



PAKISTAN – June 2020

CONTENTS

PAKISTAN	1
‘PROPERTY TAX WILL NOT BE LEVIED IN KP UNTIL JUNE 2021’	1

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‘Property tax will not be levied in KP until June 2021’

The Khyber Pakhtunkhwa (KP) government, while presenting the provincial budget for FY21 in the provincial assembly on Friday, introduced special concessions on a number of taxes, including property tax.

According to the Finance Bill 2020-21, property tax will not be levied in the province until June 2021.

“However, outstanding property tax could be paid in 12 instalments with a 25 per cent to 30 per cent discount on lumpsum payment till June 30, 2021. In case of non-payment, the government will impose penalties and bar transfer of such properties until all dues are cleared.”

Moreover, the location factor of property tax on immovable property has also been reduced and tax-payers who pay their taxes on time will get a concession of 35 per cent.

Similarly, tax on commercial properties in urban areas has also been reduced. A fixed tax of Rs40,000 per annum has been maintained on commercial properties in the provincial capital, Rs3,000 per annum in divisional headquarters and Rs20,000 per annum in district headquarters. Similarly, the commercial properties used for car wash and filling stations will pay Rs15,000 tax per annum.

Additionally, the provincial government has abolished taxes on about 200 Small and Medium-sized Enterprises (SME). Tax on hotels and restaurants has been reduced from 15 per cent to 8 per cent.

Similarly, professional tax for more than 18 professions has also been abolished. However, professionals falling under the said categories will still need to have their business registered with the KP Revenue Authority.

In order to increase the registration of vehicles in the province, the provincial government has abolished the fee for re-registration as well as the requirement of No Objection Certificate (NOC) from other provinces.

Moreover, tax rates have been reduced from 15 per cent to 5 per cent for the human resource sector, from 15 per cent to 5 per cent for laboratory services, from 15 per cent to 8 per cent for airports, from 8 per cent to 5 per cent

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for beauty parlors, from 8 per cent to 2 per cent for medium size laundry services, from 15 per cent to 2 per cent for capital goods dealers from 15 per cent to 2 per cent for railway cargo and from 15 per cent to 2 per cent for auction services.

According to the Finance Bill, the concessions given on capital value tax and stamp duty have also been maintained.

Similarly, according to the bill, import export license holders, customs clearing agents, travel agents, restaurant guests houses, wedding halls, advertising agencies, doctors, contractors, suppliers and consultants, petrol, diesel, CNG filling stations, video shops, steel assistant engineers, stock exchange members, money managers, health centers and cable operators have been declared tax exempt in case they get themselves registered with the KP Revenue Authority.

The KP government has also granted a full tax exemption on fees to government primary and secondary schools and professional arts colleges.

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