Updated Upto 08-07-2019

[1]The Punjab Agricultural Income Tax Act 1997

(Act I of 1997)

[16 June 1997]

An Act to provide for the imposition of a tax on agricultural income in the Punjab.

Preamble.– Whereas the Constitution of the Islamic Republic of Pakistan envisages the creation of an egalitarian society based on the Islamic principles of social justice;

And whereas for achieving the object it is expedient to provide for the imposition of a tax on agricultural income in the Punjab;

It is hereby enacted as follows:-

1. Short title and commencement.– (1) This Act may be called the Punjab Agricultural Income Tax Act 1997.

[2][(2) It shall come into force on the first day of July 1997.]

2. Definitions.– (1) In this Act, unless there is anything repugnant in the subject or context–

[3][(a) "agricultural income" means–

(a) any rent or revenue derived from land which is situated in the Punjab and is used for agricultural purposes;

(b) any income derived from such land by–

(i) agriculture; or

(ii) the performance by a cultivator or receiver of rent-in-kind [4][of] any process ordinarily employed by a cultivator or receiver of rent-in-kind to render the produce raised or received by him fit to be taken to market; or

(iii) the sale by a cultivator or receiver of rent-in-kind of the produce raised or received by him, in respect of which no process has been performed other than a process of the nature [5][described] in paragraph (ii);

(c) any income derived from any building owned and occupied by the receiver of the rent or revenue of any such land, or occupied by the cultivator or the receiver of rent-in-kind, of any land with respect to which, or the produce of which, any operation mentioned in paragraphs (ii) and (iii) of sub-clause (b) is carried on:

Provided that the building is on, or in the immediate vicinity of the land, and is a building which the receiver of the rent or revenue or the cultivator, or the receiver of the rent-in-kind by reason of his connection with the land, requires as a dwelling-house, or a store-house, or other out-building;]

[6][(aa) "assessee" means a person by whom any tax or any other sum of money is payable under this Act and includes–

(i) every person in respect of whom any proceeding under this Act has been taken for the assessment of his total cultivated land or for the assessment of his agricultural income or the agricultural income of any other person in respect of which he is assessable or of the amount of refund due to him or to such other person;

(ii) every person who is required to file a statement of his total cultivated land or return of total agricultural income under section 4 read with section 3 of this Act; and

(iii) every person who is deemed to be an assessee, or an assessee in default, under this Act;

(ab) "assessment" includes reassessment and additional assessment and the cognate expressions shall be construed accordingly;

(ac) "assessment year" means the period of twelve months beginning on the first day of July next following the income year;]

[7][(ad)] "Collector" means Collector of a district appointed under the Punjab Land Revenue Act 1967 (XVII of 1967) and includes [8][* * *] any officer specially appointed by the Government to perform the functions and exercise the powers of a Collector under this Act];

(b) "cultivated land" means any area of land which was sown at least once during the tax year, including land under matured orchard which bore fruit during the tax year, but excluding land under planted forest or forest nursery;

(c) "[9][mature] orchard" means orchard of the age of seven years or more in the case of mango orchard and of the age of five years or more in the case of other orchards;

(d) "Government" means the Government of the Punjab;

[10][(da) "income year" in relation to any assessment year (hereinafter in this clause referred to as the 'said assessment year') means the financial year next preceding the said assessment year;]

(e) [11][* * * * * * * * * * *]

(f) "owner" includes a member of a joint Hindu family whether owning land individually or jointly with any other person and includes mortgagee in possession, or tenant of Government land;

Explanation I– Where any land is owned by more than one person whether as member of a firm or association or otherwise, every one of those persons individually, to the extend of his share in the said land, shall be deemed to be an owner.

Explanation II– Every ‘ward’ whose estate is managed by a Court of Wards shall be deemed to be the owner of such estate.

[12][Explanation III– A member of a cooperative farming society shall be deemed to be the owner of such portion of the land possessed by the society as is proportionate to his share or interest as a member.]

(g) “prescribed” means prescribed by rules;

[13][(ga) “return” mean the return of total agricultural income in the prescribed form setting forth such particulars and accompanied by such statements, certificates, and other documents, and verified in such manner, as may be prescribed;]

(h) “rules” means rules made under this Act;

(i) “tax” means tax livable under the provisions of this Act and includes any penalty livable under this Act; [14][* * *]

(j) “tax year” means agricultural year as defined in the Punjab Land Revenue Act 1967 (XVII of 1967) [15][; and]

[16][(k) “total agricultural income” means the total amount of agricultural income, computed in the manner laid down in this Act.]

