consequently the program producer is proposed to be enhanced to include any audio or visual matter re-recorded or subjected to any post-production processes like dubbing, colouring, sub-titling or captioning.

It appears that the amendment is proposed to cater the foreign content imported and transmitted into Pakistan.

### B. Other amendments

#### 1. Persons liable to pay tax (Section 9)

It is proposed that both service provider and service recipient will be jointly and severally liable to pay tax due, if service recipient fails to make payment of tax to the service provider within 180 days of issuance of invoice and such service provider also fails to make payment of tax due by due date i.e. 15<sup>th</sup> of the month following the month in which invoice for taxable services was issued. It has been clarified that tax due also includes tax to be withheld or deducted by the service recipient.

A close coordination between service provider and service recipient will be required to avoid tax exposure resulting from the failure to deposit tax by other party.

#### 2. Input Tax credit not allowed (Section 14A)

Rule 22A provides that input tax credit will not be allowed in respect of goods or services which are liable to sales tax, whether a federal sales tax or a provincial

sales tax, at reduced rate or fixed rate. These provisions are now proposed to be inserted in the main Act.

At present, sales tax paid on taxable goods and services in excess of 13% ad valorem is not allowable as input tax. It is now proposed that telecommunication service providers charging sales tax at not less than 19.5% ad valorem, can claim input tax paid on goods and services upto 17%.

### 3. Adjustment of input tax paid on certain goods and services (Section 15A)

Input tax paid on acquisition of the capital goods, machinery and fixed assets as are classified under section XVI, Chapters 84 and 85 of the First Schedule to the Customs Act, 1969 is proposed to be allowed in twelve equal monthly installments as against the allowability of input tax in the same month.

The proposed amendment would have a negative cash flow impact on the businesses.

Similar provision existed in the Sales Tax Act, 1990 till 2011, that was removed considering the hardship and other procedural issues faced by the taxpayer.

Similar amendment has also been proposed in Punjab Finance Bill 2017.

### 4. Assessment of tax (Section 23)

Under the existing provision of law, an assessment order is required to be made within 120 days of issuance of show cause notice or within such extended period as the officer of the SRB may, for reasons to be recorded in writing, fix.

The limit of 120 days is proposed to be extended to 180 days.

### 5. Offences and penalties (Section 43)

A new section 54A is proposed to be inserted for monitoring or tracking by electronic or other means of registered person or class of registered persons or any of the services or class of services. A penalty of Rs 100,000 or an amount equal to the amount of tax involved, whichever is higher is proposed to be imposed on any person who refuses or denies or obstructs the compliance of the provisions of section 54A.

It is also proposed that such person 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 Rs 100,000 or with both.

### 6. Short paid amounts recoverable without notice (Section 47A)

It is proposed that where a registered person pays the amount of tax less than the tax due as indicated in his return, the short-paid amount of tax along with default surcharge shall be recovered from such person by attaching his bank accounts, without giving him a show cause notice and without prejudice to any other action prescribed under section 66 for recovery of tax. However, no penalty under section 43 of the Act shall be imposed unless a show cause notice is given to such person.

Similar provision in section 11A already exists in federal Sales Tax Act, 1990 which was often misused by the tax authorities in order to make recoveries through attachment of bank account even in the cases where final liability as per return was discharged. However, the high court has held such recovery action of tax authorities to be null and void.

## 7. Monitoring or tracking by electronic or other means (Section 54A)

Finance Bill proposes to insert section 54A in the Act whereby Board is empowered to specify by notification in official gazette 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 implemented through electronic or other means. The Board may impose any condition or restriction or devise any procedure, as it deems fit, in this regard.

The Board would also be able to devise and implement 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 transferring the information, obtained by such monitoring or capturing of transactions or invoices, to the computer systems of the Board on real time basis or otherwise.

The Board would also specify the date wherefrom the persons providing or rendering taxable services shall compulsorily use such electronic means or systems, including fiscal cash registers for issuance of tax invoice.

