

LEGISLATIVE ASSEMBLY OF AZAD JAMMU & KASHMIR

Muzaffarabad August 12, 1973.

No. /LA/73. The following Act of the Legislative Assembly received the assent of the President and is hereby published for general information:-

THE AZAD JAMMU AND KASHMIR FINANCE ACT, 1973

An Act to give effect to the Financial proposal of the Azad Government of the State of Jammu and Kashmir and to amend certain laws.

Preamble.

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, and to amend certain laws for the purposes hereinafter appearing ;

It is hereby enacted as follows: -

1. **Short Title Extent and Commencement:-** (1) This Act may be called the Azad Jammu and Kashmir Finance Act, 1973.

(2) It shall extend to the whole of Azad Jammu and Kashmir.

(3) This Act, shall consist of Part "A" and Part "B". Part "A" shall come into force at once and shall be deemed to have taken effect from the first day of July, 1972, and Part "B" shall come into force with immediate effect, and all Orders, Notifications made in consistent with the provisions of this Act shall be deemed to have been made under this Act and shall continue in force.

PART "A"

The following amendments shall be made in the Income Tax Act, 1922 (XI of 1922), namely:-

1. in section 2:
 - (a) in clause (4A) in sub-clause (i), after the word "stock-in trade", the brackets and words "(not being stocks and shares)", shall be inserted ; and

(b) after clause (6A), the following clause shall be inserted namely: -

(6AA) "earned income" means any income of an assessee who is an individual, Hindu undivided family, unregistered firm or other association of person not being a company a local authority, a registered firm or a firm treated as registered under clause (b) of sub-section (5) of section 23.

(a) which is chargeable under the head "salaries"; or

(b) which is chargeable under the head "Profits and gains of business, profession or vocation is carried on by the assessee or, in the case of a firm where the assessee is a partner actively engaged in the conduct of the business, profession or vocation; or

(c) which is chargeable under the head "other sources" if it is immediately derived from personal exertion or represents a Pension or superannuation or other allowance given to the assessee in respect of his past services or the past services of any deceased person; and includes any such income which, though it is the income of another person, is included in the assessee's income under the provisions of the Act, but does not include any such income which is exempt from under sub-section (2) of section 14 or under a notification issued under section 60, or, in the case of an employee participating in a provident fund recognized under section 58B, the interest credited to his account.

2. In section 3B, in sub-section (1), for the words and commas "of the previous year or the previous years, as the case may be, of every person" the-words and comma "or any part thereof or any income or class of income of the previous year or years of every person or any class of persons, as may be specified in the said Act";

3. In section 4;

(a) in sub-section (2B):

- (i) for the words "financial" twice occurring, the word "previous" shall be substituted; and
 - (ii) after the words "source of income" the words, brackets, figures and letter "nor shown in any statement furnished by him under sub-section (4A), of section 22" shall be inserted;
- (b) after sub-section (2B), the-following sub-sections shall be inserted namely:-

"(2C) Where the assessee is found in respect of any previous year to be the owner of any money or any valuable article and such money or valuable article is not recorded in the books of account, if any, maintained by him nor shown by him in any statement furnished under sub-section (4A) of section 22, and the assessee offers no explanation about the nature and source of acquisition of the money or valuable article, or the explanation offered by him is not, in the opinion of the Income Tax Officer 'satisfactory' the money and the value of the Article may, with the prior approval of the inspecting Assistant Commissioner, be deemed to be the income of the assessee for such previous year.

(2D) Where the assessee has made investments in any previous year or is found in respect of any previous year to be the owner of any valuable article and the Income Tax Officer finds that the amount expended on making such investments or in acquiring such valuable article exceeds the amount recorded in this behalf in the books of account maintained by the assessee or shown in any statement furnished by him under sub-section (4A) of section 22, and the assessee offers no explanation about such excess amount, for the explanation offered by him is not, in the opinion of the Income Tax Officer, satisfactory, the excess amount may, with the prior approval of the inspecting Assistant Commissioner be deemed to be the income of the assessee for such previous year.

(2E) Where an assessee has, during any previous year, incurred any expenditure and he offers no explanation about the nature of source of the money from which the expenditure was met, or the explanation offered by him

is not in the opinion of the Income-Tax Officer, satisfactory, the amount of the expenditure may, with the prior approval of the Inspecting Assistant Commissioner, be deemed to be the income of the assessee of such previous year.