(2) All words and expressions in this Act used or defined in the Punjab Land Revenue Act 1967 (XVII of 1967) and not hereinbefore defined shall be deemed to have meanings respectively attributed to them by that Act.

[17][3. Charge of agricultural income-tax.– (1) Subject to the other provisions of this Act, there shall be levied, assessed and collected each year a tax in respect of agricultural income of a tax year of an owner at the rate specified in the First Schedule to this Act.

Explanation.– For the purposes of this sub-section, the cultivated land during a tax year shall be deemed to be agricultural income.

(2) [18][* * * * * * * * * * * *]

[19][(3) Subject to the other provisions of this Act, there shall be levied, assessed and collected for each assessment year commencing on or after the first day of July, 2001, agricultural income tax in respect of the total agricultural income of the income year of every person [20][* * *] at the rate specified in the Second Schedule:

Provided that where, by virtue of an amendment in the Second Schedule, the rate of income tax, for the purpose of assessment in respect of any assessment year, is altered, the rate of income tax existing prior to the said alteration shall continue to apply in respect of any assessment year to which the said existing rate is applicable.]]

[21][(4) Out of the two taxes assessed under sub-sections (1) and (3), an assessee shall be liable to pay one tax the amount of which shall be greater.]

[22][3-A. Effect of transfers made on or after the first day of July 2003.– Any person liable to pay tax under this Act, transferring his land or interest therein on or after the first day of July 2003 in favour of his wife or any of his heirs under the age of eighteen years, shall continue to be liable for payment of the tax as if such transfer had not taken place:

Provided that this liability of the person for payment of the tax in respect of the land or interest therein transferred to any of his heirs under the age of eighteen years, shall cease when the heir attains the age of eighteen years.

Explanation.– For the purpose of determining whether or not a transferee is an heir within the meaning of this section, succession to the property of the owner shall be deemed to have opened at the time of the transfer.]

[23][3B. Tax on the basis of income tax return.– Notwithstanding the provisions of section 3, where any person has declared agricultural income for any assessment year in the return filed under the Income Tax Ordinance, 2001 (XLIX of 2001), the person shall pay the tax on such income at the rate specified in the Second Schedule.]

4. Assessment and collection of tax.– (1) The tax shall be assessed and collected by the Collector in such manner as may be prescribed.

(2) In case of assessment regarding an owner holding land in more than one patwar circle, the owner shall file a statement regarding the location of his land in the Punjab, in such manner as may be prescribed.

[24][(3) Every person–

(a) whose total agricultural income or the total agricultural income of any other person in respect of which he is assessable under this Act, for any income year (hereinafter referred to as the said income year) exceeds the maximum amount which is not chargeable to tax under this Act; or

(b) who himself or any other person on whose behalf he is assessable under this Act, has, during the said income year, cultivated land measuring–

(i) fifty acres or more of irrigated land; or

(ii) one hundred acres or more of unirrigated land; or

(iii) irrigated and unirrigated land the aggregate area of which is equal to or more than fifty acres of irrigated land, one acre of irrigated land being reckoned as equivalent to two acres of unirrigated land, shall file a return of his total agricultural income or the agricultural income of such other person, as the case may be, for the said income year in such form and by such date as may be prescribed.]

[25][(4) No assessment on the basis of return shall be made by the Collector after the expiration of two years from the end of the assessment year in which the total agricultural income was first assessable.]
[26][4-A. Computation of agricultural income.– In computing agricultural income of an assessee, the following allowances and deductions shall be made, namely:-

(a) any expenditure on account of labour for–

(i) tilling the land;
(ii) sowing the seed;
(iii) ploughing/planting;
(iv) tending/pruning;
(v) rendering the produce fit to be taken to market;
(vi) any other agricultural operation;

(b) any expenditure incurred on purchase of–

(i) seed;
(ii) fertilizers and pesticides;

(c) any expenditure incurred on–

(i) hiring animals, tractors, agricultural machinery and implements used for earning agricultural income;
(ii) repair and maintenance of water-courses;

(d) any expenditure incurred on–

(i) harvesting of agricultural produce;
(ii) marketing of the agricultural produce;

(e) any sum paid on account of–

(i) ushr;
(ii) local cess and other cesses;
(iii) water-rate (Abiana);
(iv) electricity bills in respect of tubewells and lift pumps used for agriculture;
(v) fuel charges in respect of tubewells and lift pumps uses for agriculture;
(vi) rent of land used for agriculture;
(vii) obtaining of agricultural loans;
(viii) mark-up on agricultural loans;

(f) in respect of depreciation of such buildings, machinery and plant being the property of the assessee used for the purpose of earning agricultural income, allowance at the rate of 15 percent of the written down value; and

(g) any other expenditure not being in the nature of capital expenditure or personal expenses of the assessee laid out or expended wholly and exclusively for the purposes of agriculture.

