

**THE AZAD JAMMU AND KASHMIR FINANCE ORDINANCE,
1971**

(ORDINANCE XIX OF 1971)

Whereas it is expedient to make provision 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; and

Whereas the Legislative Assembly is not in session and the President is satisfied that circumstances exist and the emergency has arisen which render immediate legislation necessary;

Now, therefore, in exercise of the powers conferred by Section 24 of the Azad Jammu and Kashmir Government Act, 1970 and all other powers enabling him in that behalf, the President is pleased to make and promulgate the following Ordinance ;

1. **Short title extent and commencement:-** (1) This Ordinance may be called the Azad Jammu and Kashmir Finance Ordinance, 1971.

(2) It extends to the whole of Azad Jammu and Kashmir State.

(3) This Ordinance shall consist of Part "A" and Part "B". Part "A" shall come into force from 1st day of July, 1971 while Part "B" shall come into force with immediate effect, and all orders, Notifications made in consistent with the provisions of this Ordinance shall be deemed to have been made under this Ordinance and shall continue in force.

PART "A"

2. The following amendments shall be made in the Income-tax Act, 1922 (XI of 1922), namely:-
 - (1) In section 2:
 - (a) clause (6AA) shall be omitted ; and
 - (b) in clause (6C), the words and commas "and in the case of a company, the amount by which its free reserves exceed the paid-up ordinary share capital of the company as on the last

day of the previous, year" shall be omitted.

(2) In section 4:

(a) in sub-section (1), Explanation 5 shall be omitted; and

(b) in sub-section (3).

(i) after clause (ix), the following new clause (ixa) shall be inserted, namely:-

"(ixa) the income of an investment company registered under the Investment Companies and Investment Advisers Rules, 1971; and

(ii) in clause (xiiib), for the word "sixty-five" the word "sixty" shall be substituted.

(3) in section 7, in sub-section (1), for the fourth proviso the following shall be substituted namely:-

"Provided further that, where the assessee owns and maintains at his own expense a conveyance registered in his own name as a private vehicle and does not receive any conveyance allowance or any other benefit or perquisite in lieu of such allowance the tax shall not be payable, where the conveyance is a motor car, in respect of a sum of one thousand and two hundred rupees, or, where the conveyance is any other power driven vehicle, in respect of sum of three hundred and sixty rupees; and where the assessee does not own or maintain any such vehicle, the tax shall not be payable in respect of sum of two hundred and forty rupees but nothing in this proviso shall apply to an assessee who, in addition to income chargeable under the head "salaries", derives income which is chargeable under the head "business; profession or vocation;"

(4) in section 10:

(a) in sub-section (2),-

(i) in clause (vii), after the second proviso, the following new proviso shall be inserted, namely:-

"Provided further that, for the purpose of this clause, any such machinery or plant which is exported or

transferred outside Azad Kashmir shall be deemed to have been sold and the sale value of such machinery or plant shall be deemed to be its original cost less all depreciation allowed excepting the further sum referred to in clause (vi); and the business, profession or vocation in which such machinery or plants has been used, shall, for the purposes of sub-section (1) be deemed to be carried on by the assessee in the year in which such export or transfer took place;"

(ii) in clause (xiva), after the word, "dependents" the words "or on the training of industrial workers" shall be added; and

(iii) in clause (xivb); after the word "dependents" the comma and words, "and any expenditure in the nature of capital expenditure laid out or expended on any institute for the training of industrial workers" shall be inserted; and

(b) in sub-section (4), for clause (d) the following shall be substituted, namely?

“(d) any allowance in respect of so much or the expenditure incurred by all assessee on the provision of perquisites or other benefits to any employee as exceeds thirty percent of the salary of such employee;

Provided that in the case of an employee whose contract of service has been approved under clause (xiii) of sub-section (3) of section 4, this clause shall not apply for a period of five years commencing next after the expiry of three years since the date of his arrival in Azad Kashmir.