(2F) Where the value of any investment or article referred to in sub-section (2B), or (2D) or the amount of the expenditure referred to in sub-section (2E) in the opinion of the Income-Tax Officer, too low, the Income-Tax Officer may, with the prior approval of the Inspecting Assistant Commissioner and after giving the assessee a reasonable opportunity of being heard, determine the reasonable value of the amount thereof, as the case may be and the provision of the said sub-section shall have effect accordingly".

c) In sub-section (3):-

(i) in clause (xi),

(aa) in sub-clause (c), for the semi-colon at the end, a colon shall be substituted and thereafter, the following further proviso shall be added, namely: -

"Provided further that as respects any year of assessment beginning on or after the first day of July, 1972 the exemption under this sub-clause shall not be allowed in respect of more than one such building."

(bb) in sub-clause (d), for the semi-colon at the end, a colon shall be substituted and thereafter, the following further proviso shall be added namely:-

"Provided further that as respects any year of assessment beginning on or after the first day of July, 1972. this sub-clause shall have effect as if for paragraph (ii) and the proviso the following paragraph and proviso was substituted, namely;-

(ii) in a case where the annual value of such building exceeds six thousand rupees. NIL:

"Provided that the exemption under this sub-clause shall not be allowed in respect of more than one such building:"

(cc) in sub-clause (e), for the full stop at the end, a colon shall be substituted and thereafter, the following further proviso shall be added namely: -

Provided further that as respects any year of assessment beginning on or after the first day of July, 1972, this sub-clause shall have effect as if for paragraph (ii) and the proviso the following paragraph and the proviso were substituted, namely:-

"(ii) in a case where the annual value of such building exceeds six thousand rupees. Nil

Provided that the exemption under this sub-clause shall not be allowed in respect of more than one such building".

(d) for clause (xv) the following shall be substituted namely: -

"(XV) any income from dividends received by an assessee (other than a company), subject to the following limits, namely:-

(1) in respect of dividend income received from the National Investment (Unit) Trust or any mutual Fund established by the Investment Corporation of Pakistan or both:-

(a) Where such dividend income does not exceed two thousand rupees. The whole of such income.

(b) Where such dividend income exceeds two thousand rupees. Two thousand rupees.

(2) in respect of dividend income received from any other company:

(a) Where such dividend income does not exceed two thousand rupees. The whole of such income.

(b) Where such dividend income exceeds two thousand rupees. Two thousand rupees.

Explanation, For the purposes of this clause, "dividend income" means the income from:

i) dividends which are declared by a company registered under the companies Act, 1913, or a

company formed by or under any law for the time being in force, having in either case its registered office in Azad Jammu and Kashmir; or

ii) any distribution of profits made by the National Investment (Unit) Trust to the Unit holders; or

iii) any distribution to Certificate holders by the investment corporation of Pakistan out of the Income of a mutual fund established by it, but does not include the dividend referred to in sub-section (4) of section 14 or distribution referred to in sub-section (5) of that section.

(e) after clause (xvii), the following new clause shall be added namely:-

"(xix) the employer's contribution to the account of an assessee participating in a provident fund recognized under section 58B,";

4. in section 7, in sub-section (1):-

(i) in the second proviso for the brackets, figure and letter "(3A)", the brackets and figure "(3)" shall be substituted; and

(ii) the forth proviso shall be omitted;

5. "in section 10:-

(a) in sub-section (2A), for the words/brackets and figures "the previous year immediately following the expiry of the three years referred to in clause (iii) "the words, commas, brackets and figures" any previous year commencing after the expiry of the three years referred to in clause (iii), and the business, profession or vocation from the profits and gains of which such allowance or deduction was made shall, for the purposes of sub-section (1) be deemed to be carried on by the assessee in the previous years in which such profits or gains are deemed to have accrued or arisen under this sub-section" shall be substituted and shall be deemed always to have been so substituted.

(b) after sub-section (3B), the following sub-section shall be inserted, namely:-

"(3BB) where an assessee has acquired any plant or machinery from a country out side Azad Jammu and Kashmir for installation in Azad Jammu and Kashmir and, in consequence of any change in the rate of exchange at any time before full and final repayment of foreign loan taken for the purpose of acquiring such plant or machinery is made, there is any increase in the currency, in respect of the repayment of the loan, the written down value of such plant and machinery shall be increased by the amount by which the said liability has increased.