## 8. Appeals [Section 57]

Presently, remedy of appeal is not available to a person who has been deregistered by the Board or its officer under section 25A(1) of the Act or to person who has applied for deregistration under section 25A(2) and his application is rejected by the Board or its officer. The Bill proposes to allow filing of appeal before Commissioner Appeals to the above persons aggrieved by an order or decision under section 25A of the Act.

## 9. Recovery of arrears of tax [Section 66]

It is proposed that no action of recovery be taken against the person during pendency of appeal, if the person has paid 25% of the demand. This amendment is in line with the amendments made or proposed to be made in Sales Tax Act, 1990, Federal Excise Duty Act, 2005 and Punjab Sales Tax on Services Act, 2012.

## 10. Power to require that licenses or permissions to persons providing or rendering taxable services be issued or renewed only after verifying that such persons are duly registered under sections 24, 24A or 24B (Section 72A)

Finance Bill proposes to insert section 72A in the Act, whereby the Board is empowered, after obtaining the approval of Government and by notification in the official Gazette, to require any authority, including a regulatory authority, which is competent to issue or renew licenses or permissions for engaging into an economic activity which is a taxable service, not to issue or renew such licenses or permissions unless the licensee or the permission-holder submits the evidence that he is duly registered under section 24 or 24A or 24B of this Act.

## 11. Service of orders and decisions (Section 75)

It is proposed that the notices and show cause notices shall be issued electronically. Such electronic transmission of notices

shall be considered to have been legally serviced on the registered person.

## 12. Condonation of time-limit [Section 81]

The Bill proposes to insert following explanation in the proviso of section 81 of the Act relating to condonation of the time limits specified under the Act or Rules for any act or thing including filing of return or payment of tax:

**Explanation.** - For the purpose of this section, the expression "act or thing to be done" includes any act or thing to be done by the registered person or by the authorities specified in section 34 of this Act.";

Through the proposed amendment, it is clarified that condonation for time limit in respect of any act or thing is to be done under the Act is only available to persons registered under the Act or authorities specified under section 34 of the Act.

## C. Proposals mentioned in Budget Speech but not covered under Finance Bill

### 1. Increase in tax rate for telecommunication services

As per Budget Speech, tax rate for telecommunication services is proposed to be enhanced from 19% to 19.5% to bring it at par with other provinces. Currently, the general rate of tax in Sindh for telecommunication services is 19.5% and reduced rate of 19% is applicable when service provider passes on the full benefit of the reduced rate of tax to the service recipient and shall neither invoice/bill nor collect any extra charge/amount or surcharge on the value of the services.

It is interesting to note that as per Federal Finance Bill, 2017, the Federal Excise Duty on telecommunication services is proposed to be reduced from 18.5% to 17%. As per news reports, Federal Minister for Information Technology has urged all the provinces to reduce sales tax rates on telecommunication services to boost the industry for technological advancement. However, the proposal in the Budget speech by Chief Minister Sindh is contradictory to request made by the Federal Government.

### 2. Reduced rate of tax on service

As per Budget speech, reduced rates for following services are proposed:

Service	Existing rate	Proposed reduced rate
Travel Agents and Tour Operators	10%	8%
Specific class of indenters and Call Centers	13%	3%
Renting of Immoveable Property Services	8%	3%

We understand that classes of persons and conditions to avail the reduced rate will be notified through notifications.