Explanation 1: The expression "salary", as used in the clause, means remuneration or compensation for services rendered paid or to be paid at regular intervals and includes dearness, grain, compensation of cost of living allowance and bonus and commission which are payable to an employee in accordance with the terms of his employment as remuneration or compensation for services but does not include the employer's contribution to a recognized provident or superannuation fund or any other sum which does not enter into the competitions for pensionary or retirement benefits.

Explanation 2: The expression "employee", where the assessee is a company, includes a director thereof; or"

(5) in section 14, for sub-section (4) the following shall be substituted, namely;

"(4) The tax shall not be payable by an assessee in respect of any share of income received by him out of capital gains on which tax has been paid by the firm of which he is a partner".

(6) in section 15:-

(a) for sub-section (3), the following shall be substituted, namely: -

"(3) The aggregate of any sums exempted. under this section shall not, together with any sums exempted under the first proviso to sub-section (1) of Section 7, section 15AA, and section 15E, section 15CC and section 15 F and any sum exempted under sub-section (1) of section 58F exceed twenty per cent of the total income of the assessee or ten thousand rupees, whichever is the less."

(b) sub-section 3A shall be omitted.

(c) In sub-section (4), the words, brackets, figure and letter "or sub-section (3A)" twice occurring shall be omitted.

(7) for section 15A the following shall be substituted, namely:-

"15A, Exemption in the case of Salaries. The tax shall not be payable by an assessee in respect of such portion of his total income as is chargeable under the head "Salaries"

subject to the following limits, namely:-

where the income chargeable under the head "Salaries" :

- | | |
|---|---|
| (1) Does not exceed twenty thousand rupees | 25 percent of income. |
| (2) exceeds, twenty thousand rupees but does not exceeds twenty five thousand rupees. | Rs. 5,000/- plus 20 per cent of such income exceeding Rs. 20,000/-. |

- (3) exceeding twenty five thousand rupees. Rs. 6,000/-.

Provided that the exemption under this section shall not apply in the case of an assessee who is not resident in Azad Kashmir unless the tax payable by him is determined with reference to his total world income under the first proviso to sub-section (1) of section 37."

- (8) in section 15 BB:-

(a) in sub-section (48), clause (ii) shall be omitted;

(b) after sub-section (4B) the following new Sub-Section (4C) shall be inserted, namely :-

"(4C) Nothing contained in sub-section (1) subsection (4) and sub-section (4A) shall apply to the income, profits and gains of any previous year ending at any time after the thirtieth day of June, 1970, and before the first day of July, 1971; and such income profits and gains, computed in accordance with the provisions of sub-section 3 or clause (c) of sub-section (4A), as the case may be, shall be subjected to tax in accordance with the other provisions of this Act:

Provided that, in making an assessment for the year for which the income, profits and gains of the industrial undertaking become liable to tax for which such income, profits and gains are exempt under the provisions of sub-section (1) sub-section (4) or sub-section (4A), credit shall be given for any income-tax and super-tax paid in respect for the income profits and gains Co which this sub-section applies; and where no income-tax and supertax payable is payable for such year or the amount of the income tax and super tax payable for such year the income-tax super-tax so paid or, as the case may be, the amount so in excess shall be carried forward to the following year;

Provided further, that nothing in this sub-section shall apply to any case where the computation of such income, profits and gains discloses a loss."

- (8) After section 15G, the following new section 15H shall be inserted, namely :-

"15H. personal Allowance. The tax shall not be payable by an assessee, being an individual, Hindu undivided family, unregistered firm, association of persons or an artificial juridical person, on such portion of his total income as does not exceed one thousand rupees."

(9) in section 17, in sub-section (5) in clause (b):

(a) in sub-clause (i) in paragraph (2), for the word "twenty" the word "twenty five" shall be substituted and

(b) in sub-clause (ii) in paragraph (2):

(i) in sub-paragraph (i) for the word 'seventy' the word "sixty" shall be substituted; and

(ii) in sub-paragraph (ii) for the word "ten" the word "five" shall be substituted.