Explanation:- In this sub-section,-

- (a) "rate of exchange" means rate of exchange determined or recognized by the Government for the conversion of Pakistan currency into foreign currency or foreign currency into Pakistan currency;
 - (b) "foreign loan" means a loan in foreign currency taken or the purpose of making payment in the said currency for the acquisition of any plant or machinery form outside Azad Jammu and Kashmir for installation in Azad Jammu and Kashmir; and
 - (c) "foreign currency" and "Pakistan currency" shall have the same meaning as in the Foreign Exchange Regulation Act, 1947 (VII of 1947)".
- 6. in section 13B, in sub-section (3), for the words "third proviso" the words "first proviso" shall be substituted;
 - 7. in section 12A, in sub-section (1) and (2), after the figure "1961", the commas, words and figures", or an industrial accountant within the meaning of the Cost and Industrial Accountants Act, 1966" shall inserted;
 - 8. in section 15:-
 - (a) in sub-section (3):-
 - (i) for the words "twenty" the word "thirty" shall be substituted; and

(ii) for the words "ten thousand" the words "twenty thousand" shall be substituted;

(b) after sub-section (4), the following sub-section shall be added, namely:-

"(5) Where any insurance policy to which sub-section (1) or sub-section (2) applies lapses or is surrendered or paid up within thirty-six months of the date on which it became effective, then notwithstanding anything contained in this Act, an additional tax equal to the relief in tax obtained by the assessee in respect of such policy shall be payable by him in respect of the previous year in which such policy lapses or is surrendered or paid up; and where no other tax is payable by the assessee in respect of the said previous year, the additional tax payable under this sub-section shall be deemed to be the tax payable in respect of that previous year".

9. for section 15 A the following shall be substituted namely:-

'15-A. **Exemption of portion of earned income:-** The tax shall not be payable by an assessee in respect of such portion, if any of the earned income as does not exceed two thousand and five hundred rupees where such total income consists of or includes any income chargeable under the head "Salaries" and one thousand rupees in other cases";

10. in section 15AA:-

(a) in sub-section 91), for the words, brackets, figures, letter and comma "sub-section (3), sub-section (3A) and subsection (4)" the words, brackets and figures "sub-section (3) and (4)" shall be substituted;

(b) after sub-section (3), the following sub-section shall be added namely:-

"(4) Where any Unit Trust Certificate to which sub-section (1) applies and in respect of which any relief in tax has been allowed to the assessee is disposed of within fifteen months of the date of its purchase, then, notwithstanding anything contained in this Act, an additional tax equal to the relief in tax allowed to the assessee in respect of such Certificate shall be payable, by him in respect of the previous year in which such certificate was disposed of,

and, where, no other tax is payable by assessee in respect of the said previous year, the additional tax payable under this sub-section shall be deemed to be the tax payable in respect of the that previous year";

11. In section 15CC, for the words, brackets, figures, comma and letter -"sub-section (3), (3A) and (4)" the words, brackets and figures "sub-section (3) and (4)" shall be substituted;
12. In section 15D, in sub-section (2), for the words "shall not exceed twenty percent of the total income of the assessee" the following shall be substituted, namely:-

"shall not exceed:

 - (a) in the case of a company, five per cent of the total income of the assessee or two lac rupees, whichever is the less; and
 - (b) in any other case, ten per cent of the total income of the assessee or one lac rupees, whichever is the less";
13. Section 15E shall be omitted ;
14. In section 15F, for the words, brackets, figures, comma and letter sub-section (3), sub-section (3A) and sub-section (4)" the words, brackets and figures "sub-section (3) and (4)" shall be substituted;
15. in section 15H, for the words "one thousand rupees" the following shall be substituted, namely:-

"three thousand rupees where such total income consists of or includes any income chargeable under the head "Salaries" and two thousand rupees in other cases;

Provided that this section shall not apply in the case of an assessee whose total income exceeds fifty thousand rupees";
16. in section 16, in sub-section (1), in clause (a):-
 - (a) for the words and comma "first, third and fourth proviso" the words "first and third provisos" shall be substituted; and
 - (b) the comma, word, figure and letter, "section 15 E" shall be omitted;"