## D. Relief for Services received by the Government of Sindh

Sindh Revenue Board has notified exemption through notifications dated June 2, 2017 as under:

Notification reference	Services covered	Exemption provided
SRB -3-4/8/2017	<p>(i) Services provided or rendered by persons engaged in contractual execution of work or furnishing supplies;</p> <p>(ii) Contractor of Building (including water supply, gas supply and sanitary works), electrical and mechanical works(including airconditioning), multi-disciplinary works (including turn-key projects) and similar other works;</p> <p>(iii) Technical, scientific and engineering consultants;</p> <p>(iv) Software or IT based system development consultants; and</p> <p>(v) Construction services</p> <p>received by Government of Sindh in relation to such of the development schemes and projects as were included in Sindh Annual Development Programme (ADP) of 2016-17 or earlier and are still included as "on-going" development schemes and projects in Sindh ADP of 2017-18 or thereafter.</p>	Fully exempt
SRB-3-4/9/2017 read with SRB-3-4/16/2016.	<p>(i) Contractor of Building (including water supply, gas supply and sanitary works), electrical and mechanical works (including air-</p>	Amount exceeding 2% of the value of services

<b>Notification reference</b>	<b>Services covered</b>	<b>Exemption provided</b>
	<p>conditioning), multi-disciplinary works (including turn-key projects) and similar other works;</p> <p>(ii) Construction services received by Government of Sindh in relation to "new" development schemes and projects included in Sindh ADP 2017-18 and are funded by ADP of Government of Sindh</p>	

These exemptions are available subject to fulfillment of conditions mentioned in the notifications.

# Proposed amendments through the Punjab Finance Bill, 2017

## The Punjab Sales Tax on Services Act, 2012

### A. Changes in Definitions

#### 1. Due date [Section 2(17)]

Currently, due date for furnishing the Punjab Sales Tax return is 18<sup>th</sup> day following the end of tax period, except for specific dates prescribed for particular persons like Telecommunication sector. Following the measure taken by Federal Government to furnish Annexure-C related to sales made by a person by 10<sup>th</sup> of each month for cross verification of corresponding input tax, the definition of 'due date' is proposed to be amended to provide different dates for furnishing different parts or annexures of the return.

From the proposed amendment, it appears that real time invoice verification system, as adopted by the FBR, is also being implemented in Punjab whereby input adjustment by the service recipient will only be allowed if corresponding sales invoices are declared by service provider in Annexure C of the Return.

#### 2. Place of Business [Section 2(17)]

Considering the increasing transactions under e-commerce business and to bring said business in the tax net, a change in the definition of place of business is proposed to cover an economic activity carried on by a person in Punjab through virtual presence or a website or a web portal or through any other form of e-

commerce by whatever name called or treated. Considering the wide scope of e-commerce industry, detailed rules are required to be introduced for taxing such services and collection of tax thereon.

### B. Other amendments

#### 1. Liability of a registered person (Section 11A)

It is proposed that both service provider and service recipient will be jointly and severally liable to pay tax due, if service recipient fails to make payment of tax to the service provider within 180 days of issuance of invoice and such service provider also fails to make payment of tax due by due date i.e. 15<sup>th</sup> of the month following the month in which invoice for taxable services was issued. It has been clarified that tax due also includes tax to be withheld or deducted by the service recipient.

A close coordination between service provider and service recipient will be required to avoid tax exposure resulting from the failure to deposit tax by other party.

#### 2. Special Procedure for collection of tax (Section 14A)

It is proposed to empower Punjab Revenue Authority to prescribe Special Procedures Rules requiring any person or classes of persons, not necessarily service provider or service recipient to collect and deposit part or full amount of tax charged from another person or class of person in respect of any taxable services or class of services, in the manner to be notified. The prescribed person or class of persons will be personally liable to pay tax in case of failure to collect and deposit tax.

By virtue of above proposed amendment, the person other than service provider or service recipient will also be responsible to collect and deposit tax.

### 3. Deduction and adjustment of tax on inputs to the business (Section 14A)

Under the existing provisions of law, Punjab Revenue Authority is empowered to allow the claim of adjustment or deduction, including refunds, arising as a result of tax paid or payable under any other laws (Federal Sales Tax and other provincial sales tax laws) in respect of taxable goods and services to the persons registered with the Authority against tax payable under Punjab Sales Tax on Services Act.