(10) in section 18, in sub-section (3), after the word "interest on securities", the commas and words, "not being interest payable on debentures issued by or on behalf of a local authority or a company," shall be inserted.

(11) in section 38A,-

(a) in sub-section (1) for the word "deductible" the word "deducted" shall be substituted.

(b) in sub-section (5) for the word "two" the word "four" shall be substituted .

(c) in sub-section (5A), for the word "two" the word "four" shall be substituted.

(12) in section 21, in clause (2) for the words and comma "perquisite, benefit or amenity" the words, brackets, figures and letters "income in respect of which tax has been deducted or is deductible under sub-section (3B) or (3BB) of section 18" shall be substituted.

(13) for section 23 A the following shall be substituted, namely:

"23A. provisions in respect of undistributed income, (1) where in respect of any previous year a company has not, up to the

period of six months immediately following the expiry of that previous year distributed as dividend or paid as bonus to the shareholders at least sixty per cent of the net income of such previous year, the annual calculated in the manner laid down in sub-section (2) shall be deemed to be the undistributed income of the company for such previous year.

(2) for the purposes of this section:

(a) "net income" shall be the total income as reduced by:

(i) the amount of income-tax and super-tax chargeable on the total income excluding the amount of income-tax chargeable in respect of the undistributed income ; and

(ii) any bonus or bonus-shares declared, issued or paid to the shareholders of the company, and included in the total income under the provisions of explanation 4 to sub-section (1) of section 4; and

(b) "undistributed income" shall be the net income as reduced by:

(i) any amount distributed as dividend or paid as bonus to the shareholders ; and

(ii) ten percent of the total income.";

(14) in section 24, in sub-section (2D), in the proviso for the word "ten" wherever occurring the word "five" shall be substituted.

(15) in section 30:

(a) in sub-section (1):

(i) the words, commas, brackets, figures and letters "and any assessee, being a company, objecting to an order made by an Income Tax officer under sub-section (1) of section 23A," shall be omitted ;

(ii) the second and 4th provisos shall be omitted,

(b) in sub-section (2):

(i) the words, brackets, figures and letter "subsection (3) of section 23A or under" shall be omitted;

(ii) the proviso shall be omitted;

(16) in section 35:

(a) sub-section 7 shall be omitted; and

(b) for sub-section (8) the following shall be substituted, namely:-

"(8) Whereas a result of proceedings initiated under sub-section (1) of section 34, a firm or an association of persons is assessed or re-assessed, and the Income-Tax Officer concerned is of opinion that it is necessary to compute or re-compute the total income of a partner in the firm or a member of the association of persons, as the case may be, the Income Tax Officer may proceed to compute or re-compute the total income and determine the sum payable on the basis of such computation or recomputation as if the computation or recomputation is a rectification of a mistake apparent from the record within the meaning of this section, and the provisions of sub-section (1) shall apply accordingly the period four years specified therein being reckoned from the date of the final order passed in the case of the firm or association of persons, as the case may be."

(17) in section 43A, after the figure "64" the words, figure and letter "and section 46A" shall be inserted.

(18) in section 44D, in sub-section (7), clause (c) shall be omitted.

(19) in Section 54, in sub-section (3)

in clause (0), for the full stop at the end the semi colon and word "or" shall be inserted.

(20) in section 66:

(a) in sub-section (1):

(i) for the words and the commas and the colon "require the

Appellate Tribunal to refer to the High Court any question of Law arising out of such order, and the Appellate Tribunal shall within ninety days of the receipt of such application draw up a statement of the case and refer it to the High Court" the words and the fulstop "refer to the High Court any question of law arising out of such order," shall be substituted;

(ii) the proviso shall be omitted.

(b) for sub-section (2), (3), (3A) and (4), the following shall be substituted, namely :

"(2) An application under sub-section (1) shall be in triplicate and shall be accompanied by the following documents, and where any such document is in any language other than English, also by a translation thereof in English, namely.