17. in section 18:-
- (a) in sub-section (5), the words and brackets "or any holder of bearer Certificates of the National Investment (Unit) Trust" shall be omitted ;
 - (b) in sub-section (9), for the brackets, figures, letters, comma and words "(3BB), (3C) or (3E)" the brackets, figures, letters and word "(3BB) or (3C)" shall be substituted ;
18. in section 17A, in sub-section (1), for the brackets, figures, letters, comma and word "(3BB), (3C) or (3E)" the brackets, figures, letters and word "(3BB) or (3C)" shall be substituted;
19. in section 23, in sub-section (4):-
- (a) for the words, brackets, and figures "required by any notice given under sub-section (2) of section 22" the words, bracket and figures "either under sub-section (1) or section 22 or in compliance with a notice given under or sub-section (2) of that section" shall be substituted; and
 - (b) in the proviso after the word "provided", the word "further" shall be inserted and before the proviso as so amended the following proviso shall be inserted, namely: -

Provided that where a person has failed to make a return under sub-section (1) of section 22, no assessment under this sub-section shall be made unless he has already been assessed to tax under this Act for at least one assessment year prior to the assessment year in respect of which he has failed to make the return";
20. section 23A shall be omitted;
21. in section 28, in sub-section (1A):-
- (a) after the words "two and a half times" the commas and words "but in no case less than," shall be inserted;
 - (b) in the Explanation:-
 - (i) after the words "this sub-section" the words, brackets and figures "and sub-section (2) of Section 51" shall be inserted; and

(ii) after the words "expenditure" at the end, the following shall be added, namely:-

"and any act of commission or commission necessitating the application of the provisions of sub-section (2A), (2B), (2C), (2D), (2E) and (2F) of section 4";

23. in section 30:-
- (a) in sub-section (1), after the words "under any of those sections", the words, figures and letter "or objecting to any order passed by an Inspecting Assistant Commissioner under section 34A" shall be inserted; and
 - (b) in sub-section (2); for the word, figure and comma "section 48" the words, figures, letter and comma "section 34A, 48" shall be substituted ;
24. in section 38A, in sub-section (2):-
- (a) the words "the Income-Tax Officer" shall be omitted;
 - (b) after the word: "enter" the words "and search" shall be inserted;
25. after section 38A, amended as aforesaid, the following section shall be inserted, namely:-
- "3BB. Power of survey:-** Notwithstanding anything contained in any other provision of this Act, an Inspecting Assistant Commissioner, an Income-Tax Officer or an Inspector of Income Tax authorised by either of them in this behalf may enter any place within the limits of the area assigned to him in which a person carries on his business, profession or vocation, and may:
- (a) inspect any accounts or documents found in such place;
 - (b) stamp such accounts or documents or make or cause to be made extract or copies therefrom;
 - (c) make note of stocks or other articles or things found in such place; and
 - (d) make such inquiries as he may deem necessary and relevant to the determination of the liability of such person to tax";

26. in section 51, in sub-section (2), for the words "which may extend to five years" the words "for a term which may extend to five years but shall not be less than three months" shall be substituted;
27. in section 54, in sub-section (3), in clause (k), for the words, commas and figures "Sea Customs Act, 1878, the Land Customs Act, 1924" the words, comma and figure "Customs Act, 1969" shall be substituted;
28. in section 58E, after the words "annual accretion", the brackets and words "(excluding the employer's contribution)" shall be inserted;
29. in section 58F, in sub-section (1):-
 - (a) after the words "on contribution", the brackets and words "(not being employer's contributions)" shall be inserted; and
 - (b) for the brackets, figure and letter "(3A)", the brackets and figure "(3)" shall be substituted and shall be deemed to have been so substituted on the first day of July, 1972 ; and
30. in section 61, in sub-section (2), in clause (iii), after the figure and comma "1961", the words, comma and figure "or an industrial accountant, within the meaning of the Cost and Industrial Accountants Act, 1966" shall be inserted.
31. in the section 15, sub-section (4), shall be omitted.
32. **Rates of Income Tax and Super Tax:-** (1) Subject to the provisions of sub-section (2), (3), (4) and (5), in making any assessment for the year beginning on the first day of July, 1972:-
 - (a) Income-tax shall be charged at the rates specified in Part I of the Fourth Schedule; and
 - (b) the rates of super-tax shall, for the purposes of section 55 of the Income-tax Act, 1922 (XI of 1922), in this section referred to as the said section, be those in this specified in Part II of the Fourth Schedule.