It is now proposed that such adjustment would be subject to furnishing a tax invoice or declaration of import of goods in registered person's name bearing his National Tax Number. It is also proposed that the Authority, with the approval of the Government, will notify any conditions, limitations or restrictions for allowing such adjustment.

Adjustment shall not be allowed in respect of additional tax, further tax, extra tax, default surcharge, fine, penalty or fee imposed or charged under other laws.

### 4. Adjustment of input tax paid on certain goods and services (Section 16C)

Adjustment of input tax paid on acquisition 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 is proposed to be allowed in twelve equal monthly installments as against allowability of input tax in the same tax period, under the existing provisions.

The proposed amendment would have a negative cash flow impact on the businesses.

Similar provision earlier existed in the Sales Tax Act, 1990 till 2011 that were removed considering its negative impact on the cash flows of the businesses.

### 5. Assessment of tax (Section 24)

Under the existing provision of law, an assessment for recovery of tax short paid can be made within 5 years from the tax period to which such assessment relates. The period is proposed to be extended to 8 years.

It is interesting to note that corresponding amendment in the period for retention of record has not been made in section 32, which is 6 years after the end of tax period. This may lead to disparity and litigations.

### 6. Appointment of authorities (Section 39)

Two new designation i.e. Risk Compliance Officer of the Authority and Enforcement Officer of the Authority are proposed to be added in the list of persons to be appointed by the Authority. These are proposed to be subordinate to the Deputy Commissioner or Assistant Commissioner or the Authority itself.

### 7. Offences and Penalties (Section 48)

Under the existing provisions of law, penalty for obstructing any officer of the Authority in the performance of his official duties under this Act or the rules is Rs 25,000 or 100% of the tax payable, whichever is higher.

The penalty is proposed to be enhanced to Rs 100,000 or 100% of the tax payable, whichever is higher. It is also proposed

that penalty under this clause shall also be imposed on person who will not comply with the recovery notice issued under section 70.

## 8. Recovery of arrears of tax (Section 70)

The proposed amendment seeks to empower the officer to 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 person including but not limited to purchase contracts, contracts with credit or financial institutions or with banking companies, lease contracts, loan agreements, building loan contracts, life insurance contracts, employment or work contracts.

It is further proposed that no action of recovery be taken against the person during pendency of appeal, if the person has paid 25% of the demand. This is in line with the amendments made or proposed to be made in Sales Tax Act, 1990 and Federal Excise Duty Act, 2005.

## 9. Power to restrain certain authorities (Section 76A)

In order to promote the registration under the Punjab Sales Tax on Services Act, 2012, the Bill seeks to empower the Authority to require 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, to not to issue or renew license or to grant permission, unless such licensee or the grantee furnishes the evidence that he is a duly registered person with the Authority under relevant provisions.

However, before proceeding in the above manner, the Authority shall require prior approval of the provincial government and

the same also needs to be notified in the official Gazette.

## 10. Services of orders and decisions (Section 78)

It is proposed that the notices and show cause notices shall be issued electronically. Such electronic transmission of notices shall be considered to have been legally serviced on the registered person.

### C. Withdrawal of Exclusion / Exemption

#### 1. Telecommunication Services

Currently, internet services whether dialup or broadband including email services, data communication network services (DCNS) and value added data services, are excluded from the scope of taxable telecommunication services. It is now proposed that such exclusion will be available for services, valued at not more than Rs.1,500 per month per student. As such, the exclusion is effectively withdrawn except for student packages not exceeding Rs 1,500 per month.

#### 2. Execution of Contracts

Under existing provision of law, services provided by persons engaged in contractual execution of works or furnishing supplies, where annual total value of the contractual works or supplies does not exceed Rs.50 million are excluded from taxable services. This exclusion is proposed to be withdrawn. Accordingly, services provided by persons engaged in contractual execution of works or furnishing supplies (except for contracts involving printing and supplies of books) will be taxable, irrespective of value of the Contract.

