

GOVERNMENT OF THE KHYBER PAKHTUNKHWA,
LOCAL GOVERNMENT, ELECTIONS AND
RURAL DEVELOPMENT DEPARTMENT.

NOTIFICATION

Peshawar, dated the 13.07.2016.

No. SO(X&D)/Taxation Rules/LG/2016 -In exercise of the powers conferred by section 112 of the Khyber Pakhtunkhwa Local Government Act, 2013 (Khyber Pakhtunkhwa Act No. XXVIII of 2013) the Government of the Khyber is pleased to make the following rules, namely:

**THE KHYBER PAKHTUNKHWA LOCAL GOVERNMENT
TAXATION RULES, 2016.**

1. Short title, application and commencement.---(1) These rules may be called the Khyber Pakhtunkhwa Local Government Taxation Rules, 2016.

(2) These rules shall apply to the District Council and Tehsil Council:

Provided that for the purpose of fixation of rate and fee, at the level of Village and Neighbourhood Council, shall be specified by Government in separate rules as required under PART-V of THIRD SCHEDULE of the Khyber Pakhtunkhwa Local Government Act, 2013 (Khyber Pakhtunkhwa Act, XXVIII of 2013).

(3) These rules shall come into force at once.

2. Definition.---(1) In these rules, unless the subject or context otherwise requires, the following expressions shall have the meanings respectively assigned to them, that is to say-

- (a) "Act" means the Khyber Pakhtunkhwa Local Government Act, 2013 (Act No. XXVIII of 2013);
- (b) "Finance Committees" mean the Finance Committees, elected under clause (c) of section 18 and clause (g) of section 25 of the Act;

Assistant Secretary
 Govt. of Khyber Pakhtunkhwa
 Law Department

- (c) "inhabitant" means any person, who ordinarily resides, carries on business, owns or occupies immovable property in the local area;
- (d) "local council" means, for the purpose these rules, the District Council and Tehsil Council;
- (e) "Nazim" means the Nazim of the concerned local council;
- (f) "tax" means any cess, fee, rate, toll or other charge leviable under the Act; and
- (g) "taxation proposal" means the taxation proposal as specified in rule 3 of these rules.


 Asst. Secy.
 Govt. of Punjab
 Lahore

(2) Words and expressions used but not defined in these rules shall have the same meanings, as are respectively assigned to them in the Act.

3. Taxation proposal.---(1) The District Officer (Finance and Planning), in case of City District Government or District Government and the Tehsil Officer (Regulation), in case of Tehsil or Town Municipal Administration, as the case may be, shall formulate or caused to be formulated a taxation proposal based on review of the financial position of the concerned local government as part of annual or revised budget process or as Government may direct.

- (2) There shall be a separate taxation proposal for each tax.
- (3) The taxation proposal shall include the following:
 - (a) the class of persons, activity or business or category of property proposed to be taxed;
 - (b) the rate at which the tax is proposed to be levied; and
 - (c) the date for the enforcement of the tax.

(4) These rules shall mutatis mutandis be applicable for increasing, reducing or abolition of the rate of any existing tax.

(5) No taxation proposal shall be formulated in respect of a tax before the expiry of one fiscal year since its imposition, reduction, suspension or abolition.

(6) Before placing the taxation proposal to the local council, the same shall be submitted for approval to-

- (a) Nazim, City District Council or District Council, as the case may be, by the District Officer (Finance and Planning) through Deputy Commissioner of the district concerned; and
- (b) Nazim, Tehsil Council by the Tehsil Officer (Regulation) through Tehsil Municipal Officer.

Asst. District Officer
Gert of Khyber Pakhtunkhwa

(7) The Nazim of the concerned local council, before placing the taxation proposal to the local council, may approve the said proposal with or without modifications for the publication.

4. Publication of taxation proposal---(1) The Nazim or an officer authorized by him in this behalf, shall issue a public notice in respect of each taxation proposal which shall specify-

- (a) the salient features of the taxation proposal;
- (b) the class of persons, activity or business or description of property or both, affected thereby;
- (c) the amount or rate of tax to be imposed and the previous amount or rate if any;
- (d) the system of assessment of the tax or valuation therefore to be adopted;
- (e) any exemptions proposed to be made;

- (f) additional income likely to be raised by the imposition of the tax or the increase in the tax and the purpose on which this additional income is proposed to be spent;
- (g) the loss of income likely to be caused by the abolition or suspension 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;
- (h) justification of the taxation proposal; and
- (i) any other particulars considered necessary for the information of the public.

Asstt. Secy. to Govt. of Punjab
Law Department

(2) Alongwith the public notice under sub-rule (1), the Nazim or the officer authorized by him in this behalf, shall publish taxation proposal specifying therein-

- (a) the date, which shall not be less than fifteen days from the publication of the taxation proposal by which objections and suggestions to the taxation proposal may be made to the Nazim by the inhabitants;
- (b) the date or dates fixed for the hearing of objections or suggestions, received under clause (a), by the Nazim; and
- (c) the date by which the taxation proposal shall be enforced.

5. Hearing of objections and suggestions on taxation proposals.---(1)
The Finance Committees shall be the competent forum for hearing of objections and suggestions to the taxation proposals.

(2) All objections and suggestions, received under rule 4 of these rules, shall be entered into a register maintained for the purpose.

(3) On the date or dates, fixed for the hearing of objections and suggestions, the Finance Committees shall hear the same in public and shall afford all possible facilities to the persons making them to present their case.

(4) On the close of hearing of objections and suggestions, the Finance Committees shall finalize the taxation proposals, draw up and furnish detailed report to the concerned local council for consideration and sanction. This report shall specify-

- (a) the salient features of the taxation proposal;
- (b) the number and nature of objections and suggestions received within the specified period;
- (c) the manner in which the objections and suggestions were heard;
- (d) the findings in respect of each objection and suggestion heard;
- (e) the recommendation with regard to the taxation proposal; and
- (f) the financial implications involved in such recommendations.

Asstt. Secy. to Govt. of Mysore
Law Department

6. Convening of meeting of the local councils.---(1) The taxation proposals, concerning the annual budget of the local council, shall be presented in the budget session or the special session of the local council convened for this purpose.

(2) The taxation proposals concerning revised budget of the local council shall be presented in the special session of the local council convened for this purpose.

7. Finalization of taxation proposal.---The local council shall consider the report submitted by the Finance Committee, under rule 5 of these rules and may approve the taxation proposal with or without modification or drop the

same. The local council may, by passing a resolution, adopt the report as so submitted by the Finance Committee.

8. **Post-sanction publication.**---(1) After approval of the taxation proposal by the local council, the Nazim shall-

(a) forward a copy of the tax Notification to the Government for publication in the official Gazette; or

(b) publish the tax Notification in the form of a public notice.

(2) The taxation proposals, approved by the local council, shall come into force on and from such date as may be specified in the Notification.

9. **Repeal and Saving.**---(1) The Khyber Pakhtunkhwa Local Government (Imposition of Taxes) Rules, 1980, are hereby repealed.

(2) Notwithstanding the repeal of the said rules, any instructions issued and orders made under the repealed rules, not inconsistent to the provision of the Act or these rules shall continue to remain in force until altered, amended or withdrawn by the Competent Authority.

Asst. Secy.
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SECRETARY TO
GOVERNMENT OF THE KHYBER PAKHTUNKHWA,
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