(2) In making any assessment of the year beginning on the first day of July, 1972:

- (a) Where the total income of a company includes any profits and gains from life insurance business, the super-tax payable by the company shall be reduced by an amount equal to 12.5 per cent of that part of its total income which consists of such inclusion; and
- (b) Where the total income of an assessee, not being a company, includes any profits and gains from life insurance business, the income-tax and super tax payable by the assessee on that part of his total income which consists of such inclusion shall be an amount bearing to the total amount of such taxes payable on his total income according to rates applicable under the operation of the Finance Act, 1942 (XII of 1942), the same proportion as the amount of such inclusion bears to his total income so, however, that the aggregate of the taxes, so computed in respect of such inclusion shall not, in any case, exceed that amount of tax payable on such inclusion at the rate of 80 per cent.
- (3) In making any assessment for the year beginning on the first day of July, 1972, where the assessee is a co-operative Society, the tax shall be payable at the rates specified in Paragraph A of Part I, or paragraph B of Part I and Paragraph A of Part II of the Fourth Schedule as if the assessee were a company to which the proviso to sub-paragraph (1) of Paragraph A of the said Part II applied, whichever treatment is more beneficial to the assessee:

Provided that calculating for the purposes of this sub-section, the amount of income-tax at the rates specified in Paragraph A of Part I of the Fourth Schedule, no deduction in respect of any allowance or sums referred to in clause (1) of the proviso to the said paragraph shall be made.

- (4) (a) In making any assessment for the year beginning on the first day of July, 1972, where the total income of an assessee not being a company to which the proviso to sub-paragraph (1) of Paragraph A of Part II of the Fourth Schedule does not apply, included any profit and gains derived from the export of goods out of Azad Jammu and Kashmir, income-tax and super-tax if any, payable by him in respect of such profits and gains shall, subject to the provisions of clause (b) and (c), be reduced by an amount computed in the manner specified hereunder:-
- (i) Where the goods exported 15 per cent of income- tax

abroad had not been and super-tax, if any, manufactured by the assessee who exported them. attributable to export sales.

- (a) and where the export sales during the relevant year exceed the export sales of the preceding year. Plus an additional 1 per cent for every increase of 10 per cent in export sales over those of the preceding year, subject to an overall maximum of 25 per cent.
- (b) and where the export sales during the relevant year do not exceed the export sales of the preceding year. minus 1 per cent for every decrease of 10 per cent in export sales over those of the preceding year, subject to an overall maximum of 10 per cent.
- ii) where the goods exported had been manufactured by assessee who had exported them-
 - (a) where the export sales do not exceed 10 per cent of the total sales. Nil.
 - (b) where the export sales exceed 10 per cent but do not exceed 20 per cent of the total sales. 15 percent of the income tax, and super tax, if any attributable to export sales.
 - (c) where the export sales exceed 20 per cent but do not exceed 30 per cent of the total sales. 20 per cent of the income tax, and super tax, if any, attributable to export sales.
 - (d) where the export sales exceed 30 per cent of the total sales. 25 per cent of the income tax and super tax, if any attributable to, export sales.

- (b) Nothing contained in clause (a) shall apply in respect of the following goods or class of goods, namely:-
- (a) tea.
 - (b) raw cotton.
 - (c) raw jute.
 - (d) jute manufactures.
 - (e) such other goods as may be notified by the Central Board of Revenue from time to time.
- (c) The Central Board of Revenue may make rules providing for the computation of profits and the tax attributable to export sales and for such other matters as may be necessary to give effect to the provisions of this sub-section.
- (5) In cases to which section 17 of the said Act applies, the tax chargeable shall be determined as provided in that section, but with reference to the rates referred to in sub-section (1), and in accordance, where applicable, with the provisions of sub-section (2).
- (6) For the purposes of making deduction of tax under section 18, of the said Act, the rates specified in Part I and Part II of the fourth Schedule shall apply as respect the year beginning on the first day of July, 1972, and ending on the thirtieth day of June, 1973.
- (7) For the purposes of this section and of the rates of tax imposed thereby, the expression "total income" means total income as determined for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the said Act; and the expression "Public company" means a company:
- (i) in which not less than fifty per cent of the shares are .by the Government; or
 - (ii) whose shares were the subject of dealing in a registered stock exchange in Pakistan at any time during the previous year and remained listed on the stock exchange till the close of that year.

33. **Surcharge under Act XI of 1922.** Surcharge under the Income tax Act, 1922 (XI of 1922), shall be charged in respect of any assessment for the year beginning on the first day of July, 1972, at the rates specified in Part II of the Fourth Schedule.