## D. Reduction in Tax rates

A reduced rate of 5% is proposed for Construction services. Moreover, the reduced rates of 0% and 1% are also proposed to be incorporated in the Second Schedule of the Act which were previously prescribed by Government of Punjab through notification dated October 5, 2016 for construction services with regard to certain government works and development projects. The notification will expire on June 30, 2017, accordingly, said reduced rates are being incorporated in the Second Schedule of the Act.

# Stamp Duty Act, 1899

## 1. Merging of CVT and registration fee with Stamp Duty

As per the statement of reasons and objects to the Bill, the Board of Revenue, Punjab recently has introduced e- Stamping project for facilitation of public and to eliminate the usage of counterfeit stamp papers. Owing to great success, it has been proposed to merge all the Taxes /Duties/Fees in one head of account of Stamp Duty which would be issued through e-stamping system. The merger of all taxes would ease the procedure of deposits and helpful in reconciliation process as well.

Therefore, it is proposed that the other taxes and fee i.e. Capital Value Tax and Registration Fee which is being charged at the rate of 2% of the value of the urban property and Rs.500 in case of value up to Rs.500,000 and Rs.1,000 exceeding Rs.500,000 respectively may be merged into the head of account of Stamp Duty.

The new rate of Stamp Duty would be 5% of the consideration and the component of Registration Fee has been proposed to be added in the Stamp Duty. However, the exemptions already envisaged in section 6 of Finance Act, 2010 (as amended) from the payment of CVT would remain intact.

Considering the merger of CVT into Stamp Duty, the definition of urban area is proposed to be included in Stamp Act, 1899 to mean an area which is:

- (a) a rating area under the Punjab Urban Immovable Property Tax Act, 1958 (V of 1958);
- (b) the area already declared as an urban area under the Punjab Finance Act, 2010 (VI of 2010); and
- (c) any other area which the Board of Revenue may, by notification, declare as an urban area; and
- (d) an area developed by a development authority, housing authority, statutory body, cooperative housing society or a real estate company or developer."

## 2. Registration fee to be recovered as additional Stamp Duty

Considering the drive to merge CVT and registration fee into Stamp Duty, additional Stamp Duty in case of registration of the instrument, is introduced as under:

Article to Schedule I	Description	Rate of Additional Stamp Duty
2	Administration Bond	Rs 25
3	Adoption Deed	Rs 10
5	Agreement or Memorandum of an Agreement	0.1% of the Contract value
6	Agreement relating to Deposit of Title Deeds, Pawn Or Pledge	0.1% of the loan amount
15	Bond not being a Debenture	Rs 25
16	Bottomery Bond	Rs 25

<b>Article to Schedule I</b>	<b>Description</b>	<b>Rate of Additional Stamp Duty</b>
18	Certificate of sale	(a) Rs.500/-, if the amount of consideration does not Exceed Rs.500,000; and  (b) Rs. 1000/-, if the consideration exceeds Rs.500,000
23	Conveyance	(a) Rs.500/-, if the amount of consideration does not Exceed Rs.500,000; and  (b) Rs. 1000/-, if the consideration exceeds Rs.500,000
26	Customs' bond	Rs 25
27A	Decree, Rule of a Court or an Order of a Court	(a) Rs.500/-, if the amount of consideration does not Exceed Rs.500,000; and  (b) Rs. 1000/-, if the consideration exceeds Rs.500,000
31	Exchange of immovable property.	(a) Rs.500/-, if the amount of consideration does not Exceed Rs.500,000; and  (b) Rs. 1000/-, if the consideration exceeds Rs.500,000
32	Further Charge	(a) Rs.500/-, if the amount of consideration does not Exceed Rs.500,000; and  (b) Rs. 1000/-, if the consideration exceeds Rs.500,000
33	Gift- instrument of, including a memorandum of oral gift of an immovable property, not being a settlement or will or transfer	(a) Rs.500/-, if the amount of consideration does not Exceed Rs.500,000; and  (b) Rs. 1000/-, if the consideration exceeds Rs.500,000
34	Indemnity Bond	Rs 25
40	Mortgage-Deed	(a) Rs.500/-, if the amount of consideration does not Exceed Rs.500,000; and

