

**THE KHYBER PAKHTUNKHWA
FINANCE ACT, 2010.**

(KHYBER PAKHTUNKHWA ACT NO. VIII OF 2010)

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¹Substituted vide Khyber Pakhtunkhwa Act No. IV of 2011

**THE KHYBER PAKHTUNKHWA
FINANCE ACT, 2010.**

(KHYBER PAKHTUNKHWA ACT NO. VIII OF 2010)

[First published after having received the assent of the Governor of the Khyber Pakhtunkhwa in the Gazette of Khyber Pakhtunkhwa (Extraordinary), dated the 5th July, 2010]

**AN
ACT**

*to continue, levy and revise certain taxes in the
Province of the Khyber Pakhtunkhwa.*

Preamble.---WHEREAS it is expedient to continue, levy and revise certain taxes in the Province of the Khyber Pakhtunkhwa and for matters ancillary thereto or connected therewith;

It is hereby enacted as follows:

1. Short title, extent and commencement.---(1) This Act may be called the Khyber Pakhtunkhwa Finance Act, 2010.

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

(3) It shall come into force on the 1st day of July, 2010.

2. Levy of tax on capital value of immovable property.---(1) A tax on the capital value of immovable property, to be called the capital value tax, shall be payable by every individual, association of persons, firm or a company, which acquires by purchase, gift, exchange, surrender, power of attorney ¹[including revocable power of Attorney and time-bound (not exceeding sixty days) executed between spouses, father and son or daughter, grand parents and grand children, brother and sister or relinquishment of rights by the owner (whether effected orally or by deed or obtained through Court decree), except by inheritance or gift from spouse, parents, grand parents, a brother and a sister of an immovable property or a right to the use thereof for more than twenty years, or renewal of the lease or any premium paid thereon, at the rates specified in sub-section (2).

²[(2) The rates of tax in respect of immovable properties are as under:

¹ Substituted vide the Khyber Pakhtunkhwa Finance Act, No. XXVII of 2019.

² Substituted vide the Khyber Pakhtunkhwa Act No. XIII of 2011

- (a) Immovable property other than commercial property, industrial property and residential flats situated in urban areas measuring at least 500 square yards or one kanal (whichever is less) and more,-

No.	Description of Immovable property.	Rate of tax
(i)	Where the value of the immovable property is recorded.	¹ [One percent] ² [of the recorded value of the landed area.
(ii)	Where the value of the immovable property is not recorded.	Twenty five rupees per square foot of the landed area.
(iii)	Where the immovable property is a constructed property.	Ten rupees per square foot of the constructed area, in addition to the value worked out above.]

- (b) Immovable Commercial and Industrial property of any size situated in an urban area,-

No.	Description of Immovable property.	Rate of tax
(i)	Where the value of the immovable property is recorded.	³ [One percent] ⁴ [of the recorded value of the landed area.
(ii)	Where the value of the immovable property is not recorded.	Twenty five rupees per square foot of the landed area.
(iii)	Where the immovable property is a constructed property.	Ten rupees per square foot of the constructed area, in addition to the value worked out above.]

¹ Substituted vide the Khyber Pakhtunkhwa Act No. I of 2024

² Substituted vide the Khyber Pakhtunkhwa Act No. XXIX of 2022

³ Substituted vide the Khyber Pakhtunkhwa Act No. I of 2024

⁴ Substituted vide the Khyber Pakhtunkhwa Act No. XXIX of 2022

- ¹[(c) Commercial immovable property including residential flats situated in Plazas or Multi-story buildings of any size situated in an urban area:

No.	Description of property.	Rate of tax
(i)	Where the value of the immovable property is recorded.	² [One percent] ³ [of the recorded value of the immovable property provided that the amount of tax per Sq-ft of constructed area for floor indicated below shall not be less than: Rs. 8/ per Sq-ft for basement Rs. 10/ per Sq-ft for ground floor Rs. 8/ per Sq-ft for 1st floor Rs. 7.5/ per Sq-ft for 2nd floor Rs. 7/ per Sq-ft for 3rd floor and above.
(ii)	Where the value of the immovable property is not recorded.	The amount of tax per Sq-ft of constructed area for floor indicated below shall be: Rs. 8/ per Sq-ft for basement Rs. 10/ per Sq-ft for ground floor Rs. 8/ per Sq-ft for 1st floor Rs. 7.5/ per Sq-ft for 2nd floor Rs. 7/ per Sq-ft for 3rd floor and above:]

⁴[Provided that the tax, under clauses (a), (b) and (c) of this sub-section, shall be exempted for the financial year 2022-23.]

¹ Substituted vide the Khyber Pakhtunkhwa Act No. XXV of 2014

² Substituted vide the Khyber Pakhtunkhwa Act No. I of 2024

³ Substituted vide the Khyber Pakhtunkhwa Act No. XXIX of 2022

⁴ Added vide the Khyber Pakhtunkhwa Act No. XXIX of 2022

(3) For the purposes of sub-section (1), the capital value of the immovable property shall be the value as specified in the Standard Valuation Tables of Immovable Properties or the values specified by the District Collector for the purposes of Stamp Duty or, which such value has not been determined, the value declared by the transferee:

Provided that in case the property is let out, its value shall be adopted at ten times the sum for which it might reasonable be expected to be let out from year to year.

(4) The capital value tax shall be collected by the person responsible for registering or attesting the transfer of the immovable property in respect of which the tax is payable, at the time of registering or attesting the transfer.