(a) Certified copy, in triplicate, of the order of the Appellate Tribunal out of which the question of law has arisen;

(b) Certified copy, in triplicate, of the order of Income Tax Officer or the Inspecting Assistant Commissioner as the case may be which was the subject matter of appeal before the Appellate Tribunal ; and

(c) Certified copy, in triplicate, of any other document the contents of which are relevant to the question of law formulated in the application and which was produced before the Income Tax Officer, the Inspecting Assistant Commissioner or of the Appellate Tribunal, as the case may be, in the course of any proceedings relating to any order referred to in clause (a) or clause (b).

(3) Where the assessee is the applicant, the Commissioner shall be made a respondent, and where the Commissioner is the applicant the assessee shall be made a respondent;

Provided that where an assessee dies or is adjudicated insolvent or is succeeded by another person or is a

company which is being wound up, the application shall not abate and may, if the assessee was the applicant, be continued by, and if he was the respondent, be continued against the executor, administrator or successor or other legal representative of the assessee, or by or against the Liquidator or receiver, as the case may be.

(4) In respect of cases referred to in sub-section (5) of section 5 where the Inspecting Assistant Commissioner performs the functions of an Income Tax officer, reference in this section to Commissioner shall be construed as reference to the Central Board of Revenue.

(4A) On receipt of the notice of the date of hearing of the applications the respondent shall, at least seven days before the date of hearing, submit in writing a reply in the application; and he shall therein specifically admit or deny whether the question of law formulated by the applicant arises out of the order of the appellate Tribunal. If the question formulated by the applicant is in the opinion of the respondent, defective, the reply shall state in what particular the question is defective and what is the exact question of law, if any, which arises out of the said order; and the reply shall be in triplicate and be accompanied by any documents, (alongwith a translation in English of these of such documents as are not in English) which are relevant to the question of law formulated in the application and which were produced before the Income Tax Officer, the inspecting Assistant Commissioner or the Appellate Tribunal, as the case may be, in the course of any proceedings relating to any order referred to in clause (a) or clause (b) of subsection (1),"

(c) In Sub-section 5 for the words, "such case" the words "such application" shall be substituted.

(d) in sub-section (7A), the words, brackets and figures; "or sub-section (2) or sub-section, (3)" shall be omitted, and

(e) after sub-section (7A), amended as aforesaid, the following new sub-section (8) shall be added, namely: -

"(8) Any application made to the Appellate Tribunal or any question of law referred to the High Court by the Appellate Tribunal before the first day of July, 1971 shall be disposed of by the Appellate Tribunal or the High Court, as the case may be, as if the Finance Ordinance, 1971 had not come into force "

(21) In the First Schedule:

(A) in rule 2, after the words "life insurance business", the commas and words "other than pension and annuity business" shall be inserted ;

(B) after rule 2 amended aforesaid, the following new rule 2A shall be inserted, namely :

"2A. the profits and gains of pension and annuity business shall be taken to be the annual average of the surplus computed in the manner laid down in clause (b) of rule 2A;

(C) in rule 3,-

(1) the words and figure "for the purpose of rule 3" shall be omitted ; and

(2) in clause (a):

(a) for the words and colon "three-fourth of the amounts paid to or received for or expended on behalf of policy holders shall be allowed as a deduction" the following shall be substituted namely:- "Under clause (b) of rule 2, of the purpose of life insurance business three fourth of the amounts paid to or reserved for or expended on behalf of policy holders shall be allowed as a deduction, and under rule 2A, the amounts paid to or reserved for or expended on behalf of the members of an approved superannuation fund shall be allowed as a deduction."

(D) in second proviso:

(i) after the word "policy holders" wherever occurring, the word and commas "or members of an approved superannuation fund as the case may be," shall be inserted.

(ii) after the words, "such amount" the words "or the entire amount" shall be inserted.