Article to Schedule I	Description	Rate of Additional Stamp Duty
		(b) Rs. 1000/-, if the consideration exceeds Rs.500,000
45	Lease	(a) Rs.500/-, if the amount of consideration does not Exceed Rs.500,000; and  (b) Rs. 1000/-, if the consideration exceeds Rs.500,000
46	Partition-Instrument	Rs 25
48	Power of Attorney	(a) when executed for authorizing not more than ten persons: Rs 25  (b) when given for consideration and authorizing the attorney to sell any immovable property: Rs.500/-, if the amount of consideration does not Exceed Rs.500,000; and Rs. 1000/-, if the consideration exceeds Rs.500,000  (bb)when given without consideration for authorising the attorney to sell any immovable property: Rs 25
54	Re-conveyance of mortgaged property	Equal to the amount of the registration fee paid on the principal mortgage deed.
55	RELEASE, that is to say any instrument (not being such a release as is provided for by section 23-A) whereby a person renounces a claim upon another person or against any specified property.	(a) Rs.500/-, if the amount of consideration does not Exceed Rs.500,000; and  (b) Rs. 1000/-, if the consideration exceeds Rs.500,000
56	Respondentia bond	Rs 25
57	Security bond or Mortgage deed	Rs 25
58	Settlement	(a) Rs.500/-, if the amount of consideration does not Exceed Rs.500,000; and  (b) Rs. 1000/-, if the consideration exceeds Rs.500,000
61	Surrender of Lease	at the rate of 5/8 <sup>th</sup> of the stamp duty which was paid on the original lease deed.

Article to Schedule I	Description	Rate of Additional Stamp Duty
63	Transfer of Lease	(a) Rs.500/-, if the amount of consideration does not Exceed Rs.500,000; and  (b) Rs. 1000/-, if the consideration exceeds Rs.500,000

### 3. Increase in Stamp Duty

Considering the merging of CVT with Stamp Duty and introduction of definition of urban area in Stamp Act, Stamp Duty for immovable property is proposed to be bifurcated into 'urban area property' and other property. For Other property, the existing rates of Duty are maintained (except for additional duty for registration fee), whereas Stamp Duty rate for an instrument of immovable property situated in an urban area are proposed to be enhanced. A comparison of existing and proposed Duty rates is tabulated below:

Article to Schedule I	Description	Existing rate of Stamp Duty	Proposed rate of Stamp Duty
18	Certificate of sale (in respect of each property put up as a separate lot and sold) granted to the purchaser of any property sold by public auction by a Civil or Revenue Court, or Collector or other Revenue Officer.	3% of the consideration equal to the amount of the purchase money	(a) In case of property in an urban area: 5% of value of Property.  (b) In other case: 3% of value of property
23	Conveyance of immovable property	3% of the consideration equal to the amount of the purchase money	(a) In case of property in an urban area: 5% of value of Property.  (b) In other case: 3% of value of property
27A	Decree, Rule of a Court or an Order of a Court involving transfer of immovable property	3% of value of property	(a) In case of property in an urban area: 5% of value of Property.  (b) In other case: 3% of value of property
31	Exchange of immovable property.	3% of value of property	(a) In case of property in an urban area: 5% of highest value of property plus 2%