4-B. Allowances to be treated as deduction from income.– Any allowance admissible under this Act shall be included in the total agricultural income, but may be deducted from such income for the purpose of computing the tax payable by an assessee under this Act.

4-C. Liability in the case of a deceased person.– (1) Where a person dies, his legal representatives shall be liable to pay tax which the deceased would have been liable to pay if he had not died, in the like manner and to the same extent as the deceased.

(2) For the purpose of making an assessment of the agricultural income of the deceased and recovery of tax–

(a) any proceeding taken against the deceased before his death shall be deemed to have been taken against the legal representatives and may be continued against the legal representatives from the stage at which it stood on the date of the death of the deceased; and

(b) any proceeding which could have been taken against the deceased if he had survived may be taken against the legal representatives,

and all the provisions of this Act shall, so far as may be, apply accordingly.

(3) The legal representatives of the deceased shall, for the purposes of this Act be deemed to be an assessee.

Explanation.– For the purposes of this section, "legal representative" includes an executor, administrator and any person administering the estate of a deceased person.

4-D Liability of agents representing assessee.– (1) Every agent shall, in respect of the agricultural income for which he is, or is declared to be, or is treated as, an agent, be deemed to be an assessee for the purposes of this Act and shall be subject to the same obligations and liabilities as if he were the assessee, and shall be liable to assessment in his own name in respect of that income.

(2) Every agent who pays any tax under this Act shall be entitled to recover the tax so paid from the person on whose behalf it is paid, or to retain an equivalent amount out of any moneys due or belonging to the said person which may be in his possession or come into his possession at any time.

(3) Nothing in this Act shall prevent either the direct assessment of the person on whose behalf or for whose benefit, any such income is receivable, or the recovery from such person of the tax payable in respect of such income.

Explanation.– For the purposes of this section, "agent" includes–

(i) in respect of the income of a minor, lunatic or idiot, the guardian or manager who is entitled to receive, or is in respect of, such income, on behalf of such minor, lunatic or idiot;

(ii) in respect of income, which the Court of Wards, the Administrator General, the Official Trustee or any receiver or manager appointed by or under any order of a Court receives or is entitled to receive on behalf of, or for the benefit, of any person, such Court of Wards, Administrator General, Official Trustee, receiver or manager; and

(iii) in respect of income which a trustee, appointed under a trust declared by a duly executed instrument in writing whether testamentary or otherwise including any Wakf Deed which is valid under the

Mussalman Wakf Validating Act 1913 (VI of 1913), receives or is entitled to receive on behalf, or for the benefit, of any person, such trustee or trustees.]

5. Refund.– Refund of tax where due shall be made in such manner as may be prescribed.

6. Maintenance of accounts.– Accounts regarding demand and recovery of tax shall be maintained in such manner as may be prescribed.

7. Application of Act XVII of 1967.– (1) Subject to the other provisions of this Act, the provisions of sections 13 and 14 of the Punjab Land Revenue Act 1967 (XVII of 1967) shall apply to cases under this Act.

(2) For the purposes of appeal, review or revision, an order passed under this Act shall be deemed to be an order of a Revenue Officer within the meanings of Sections 161, 162, 163 and 164 of the Punjab Land Revenue Act 1967 (XVII of 1967) [27][:]

[28][Provided that proceedings of suo-moto review or revision of an order in respect of any income year shall not be initiated after the expiration of two years from the end of the assessment year in which the total agricultural income of the said income year was first assessable.]

[29][8. Penalty for failure to furnish statements, etc.– (1) Where any person has, without reasonable cause, failed to furnish, within the time allowed for the purpose, the statement or, as the case may be, the return under section 4, the Collector may impose upon such person a penalty of rupees twenty-five for each day of default, subject to maximum of rupees one thousand.

(2) No penalty under sub-section (1) shall be imposed on any person unless such person has been given a reasonable opportunity of being heard.]