(5) The proceeds of the tax collected under sub-section (4) shall be credited to the Provincial Consolidated Fund under the head specified by the Provincial Government.

(6) Where the capital value tax is not collected from the person liable to pay it, the tax may be collected by an officer designated by the Revenue Department Khyber Pakhtunkhwa, in this behalf from the said person at any subsequent time. In case of any default or non-payment, the amount of unpaid capital value tax may, in addition to any other mode of recovery, as prescribed by rules made under sub-section (9) of this section, may also be recovered as arrears of land revenue.

(7) Where any person wilfully fails to collect or having collected wilfully fails to pay the capital value tax as required, he shall be personally liable to pay the tax alongwith additional tax at the rate of 15% per annum for the period for which such tax or part thereof remains unpaid.

(8) The Provincial Government, on an application by the assessee, from whom the tax is sought to be recovered, may revise any order made under this section.

(9) The Revenue Department, Khyber Pakhtunkhwa may, by notification in the official Gazette, make rules relating to the collection and recovery thereof, or any other matter relating to the capital value tax.

(10) The Provincial Government may, by notification in the official Gazette, exempt, any person or class of persons or immovable property or class of immovable property from the capital value tax:

Provided that such exemption may be subject to such conditions as may be specified in the notification.

Explanation.---For the purposes of this section, the expressions-

- (a) “Association of persons”, “Company” and “firm” shall have the same meaning as contained in the Income Tax Ordinance, 2001 (Ordinance No. XLIX of 2001);
- (b) “development authority” means an authority formed by or under any law for the purposes of development of an area and includes any authority, society, agency, trust, association or institution declared as development authority by the Revenue Department by a notification in the official Gazette;
- ¹[(bb) “recorded value” means the value declared by the transferee in the instrument provided that the declared value of landed area shall not be less than that specified in the valuation table notified by the District Collector;]
- (c) “registration authority” means the person responsible for registering or attesting the transfer of the immovable property or of the right to use thereof for more than twenty years, and in the case of a development authority or a co-operative society, its principal officer; and
- (a) “urban area” means the rating areas as defined under the West Pakistan Urban Immovable Property Tax Act, 1958 (W.P. Act No. V of 1958).

3. Amendment of ²[Khyber Pakhtunkhwa] Ord. No. III of 2000.---In the ³[Khyber Pakhtunkhwa] Sales Tax Ordinance 2000 (⁴[Khyber Pakhtunkhwa] Ord. No. III of 2000), the following amendments shall be made, namely,-

- (i) in section 3, in sub-section (1), for the words “sixteen per cent”, the words “seventeen per cent” shall be substituted; and
- (ii) for the existing Schedule, the following shall be substituted, namely:

“SCHEDULE
[see section 3(2)]

1. Services provided or rendered by hotels, marriage halls, lawns, clubs and caterers.

¹Inserted vide Khyber Pakhtunkhwa Act No. XIII of 2011

²Substituted vide Khyber Pakhtunkhwa Act No. IV of 2011

³Substituted vide Khyber Pakhtunkhwa Act No. IV of 2011

⁴Substituted vide Khyber Pakhtunkhwa Act No. IV of 2011

2. Advertisement on T.V. and Radio, excluding advertisement-
 - (i) if sponsored by a Government Agency for health education;
 - (ii) financed out of funds provided under grant-in-aid agreement; and
 - (iii) conveying public service messages, if telecast on television by the World Wildlife Funds for Nature of UNICEF.
3. Services provided or rendered by persons authorized to transact business on behalf of others-
 - (i) customs agents;
 - (ii) ship chandlers; and
 - (iii) stevedores.
4. Courier services.
5. Services provided or rendered for personal care by beauty parlors, beauty clinics, slimming clinics.
6. Services provided and rendered buy laundries and dry cleaners.
7. Advertisement on Close Circuit TV or Cable TV.
8. Shipping agents.
9. Telecommunications Services:
 - (i) Telephone services
 - (ii) Fixed line voice telephone service
 - (iii) Wireless telephone
 - (iv) Cellular telephone
 - (v) Wireless local loop telephone
 - (vi) Video telephone
 - (vii) Payphone cards
 - (viii) Pre-paid calling cards

- (ix) Voice mail service
- (x) Messaging service
- (xi) Short Message service (SMS)
- (xii) Multimedia message service (MMS)
- (xiii) Bandwidth services [used for voice and video telecommunication service]:
 - (a) Copper line based
 - (b) Fiber-optic based
 - (c) Co-axial cable based
 - (d) Microwave based
 - (e) Satellite based
- (xiv) Voice over I.P. services
- (xv) Teleconferencing services
- (xvi) Telegraph
- (xvii) Telex
- (xviii) Telefax
- (xix) Store and forward fax services
- (xx) Audiotext services
- (xxi) Teletext services
- (xxii) Trunk radio services
- (xxiii) Internet services
- (xxiv) Paging services
- (xxv) Voice paging services

- (xxvi) Radio paging services
 - (xxvii) Vehicle tracking services
 - (xxviii) Burglar alarm services
10. Services provided or rendered in respect of insurance to a policy holder by an insurer, including a re-insurer:
- (i) Goods insurance
 - (ii) Fire insurance
 - (iii) Theft insurance
 - (iv) Marine insurance
 - (v) Other insurance.
11. Services provided by banking companies or non-banking financial institutions including but not limited to all non-interest based services provide or rendered against a consideration in form of a fee or commission or charges.
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