Article to Schedule I	Description	Existing rate of Stamp Duty	Proposed rate of Stamp Duty
			<p>of lowest value of property</p> <p>(b) In other cases: 3% of highest value of property</p>
33	<p>Gift- instrument of, including a memorandum of oral gift of an immovable property, not being a settlement or will or transfer</p>	3% of value of property	<p>(a) In case of property in an urban area: 5% of value of Property. Provided that if the gift deed is executed between spouses, father, mother, son, daughter, grandparent, sibling, or from one wife or widow to another wife or widow of same husband, stamp duty shall be 3% of value of property.</p> <p>(b) In other case: 3% of value of property</p>
35	<p>LEASE, including an underlease or sub-lease and any agreement to let or sub-let-</p> <p>(1) where by such lease the rent is fixed and no premium is paid or delivered-</p> <p>(a) where the lease purports to be for a term of less than twenty years.</p> <p>(i) (Existing terms proposed to be substituted - where the lease purports to be for a term of less than one year)</p>	Two percent of the whole amount payable or deliverable under such lease.	3.25% of the average annual rent of the lease.

Article to Schedule I	Description	Existing rate of Stamp Duty	Proposed rate of Stamp Duty
	<p>(ii) (Existing terms proposed to be substituted - where the lease purports to be for a term of not less than one year but not more than three years)</p> <p>(iii) (Existing terms proposed to be substituted - where the lease purports to be for a term in excess of three years, but not more than twenty years)</p> <p>(b) where the lease purports to be for a term of twenty years.</p> <p>(c) where the lease purports to be for a term in excess of twenty years or in perpetuity.</p>	<p>Two percent of the amount or value of the average annual rent reserved.</p> <p>Two percent of the consideration equal to the amount or value of the average annual rent reserved.</p> <p>Two percent of the consideration equal to the whole amount of rents which would be paid or delivered in respect of the first ten years of the lease.</p>	<p>(i) in case of immovable property in an urban area: 5.25% of the average annual rent of the lease.</p> <p>(ii) in any other case : 3.25% of the average annual rent of the lease.</p> <p>(i) in case of immovable property in an urban area : 5.25% of the consideration equal to the whole amount of rent, which would be paid or delivered in respect of the first ten years of the lease.</p> <p>(ii) in any other case: 3.25% of the consideration equal to the whole amount of rent, which would be paid or delivered</p>

Article to Schedule I	Description	Existing rate of Stamp Duty	Proposed rate of Stamp Duty
	<p>(d) where the lease does not purport to be for any definite term;</p> <p>2</p> <p>(a) where the lease is granted for money advanced and where no rent is reserved:</p> <p>(b) where the lease is granted for a fine or premium and where no rent is reserved:</p>	<p>Two percent of the consideration equal to the amount or value of the average annual rent which would be paid or delivered for the first ten years, if the lease continued so long.</p> <p>Two percent of the consideration equal to the amount of such advance as set forth in the lease.</p> <p>Two percent of the consideration equal to the amount of such fine or premium as set forth in the lease.</p>	<p>in respect of the first ten years of the lease.</p> <p>(i) in case of immovable property in an urban area: 5.25% of the consideration equal to the whole amount of rent which would be paid or delivered in respect of the first ten years of the lease.</p> <p>(ii) in any other case: 3.25% of the consideration equal to the whole amount of rent which would be paid or delivered in respect of the first ten years of the lease.</p> <p>(i) in case of immovable property in an urban area: 5.25% of the consideration equal to the amount of advance as set forth in the lease.</p> <p>(ii) in any other case: 3.25% of the consideration equal to the amount of advance as set forth in the lease.</p> <p>(i) in case of immovable property in an urban area: 5.25% of the consideration equal to the amount of such fine or</p>

Article to Schedule I	Description	Existing rate of Stamp Duty	Proposed rate of Stamp Duty
	<p>(3) (a) where the lease is granted for money advanced in addition to the rent reserved:</p>	<p>Two percent of the consideration equal to the amount of advance as set forth in the lease, in addition to the duty which would have been payable on such lease, if no advance had been paid or delivered; provided that, in any case when an agreement to lease is stamped with the ad valorem stamp required for a lease and a lease in pursuance of such agreement is subsequently executed, the duty on such lease shall not exceed one hundred rupees.</p>	<p>premium as set forth in the lease.</p> <p>(ii) in any other case: 3.25% of the consideration equal to the amount of such fine or premium as set forth in the lease.</p> <p>(i) in case of immovable property in an urban area: 5.25% of the consideration equal to the amount of advance as set forth in the lease, in addition to the duty which would have been payable on such lease, if no advance had been paid or delivered: provided that, in any case when an agreement to lease is stamped with the ad valorem stamp</p>