THE FOURTH SCHEDULE (See Section 32)

Part I

Rate of Income-tax

A. In the case of every individual, Hindu undivided family, unregistered firm, an association of persons and every artificial juridical person referred to in clause (9) of section 2 of the Income-tax Act, 1922 (XI of 1922), not being a case to which paragraph B of this Part applies:

- | | | |
|----|---|--|
| 1. | Where the taxable income does not exceed Rs. 1,000. | Rs. 25.00 |
| 2. | Where the taxable income exceeds Rs. 1,000 but does not exceed Rs. 2,000. | Rs. 25 Plus 5 per cent of the amount exceeding Rs. 1,000. |
| 3. | Where the taxable income exceeds Rs. 2,000 but does not exceed Rs. 4,000. | Rs. 75 Plus 10 per cent of the amount exceeding Rs. 2,000. |
| 4. | Where the taxable income exceeds Rs. 4,000 but does not exceed Rs. 6,500. | Rs. 275 Plus 15 per cent of the amount exceeding Rs. 4,000. |
| 5. | Where the taxable income exceeds Rs. 6,500 but does not exceed Rs. 10,000. | Rs. 650 Plus 20 per cent of the amount exceeding Rs. 6,500. |
| 6. | Where the taxable income exceeds Rs. 10,000 but does not exceed Rs. 15,000. | Rs. 1350 Plus 25 per cent of the amount exceeding Rs. 10,000. |
| 7. | Where the taxable income exceeds Rs. 15,000 but does not exceed Rs. 25,000. | Rs. 2,600 Plus 35 per cent of the amount exceeding Rs. 15,000. |
| 8. | Where the taxable income exceeds Rs. 25,000 but | Rs. 6,100 Plus 50 per cent of the amount exceeding Rs. |

- does not exceed Rs. 25,000.
35,000.
9. Where the taxable income exceeds Rs. 35,000 but does not exceed Rs. 50,000. Rs. 11,100 Plus 60 per cent of the amount exceeding Rs. 35,000.
10. Where the taxable income exceeds Rs. 50,000. Rs. 20,100 Plus 70 per cent of the amount exceeding Rs. 50,000.

Provided that :

- (1) no income tax shall be payable on a total income which before the deduction of the sums, if any, exempt under the first and third provisos to sub-section (1) of section 7, section 15, section 15A, section 15AA, section 15C, section 15CC, section 15D, section 15F, section 15H and section 58F of the Income Tax Act, 1922 (XI of 1922) does not exceed Rs. 6,000.
- "(ii) The income-tax payable shall in no case exceed the amount by which the total income exceeds Rs. 6,000/- or the amount representing 70 per cent of the total income whichever amount is the less;
- (iii) Where the total income exceeds fifty thousand rupees on the difference between the tax payable under the foregoing provisions of this paragraph and the tax which would have been payable had the exemption under section 15 of the said Act been admissible, shall not exceed the thousand rupees; and
- (iv) Where the total income includes any income from a share of-the income, profits and gains of a firm to which paragraph C of Part II applies, such portion of the super-tax payable under the said paragraph as bears to the total amount of such supertax the same proportion as his share of income, profits and gains of the firm bears to the total income, of the firm shall be added to the income-tax payable by such partner under this paragraph and, if the sum so arrived at exceeds seventy per cent of the total income of such partner (including his share of income, profits and gains of the firm the amount of income-tax payable by him under, this paragraph shall be admissible, shall be reduced by the amount of such excess",

Explanation:- The expression 'taxable income' as used in this paragraph, means:

- (a) in the case of an assessee to whom or to which sub-section (3) of section 10 or clause (a) of sub-section (1) of section 17 of the Income-tax Act, 1922, applies, the total income:"
 - (b) in any other case, the total income of an assessee as diminished by the allowance admissible under the first and third provisos to sub-section (1) of section 7, and section 15, section 15A, section 15AA, section 15C, section 15CC, section 15D, section 15F, section 15H and section 58F of the Income-tax Act, 1922 (XI of 1922).
- B. In the case of every local authority and in every case in which, under the provisions of the Income-tax Act, 1922 (XI of 1922), income-tax is to be charged at the maximum rates. 30 per cent of the total income.
- C. In the case of every company, being a public company or a foreign association declared to be a company by the Central Board of Revenue under clause (5A) of section 2 of the Income-tax Act, 1922 (XI of 1922), on the total income, excluding such part of the total income as consists of any dividends or bonus or bonus shares to which sub-paragraph (3) or sub-paragraph (4) of paragraph A of Part II applies. 30 per cent of such income.
- D. In the case of every other company, on the total income, excluding such part thereof as consists of any bonus or bonus shares to which sub-paragraph (4) of paragraph A of Part II applies. 30 per cent of such income.