[30][9. Penalty for concealment of cultivated land, etc.– (1) Where in the course of any proceedings under this Act, the Collector or the appellate or revisional authority is satisfied that any [31][assessee] has, either in the said proceedings or in any earlier proceedings relating to an assessment in respect of the same tax year, concealed his cultivated land or furnished inaccurate particulars of such cultivated land, or concealed his agricultural income or furnished inaccurate particulars of such income, he or, as the case may be, it may impose upon such [32][assessee] a penalty equal to the amount of tax which the said [33][assessee] sought to evade by concealment of his cultivated land or furnishing inaccurate particulars of such cultivated land, or by concealment of his agricultural income or furnishing inaccurate particulars of such income as aforesaid.

(2) For the purposes of sub-section (1), concealment of cultivated land or the furnishing of inaccurate particulars of cultivated land, concealment of agricultural income or furnishing of inaccurate particulars of such income shall include suppression of information regarding any cultivated land liable to tax or, as the case may be, suppression of any item of receipt of agricultural income or failure to disclose agricultural income chargeable to tax under this Act or claiming any deduction for, or showing any expenditure not actually incurred.]

[34][(3) No penalty under this section shall be imposed on any assessee unless such assessee has been given a reasonable opportunity of being heard.]

[35][10. Penalty for default in payment of tax.– (1) Where any assessee is in default in making payment of any tax, the Collector may impose on him a penalty at the rate of five percent per annum of the amount of tax overdue for the period of default:

Provided that the total amount of penalty imposed under this section shall not exceed fifty per cent of the amount of such tax.

(2) No penalty under sub-section (1) shall be imposed on any assessee unless such assessee has been given a reasonable opportunity of being heard.]

[36][10-A. Bar of jurisdiction.– No Civil Court shall have jurisdiction in any manner relating to the assessment or collection of the tax leviable under this Act and no order passed or proceedings taken by any authority under this Act shall be called in question in any Civil Court.]

11. Rules.– The Government may frame rules to carry out the purposes of this Act.

12. Repeal.– [37][* * *] The Punjab Agricultural Income Tax Ordinance 1997 (XXII of 1997) is hereby repealed.

[38][* * * * * * * * * * * * *]

[39][THE FIRST SCHEDULE
[see section 3 (1)]

(1) Slab of total cultivated land, computed as irrigated land, by treating one acre of irrigated land as equal to two acre of unirrigated land, excluding mature orchards.	**Rate of tax per acre**
(i) Not exceeding 12½ acres	Nil.
(ii) Exceeding 12½ acres but not exceeding 25 acres	Rs. 300/-
(iii) Exceeding 25 acres but not exceeding 50 acres	Rs. 400/-
(iv) Exceeding 50 acres	Rs. 500/-
(2) Mature orchards	
(i) Irrigated	Rs. 600/-
(ii) Unirrigated	Rs. 300/-]

[40][THE SECOND SCHEDULE
[see section 3 (3)]
RATES OF TAX ON TOTAL AGRICULTURAL INCOME

The rate of tax on total agricultural income shall be as under:

(1)	Where the total income does not exceed Rs.400,000/-	0%
(2)	Where the total income exceeds Rs.400,000/- but does not exceed Rs.800,000/-	Rs.1,000/-
(3)	Where the total income exceeds Rs.800,000/- but does not exceed Rs.12,00,000/-	Rs.2,000/-
(4)	Where the total income exceeds Rs.12,00,000/- but does not exceed Rs.24,00,000/-	5% of the amount exceeding Rs.12,00,000/-
(5)	Where the total income exceeds Rs.24,00,000/- but does not exceed Rs.48,00,000/-	Rs.60,000/- plus 10% of the amount exceeding Rs.24,00,000/-
(6)	Where the total income exceeds Rs. 48,00,000/-	Rs.300,000/- plus 15% of the amount exceeding Rs.48,00,000/-]

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[1]This Act was passed by the Punjab Assembly on 13th June, 1997; assented to by the Governor of the Punjab on 14th June, 1997; and, was published in the Punjab Gazette (Extraordinary), dated 16th June, 1997, Pages 841 to 844.

[2]Substituted by the Punjab Agricultural Income Tax (Amendment) Act, 1998 (V of 1998).

[3]Added by the Punjab Agricultural Income Tax (Amendment) Ordinance 2000 (I of 2000).

[4]Substituted for the word "or" by the Punjab Agricultural Income Tax (Second Amendment) Ordinance, 2001 (VIII of 2001).

[5]Substituted for the word "specified" by the Punjab Agricultural Income Tax (Second Amendment) Ordinance, 2001 (VIII of 2001).

[6]Added by the Punjab Agricultural Income Tax (Second Amendment) Ordinance, 2001 (VIII of 2001).

[7]Relettered by the Punjab Agricultural Income Tax (Second Amendment) Ordinance, 2001 (VIII of 2001).