Article to Schedule I	Description	Existing rate of Stamp Duty	Proposed rate of Stamp Duty
	(b) Where the lease is granted for a fine or premium in addition to the rent reserved:	Two percent of the consideration equal to the amount of such fine or premium as set forth in the lease, in addition to duty which would have been payable on such lease if no fine or premium had been paid or delivered; provided that, in any case when an agreement to lease is stamped with the ad valorem stamp	<p>required for a lease and a lease in pursuance of such agreement is subsequently executed, the duty on such lease shall not exceed one hundred rupees.</p> <p>(ii) in any other case: 3.25 percent of the consideration equal to the amount of advance as set forth in the lease, in addition to the duty which would have been payable on such lease, if no advance had been paid or delivered: provided that, in any case then an agreement to lease is stamped with the ad valorem stamp required for a lease and a lease in pursuance of such agreement is subsequently executed, the duty on such lease shall not exceed one hundred rupees.</p> <p>(i) in case of immovable property in an urban area: 5.25% of the consideration equal to the amount of such fine or premium as set forth in the lease, in addition to the duty which would have been payable on such lease, if no fine or premium had</p>

Article to Schedule I	Description	Existing rate of Stamp Duty	Proposed rate of Stamp Duty
	<p>Exemption: Lease, executed in the case of a cultivator and for the purposes of cultivation (including a lease of trees for the production of food or drink) without the</p>	<p>required for a lease and a lease in pursuance of such agreement is subsequently executed, the duty on such lease shall not exceed one hundred rupees.</p>	<p>been paid or delivered: provided that, in any case when an agreement to lease is stamped with the ad valorem stamp required for a lease and a lease in pursuance of such agreement is subsequently executed, the duty on such lease shall not exceed one hundred rupees.</p> <p>(ii) in any other case: 3.25% of the consideration equal to the amount of such fine or premium as set forth in the lease, in addition to the duty which would have been payable on such lease, if no fine or premium had been paid or delivered: provided that, in any case when an agreement to lease is stamped with the ad valorem stamp required for a lease and a lease in pursuance of such agreement is subsequently executed, the duty on such lease shall not exceed one hundred rupees.</p>

Article to Schedule I	Description	Existing rate of Stamp Duty	Proposed rate of Stamp Duty
	payment or delivery of any fine or premium when a definite term is expressed and such term does not exceed one year, or when the average annual rent reserved does not exceed one hundred rupees.		
40	Mortgage-Deed	(i) mortgage with banking companies, that is to say, simple or legal mortgage for banking companies or other financial institutions, when the entire finance is not based on interest: 0.2% of loan amount subject to maximum of Rs 100,000  (ii) In other cases: 0.2% of loan amount	(i) mortgage with banking companies, that is to say, simple or legal mortgage for banking companies or other financial institutions, when the entire finance is not based on interest: 0.45% of loan amount subject to maximum of Rs 100,000  (ii) In other cases: 0.45% of loan amount
55	RELEASE, that is to say any instrument (not being such a release as is provided for by section 23-A) whereby a person renounces a claim upon another person or against any specified property.	3% of such amount of the claim or value of the property.	(a) In case of property in an urban area: 5% of amount of claim or value of Property.  (b) In other case: 3% of amount of claim or value of Property
63	Transfer of Lease by way of assignment and not by way of under-lease.  <b>Exemption-</b> Transfer of any lease exempt from duty.	3% of the consideration equal to the amount of the consideration for the transfer.	(a) In case of property in an urban area: 5% of value of Property.  (b) In other case: 3% of value of property

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