

**AZAD GOVERNMENT OF THE STATE OF JAMMU AND KASHMIR  
LAW, JUSTICE AND PARLTAMENTARY AFFAIRS DEPARTMENT,  
MUZAFFARABAD**

Dated: 06.07.2006

No. LD/ Legis/198-205/2006. The following Act of Assembly received the assent of the President on 1st day of July, 2006, is hereby published for general information.

**(ACT V OF 2006)**

**AN  
ACT**

to give effect to the Financial Proposals of Azad Government of the state of Azad Jammu & Kashmir

**Whereas**, it is expedient to make provisions to give effect to the Financial Proposals of the Azad Government of the State of Jammu and Kashmir to consolidate and amend certain Fiscal Laws in the manner hereinafter appearing;

It is hereby enacted as follows:-

1. **Short title and Commencement.** - (1) The Act may be called the Azad Jammu & Kashmir Finance Act, 2006.
  - (2) It shall extend to the whole of Azad Jammu & Kashmir.
  - (3) It shall come into force at once.
  
2. **Adaptation of the amendment in Sales Tax Act, 1990, (Act VIII of 1990).**-(1) In the Sales Tax Act, 1990 (Act VIII of 1990), hereinafter referred to as the "Said Act", except otherwise legislated by an Act of the Assembly, all the amendments made in the Sales Tax Act, 1990 and all rules, notifications, circulars and other orders made or issued thereunder, as enforced in Pakistan at any time on or after the 16<sup>th</sup> July, 2005 and before the commencement of this Act, shall also as far as practicable, be deemed to have been made at the same time in the said Act, as enforced in Azad Jammu & Kashmir by virtue of the Sales Tax (Adaptation) Act, 1993 (Act IV of 1993), subject to the modification that in clause (32) of Section 2 of the Act, for the words "**185 of the Customs Act**" the words "**20 of the Federal Excise Act, 2005**" shall be substituted.
  - (2) Notwithstanding any judgment or decision of any court including High Court and Supreme Court of Azad Jammu & Kashmir, anything done, tax levied, charged or collected, proceedings initiated, notices issued, orders passed, penalties imposed, appointment made, powers exercised or powers

conferred on any authority on or after the 16<sup>th</sup> July , 2005, in accordance with the amendments made in the said Act, as enforced in Pakistan, shall be deemed always to have been validly levied, charged, collected, initiated, issued, taken, passed, made, imposed, exercised or conferred, done and so much of such tax have not been levied, charged, paid or collected, before coming into force of this Act, shall be leviable, chargeable and recoverable in accordance with the said amendments.

**3. Adaptation of the amendments in Federal Excise Act, 2005. -**

(1) In the Federal Excise Act, 2005 hereinafter referred to as the “Said Act” as adopted in Azad Jammu & Kashmir, except otherwise legislated by an Act of the Assembly, all the amendments made in the said Act and all rules, notifications, circulars and other orders made or issued thereunder, as enforced in Pakistan at any time on or after the 16<sup>th</sup> July, 2005 and before the commencement of this Act, shall also, as far as practicable, be deemed to have been made at the same time in the said Act, as enforced in the Azad Jammu & Kashmir by virtue of the Azad Jammu & Kashmir Finance Act, 2005 (Act VIII of 2005).

(2) Notwithstanding any judgment or decision of any court including High Court and Supreme Court of Azad Jammu & Kashmir, anything done, tax levied, charged or collected, proceedings initiated, notices issued, orders passed, penalties imposed, appointment made, powers exercised or powers conferred on any authority on or after the 16<sup>th</sup> July, 2005, in accordance with the amendments made in the Said Act, as enforced in Pakistan, shall be deemed always to have been validly levied, charged, collected, initiated, issued, taken, passed, made, imposed, exercised or conferred, done and so much of such tax have not been levied, charge, paid, or collected, before coming into force of this Act, shall be leviable, chargeable and recoverable in accordance with the said amendments.

**4. Amendment in the Azad Jammu & Kashmir Education Cess Act, 1975 (Act IV of 1975).-In the Azad Jammu & Kashmir Education Cess Act, 1975 (Act IV of 1975), hereinafter referred to as the “Said Act”,-**

In the Said Act,-

(i) sub-section(3) of Section 2, of the Said Act shall be substituted as follows:-

“(3) Except salaried employees of Government, Semi Government and Autonomous Bodies, 5% of the amount of tax as defined under sub section (63) of

Section 2 of Income Tax Ordinance, 2001, as enforced in Azad Jammu & Kashmir.”

(ii) Section 3 shall be substituted as under:-

“3. Responsibility of collection of education Cess shall be upon the person who pays or the authority which recovers any amount or releases any thing upon which education cess is leviable, if a payer or the collecting authority, responsible for the payment or collection of education cess, fails to pay or recover the due amount of education cess as laid down in the Said Act, the Controlling Authority may recover from such defaulter as penalty a sum not exceeding the amount of education Cess not so paid or recovered in addition to the amount of the Cess, so payable or recoverable.

Sd/-(Syed ShahidMohyiddin Qadri)

Deputy Secretary Law (legis)