[8]The words and brackets "a Deputy District Officer (Revenue) and" omitted by the Punjab Laws (Amendment) Act 2011 (VI of 2011).

[9]Substituted for the word "matured" by the Punjab Agricultural Income Tax (Amendment) Ordinance 2002 (XXXVIII of 2002).

[10]Added by the Punjab Agricultural Income Tax (Second Amendment) Ordinance 2001 (VIII of 2001).

[11]Deleted by the Punjab Agricultural Income Tax (Amendment) Ordinance 2000 (I of 2000).

[12]Substituted by the Punjab Agricultural Income Tax (Second Amendment) Ordinance, 2001 (VIII of 2001).

[13]Added by the Punjab Agricultural Income Tax (Second Amendment) Ordinance, 2001 (VIII of 2001).

[14]The word "and" deleted by the Punjab Agricultural Income Tax (Second Amendment) Ordinance, 2001 (VIII of 2001).

[15]Substituted by the Punjab Agricultural Income Tax (Second Amendment) Ordinance, 2001 (VIII of 2001), for the full-stop.

[16]Added by the Punjab Agricultural Income Tax (Second Amendment) Ordinance, 2001 (VIII of 2001).

[17]Substituted first by the Punjab Agricultural Income Tax (Amendment) Act, 1998 (V of 1998) and again by the Punjab Agricultural Income Tax (Amendment) Ordinance 2000 (I of 2000).
[18]Omitted by the Punjab Agricultural Income Tax (Amendment) Ordinance 2002 (XXXVIII of 2002).
[19]Substituted by the Punjab Agricultural Income Tax (Amendment) Ordinance 2001 (VIII of 2001).
[20]The words "who is required to file a return of his total agricultural income under sub-section (2)," omitted by the Punjab Agricultural Income Tax (Amendment) Ordinance 2002 (XXXVIII of 2002).
[21]Added by the Punjab Agricultural Income Tax (Second Amendment) Ordinance, 2001 (VIII of 2001).
[22]Added by the Punjab Agricultural Income Tax (Amendment) Act, 2003 (VIII of 2003).
[23]Inserted by the Punjab Finance Act 2013 (XVI of 2013).
[24]Added by the Punjab Agricultural Income Tax (Amendment) Ordinance 2000 (I of 2000), and substituted by the Punjab Agricultural Income Tax (Amendment) Ordinance 2002 (XXXVIII of 2002).
[25]Added by the Punjab Agricultural Income Tax (Amendment) Ordinance 2000 (VIII of 2000).
[26]Added by the Punjab Agricultural Income Tax (Amendment) Ordinance 2000 (VIII of 2000).
[27]Substituted for the full-stop by the Punjab Agricultural Income Tax (Second Amendment) Ordinance, 2001 (VIII of 2001).
[28]Added by the Punjab Agricultural Income Tax (Amendment) Ordinance 2000 (VIII of 2000).
[29]Substituted by the Punjab Agricultural Income Tax (Amendment) Ordinance 2000 (VIII of 2000).
[30]Substituted by the Punjab Agricultural Income Tax (Amendment) Ordinance, 2000 (I of 2000).
[31]Substituted for the word "owner" by the Punjab Agricultural Income Tax (Second Amendment) Ordinance, 2001 (VIII of 2001).
[32]Substituted for the word "owner" by the Punjab Agricultural Income Tax (Second Amendment) Ordinance, 2001 (VIII of 2001).
[33]Substituted for the word "owner" by the Punjab Agricultural Income Tax (Second Amendment) Ordinance, 2001 (VIII of 2001).
[34]Added by the Punjab Agricultural Income Tax (Second Amendment) Ordinance, 2001 (VIII of 2001).
[35]Substituted by the Punjab Agricultural Income Tax (Second Amendment) Ordinance, 2001 (VIII of 2001).
[36]Added by the Punjab Agricultural Income Tax (Second Amendment) Ordinance, 2001 (VIII of 2001).
[37]Deleted by the Punjab Agricultural Income Tax (Second Amendment) Ordinance, 2001 (VIII of 2001).
[38]Deleted by the Punjab Agricultural Income Tax (Second Amendment) Ordinance 2001 (VIII of 2001).
[39] Substituted first by the Punjab Agricultural Income Tax (Amendment) Ordinance 2002 (XXXVIII of 2002); and then by the Punjab Finance Act 2019 (XV of 2019).
[40] Substituted first by the Punjab Agricultural Income Tax (Amendment) Ordinance 2000 (I of 2000); and then by the Punjab Finance Act 2019 (XV of 2019).