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GOVERNMENT OF THE PUNJAB
LOCAL GOVERNMENT AND COMMUNITY DEVELOPMENT
DEPARTMENT

Dated Lahore, the 25th July 2016

NOTIFICATION

No.SOR(LG)38-15/2015. In exercise of the powers conferred under section 144 of the Punjab Local Government Act 2013 (XVIII of 2013) and after previous publication, Governor of the Punjab is pleased to make the following rules:

1. Short title and commencement.- (1) These rules may be cited as the Punjab Local Governments (Taxation) Rules 2016.

(2) They shall come into force at once.

2. Definitions.- (1) In these rules:

- (a) "Act" means the Punjab Local Government Act 2013 (XVIII of 2013);
- (b) "Assessing Authority" means Authority as defined under the Punjab Urban Immovable Property Tax Act, 1958 (V of 1958);
- (c) "Collecting Officer" means an officer appointed or designated for the purposes of assessment and collection of the tax;
- (d) "defaulter" means any person from whom any amount is recoverable under the rules and remained unpaid after presentation of a bill to him under rule 7 of the rules;
- (e) "finance officer" means head of finance office of a local government;
- (f) "House" means an elected body of a local government;
- (g) "inhabitant" means any person who ordinarily resides, carries on business, owns or occupies immovable property in the local area;
- (h) "local government" means a local government other than an Authority established under the Act;
- (i) "taxation proposal" means a proposal framed by a local government for imposition of a tax under the rules;
- (j) "property tax" means a tax levied under the Punjab Urban Immovable Property Tax Act, 1958 (V of 1958);
- (k) "rating area" means rating area as defined in the Punjab Urban Immovable Property Tax Act, 1958 (V of 1958); and
- (l) "rules" means the Punjab Local Governments (Taxation) Rules 2016.

(2) An expression used in the rules but not defined shall have the same meaning as assigned to it in the Act.

3. Taxation proposals.- (1) The finance officer shall frame the annual budget or the revised budget of a local government after reviewing the financial position of the local government.

(2) If the financial position demands any change in tax structure, the finance officer shall, in consultation with relevant head of offices, draw up taxation proposal provided that:

- (a) the rate of tax shall not be revised during the current financial year.
- (b) separate taxation proposal for each tax shall be prepared.

(3) The taxation proposals shall be framed in the form of a draft tax notification and indicating:

- (a) rationale, class of persons or category of property proposed to be taxed;
- (b) the rate at which the tax is proposed to be levied; and
- (c) the expected income from the tax.

(4) The taxation proposals shall be submitted by the finance officer through Chief Officer for approval to the Mayor or Chairman.

(5) The taxation proposals of a Union Council shall be submitted by its Secretary to Chairman.

(6) The Mayor or the Chairman may approve the taxation proposals with or without modifications and place it before House for approval prior to public notice.

4. Publication of taxation proposals.- (1) After the approval under rule 3, the Mayor or the Chairman shall issue a public notice for each taxation proposal.

(2) The public notice, issued under sub-rule (1), shall be published at least in two national newspapers one in Urdu and one in English.

(3) A public notice, issued under sub-rule (1), shall specify:

- (a) the main features of the taxation proposal;
- (b) class of persons or description of property or both, affected thereby;
- (c) procedure of assessment to be adopted;
- (d) any exemptions proposed to be made;
- (e) additional income likely to be raised by imposition of tax or increase in the tax and the purpose on which this additional income is proposed to be spent;
- (f) **loss of income likely to be caused by the abolition of the tax or reduction in the rate of the tax and the manner in which this shortfall in income is proposed to be made up;**
- (g) justification of the taxation proposal; and
- (h) any other information considered necessary for the public.

(4) Along with the public notice issued under sub-rule (1), the Mayor or the Chairman shall publish taxation programme specifying therein:

- (a) the date, which shall not be less than fifteen days from the publication of the proposals for objections from the inhabitants or affectees; and
- (b) the date(s) fixed for the hearing of objections received under clause (a), if any, by the Mayor or the Chairman or a committee constituted for this purpose.

5. Date of hearing.- (1) On the date, fixed for the hearing of objections, the Mayor or the Chairman or committee as the case may be, shall:

- (a) hear the same in public; and
- (b) provide all possible facilities to the persons to present their case.

(2) After hearing the objections, Mayor or the Chairman or the committee:

- (a) may consider the same; or
- (b) refuse the same after recording reasons in writing.

(3) All objections received from the inhabitants or affectees on the taxation proposals shall be entered into a register maintained.

(4) After finalization of the taxation proposal under sub-rule (2), the Mayor or the Chairman or the committee, as the case may be, shall:

- (a) submit the taxation proposal to the Government for vetting; and
- (b) placed the vetted taxation proposal before the House for approval; and

(5) The approved taxation proposal notification shall be forwarded to Government by the local government for publication in the official Gazette.

6. Levy of property tax.- (1) A local government, empowered under section 116 of the Act, may levy or determine higher rate of the property tax in any rating area.

(2) For the purpose of expanding the rating area, the Mayor or Chairman shall request the Assessing Authority to carry out survey of an area for levy of property tax.

(3) The Assessing Authority, for purposes mentioned under sub-rule (2), shall ensure that:

- (a) the area consists of at least five hundred constructed property units; and
- (b) an integrated system of roads or streets network, water supply, sewerage (including open drains) and street lights either available or planned to be provided in the area.

(4) The Mayor or Chairman shall notify an area under sub-rule (3), after satisfaction that the area fulfills all the requirements under these rules for levy of property tax.

7. Taxation bill.- (1) The collecting officer shall, if an amount on account of a tax is due, present a bill for the payment of the tax to the concerned person.

(2) A bill, mentioned under sub-rule (1), shall specify:

- (a) the period for which and the property, thing or occupation in respect of which, the sum is claimed;
- (b) the liability to be incurred in the event of default;
- (c) the time period for the payment of bill; and
- (d) the time within which and the authority to whom an appeal may be preferred against such claim.

8. Notice of demand.- (1) If the sum, for which any bill has been presented under rule 7, is not paid within thirty days from the presentation thereof or no appeal is filed within prescribed period or where an appeal is filed and rejected by the Appellate Authority, the taxation officer shall serve upon the defaulter a notice of demand.

(2) For every notice of demand, a charge of twenty-five rupees shall be levied to cover the cost of the notice and its service and such charge shall be included in the amount of the tax to be recovered from the defaulter.

9. Recovery of arrears.- (1) The Mayor or the Chairman may recover tax with costs of recovery as arrears of land revenue, if within fifteen days of the service of the notice of demand, the defaulter does not:

- (a) pay the sum mentioned in the notice; or
- (b) show cause to the satisfaction of the Mayor or the Chairman why he should not pay the sum claimed.

(2) A statement of account certified by the finance officer shall be forwarded by the Mayor or Chairman to the Collector of the District to recover the sum demanded as arrears of land revenue under the Punjab Land Revenue Act, 1967 (*XVII of 1967*) from the defaulter.

10. Repeal.- On repeal of the Punjab Local Government Ordinance, 2001 (*XIII of 2001*), the Punjab Local Governments (Taxation) Rules, 2001 shall stand repealed.

**SECRETARY
LOCAL GOVERNMENT AND COMMUNITY DEVELOPMENT
DEPARTMENT**