Provided that where a company distributes dividends out of its income, profits and gains in respect of which it has obtained a rebate of one anna in the rupee under the proviso to paragraph B of Part I of the fourth Schedule to the Finance Act, 1958 (XII of 1958), the Third Schedule to the Finance Act, 1957 (I of 1957), and the Third Schedule to the Finance Act, 1956 (I of 1956), and the Third Schedule to the Finance Act (1955-56) (XXX of 1956), and additional income-tax at the rate of 6.25 percent shall be levied on the amount of such dividend and such amount shall be

deemed for the purposes of this proviso to be a part of the total income of the company of the year in which such distribution is made.

PART II Rates of Super-tax

A.	In the case of a company:	Rates.
	(1) on the total income, excluding such part of the total income as consists of dividends or bonus or bonus shares to which sub-paragraph (3) and (4) apply, where such company is a company to which paragraph C of Part I applies.	35 per cent of such income in the case of a Banking Company and 30 per cent of such income in the case of a company other than a Banking Company.
	(2) on the total income, excluding such part of the total income as consists of bonus or bonus shares to which sub-paragraph (4) applies where such company is a company to which sub-paragraph (1) does not apply	35 per cent of such income in the case of a Banking Company and 30 per cent of such income in the case of a company other than a Banking Company.

Provided that where a company, in respect of the profits and gains is liable to tax under the Income-tax Act, 1922 (XI of 1922), has made such effective arrangements as may be prescribed by the Central Board of Revenue in this behalf for the declaration and payment in Azad Jammu and Kashmir of dividends payable out of such profits and gains and for the deduction of tax from such dividends, rebates shall be allowed as follows:

- (i) a rebate of 5 per cent to such company not being a Banking Company if it is a public company;
- (ii) a rebate of 5 per cent to such company not being a Banking Company if it is a public company to which clause (iii) does not apply, if its paid-up capital plus free reserves as on the last day of the previous year does not exceed Rs. 5,00,000;
- iii) a rebate of 5 per cent on so much of the income, profits and gains of such company, being a public company, as are derived by it from an industrial undertaking if its paid-up

capital plus free reserve as on the last day of the previous year does not exceed Rs. 10,00,000;

- (iv) a rebate of 10 per cent to such company in respect of its income, profits and gains to which sub-section (9) of section 10 of the Income-Tax Act, 1922 (XI of 1922) applies or which are derived by it in Azad Jammu and Kashmir from processing, freezing, preserving and canning of food, vegetables, fruit, grain, meat, fish and poultry;
- (v) a rebate of 15 per cent to such company on so much of the income, profits and gains accruing or arising outside Azad Jammu and Kashmir to which sub-section (14) of Section 10 does not apply as are brought by it into Azad Jammu and Kashmir.

Explanation:- The term "industrial undertaking", as used in clause (iii), means an undertaking which is set up or commenced in Azad Jammu and Kashmir on or after the 14th day of August, 1947, and which employees; (i) ten or more persons in Azad Jammu and Kashmir and involves the use of electrical energy or any other form of energy which is mechanically transmitted and is not generated by human or animal energy; or (ii) twenty or more persons in Azad Jammu and Kashmir and does not involve the use of electrical energy or any other form of energy which is mechanically transmitted and is not generated by human or animal and which is:

- (i) engaged in:
 - (a) the manufacture of goods or materials or the subjection of goods or materials to any process, which substantially changes their original condition;
 - (b) ship-building;
 - (c) generation, transformation, conversion, transmission or distribution of electrical energy, or the supply of hydraulic power;
 - (d) the working of any mine, oil-well or other source of mineral deposits not being an undertaking to which the Second and Third Schedules to the Income-tax Act, 1922 (XI of 1922) apply; or

(ii) any other industrial undertaking which may be approved by the Central Board of Revenue for the purposes of this clause;

3. To which paragraph C of Part I applies, on the amount representing income from dividends from a company having its registered office in Pakistan.

Rates.

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|-----|---|-----------------------------|
| (a) | Where such dividends are received by a company from a subsidiary company set up in the wing other than the wing in which the holding company has its registered office and carries on business. | Nil. |
| (b) | Where such dividends are received by a public company to which clause (a) does not apply and are declared and paid by a company formed and registered in Azad Jammu and Kashmir under the Companies Act, 1913 (VII of 1913), or a body corporate formed in pursuance of an Act, of the Legislature, in respect of the share – capital issued, subscribed and paid after the fourteenth day of August, 1947. | 15 per cent of such amount. |
| (c) | In other case. | 20 per cent of such amount. |

Explanation:— For the purposes of clause (a) a company shall be deemed to be a subsidiary of another company if that other company holds more than 50 per cent of the face value of the equity share capital of the first mentioned company;

4. On the whole of the amount representing the face value of any bonus shares or the amount of any bonus issued by the company to its share holders with a view to increasing its paid-up capital.

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|-----|--|-----------------------------|
| (a) | Where a company which issues bonus shares or bonus, as the case may be, is a public company. | 15 per cent of such amount. |
| (b) | In other cases. | 20 per cent of such amount. |

- B. In the case of every local authority on the whole of the total income. 12.5 per cent of total income.

After para B, the following new paragraph shall be added namely:-

“C” In the case of every registered firm:-

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|-----|---|--|
| (1) | Where the total income does not exceed Rs. 15,000. | Nil |
| (2) | Where the total income exceeds Rs. 15,000 but does not exceed Rs. 30,000. | 5 per cent of the amount exceeding Rs. 15,000. |
| (3) | Where the total income exceeds Rs. 30,000 but does not exceed Rs. 60,000. | Rs. 750 plus 10 percent of the amount exceeding Rs. 30,000. |
| (4) | Where the total income exceeds Rs. 60,000 but does not exceed Rs. 1,00,000. | Rs. 3,750 plus 20 percent of the amount exceeding Rs. 60,000. |
| (5) | Where the total income exceeds Rs. 1,00,000. | Rs. 11,750 plus 50 percent of the amount exceeding Rs. 1,00,000. |

PART III
(See section 33)

Rates of Surcharge

In the case of jewelers dealing in or manufacturing articles of gold, silver or precious stones.	6 per cent of the income, profits and gains attributable to such business.
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PART "B"

1. **Tax on cinemas:-** (1) There shall be levied and collected a tax by the owners or managements thereof, at the following rates namely:-

- (i) In the case of a Cinema Classes as a first Class Cinema. Rs. 3,000/-
- (ii) In the case of a Cinema classed as a Second Class Cinema. Rs. 1,000/-
- (iii) In the case of a Cinema classed as a third Class Cinema. Rs. 100/-

(2) If the person responsible for payment of the tax under sub-clause (i), (ii) and (iii) fails to pay the tax within the period prescribed under the rules for its' payment he shall be liable to pay in addition to the amount of such tax, a penalty not exceeding the amount of the tax payable.

2. **Amendment of Section 3 of West Pakistan Motor Vehicle Taxation Act, 1958 as adopted in Azad Kashmir with the Amendment made vide Finance Act, 1971.**

In schedule of section 3 item (b), (c) and (d) of item 5 are substituted as follows:-

“3. (b) Seating not more than 3 persons.	Per annum Rs. 150/-
(c) Seating not more than 4 persons.	Rs. 200/-
(d) Seating more than 4 persons for every additional person.	Rs. 50/- per seat per annum.

NOTE:- These rates shall also apply to Station Wagons used for private purposes in Azad Kashmir.”

3. **Application of existing laws.** Where any tax, duty or surcharge imposed or any fee levied by this Act, is by way of an addition to, or surcharge on any existing tax or duty imposed or fee levied by or under any enactment and rules in force in Azad Kashmir, the procedure provided in such enactment and rules framed there under for the assessment, collection and recovery of the

additional tax, duty surcharge or fee, as the case may be should be followed.

4. **Bar of suits in Civil Courts:-** No suit shall lie in any Civil Court to set aside or modify and assessment, levy or collection of a tax, duty, surcharge or fee, made under this Act and the rules framed there under or any penalty imposed under this Act.

5. **Power to make rules:-** (1) Government may make rules for carrying into effect the purposes of this Act and such rules may, among other matters, prescribed the procedure for the assessment, collection and payment of any tax, duty, surcharge or fee levied or the imposition of any penalty under this Act, in so far as such procedure is not provided in this Act.

(2) Any rules made or deemed to have been made under the corresponding provisions of the Azad Jammu and Kashmir Finance Ordinance, 1971, shall, so far may be continue in force and deemed to have been made under this Act.

Sd/ - (Ashfaq Ahmed Khan)
Secretary,
Legislative Assembly of
Azad Jammu and Kashmir.