(d) in rule 5,-

(1) in clause (vi) for the full stop at the end a semi-colon shall be substituted; and

(2) after clause (vi) amended as aforesaid, the following new clause (vii) shall be added, namely :-

"(vii)" pension and annuity business means any life insurance business relating to a contract with the trustees of an approved superannuation fund, where such contract is:

(a) entered into only for the purposes of such fund, and

(b) so framed that the liabilities undertaken thereunder by the person carrying on the insurance business correspond with the liabilities against which the contract is intended to secure such fund."

Sd/-
Finance Secretary.

SCHEDULE
PART - I
RATE OF INCOME TAX

- A. In the case of every individual Hindue 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 :-

		Rates
1.	Where the taxable income does not exceed Rs. 1,000.	Rs. 25/-
2.	Where the taxable income exceeds Rs. 2,000 but does not exceed Rs. 2,000.	Rs. 25 plus 5 percent of the amount exceeding Rs. 1,000.
3.	Where the taxable income of exceeds Rs. 2,000 but does not exceed Rs. 4,000.	Rs. 75 plus 10 percent the amount exceeding Rs. 2,000.
4.	Where the taxable income of exceeds Rs. 4,000 but does not exceed Rs, 6,000.	Rs. 275 plus 15 percent the amount exceeding Rs. 4,000.
5.	Where the taxable income of exceeds Rs. 6,500 but does not exceed Rs. 10,000.	Rs. 650 olus 20 percent the amount exceeding Rs. 6,500.
6.	Where the taxable income of exceeds Rs. 10,000 but does not exceed Rs. 35,000.	Rs. 1350 plus 25 percent the amount exceeding Rs. 10,000.
7.	Where the taxable income of exceeds Rs, 15,000 but does not exceed Rs. 25,000.	Rs. 2600 plus 35 percent the amount exceeding Rs. 15,000.
8.	Where the taxable income of exceeds Rs. 25,000 but does not exceed Rs. 35,000.	Rs. 6,100 plus 50 of percent the amount exceeding Rs. 25,000.
9.	Where the taxable income of	Rs. 11,100 plus 60

	exceeds Rs. 35,000 but does not exceed Rs. 35,000.	percent the amount exceeding Rs. 35,000.
10.	Where the taxable income of exceeds Rs. 50,000 but does not exceed Rs. 70,000.	Rs. 20,100 plus 65 percent the amount exceeding Rs. 50,000.
11.	Where the taxable income of exceeds Rs. 70,000 but does not exceed Rs. 1,00,000.	Rs. 33,350 plus 67 percent the amount exceeding Rs. 70,000.
12.	Where the taxable income of exceeds Rs. 100,000.	Rs. 53,350 plus 70 percent the amount exceeding Rs. 100,000.

Provided that:

- (i) no income-tax shall be payable on a total income which before the deduction of the sums, if any, exempt under the first, third and fourth provisos to sub-section (1) of section 7, section 15, section 15A, section 15AA, section 15C, section 15ee, section 15D, section 15E, section 15F, section 15H and section 58F of the Income-tax Act, 1922 (XI of 1922) does not exceed Rs. 6,000 ; and
- (ii) the income-tax payable shall in no case exceed (a) the amount by which the total income exceeds Rs. 6,000 or (b) the amount representing seventy per cent of the total income, whichever amount is the less, and, where such 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 super-tax the same proportion as his share of income, profits and gains of 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 percent 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 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 which sub-section (3) of

section 9 or clause (a) of sub-section (1) of section 17 of the Income-Tax Act, 1922 (XI of 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, third and fourth provisions to sub-section (1) of section 7, section 15, section 15A, section 15AA, section 15C, section 15CC, section 15D, section 15E, section 15F, section 15H, and section 58F of the Income-Tax Act, 1922 (XI of 1922).

B. In the case of every company to which paragraph C or paragraph D does not apply, and 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 rate:

On the total income, excluding such part thereof as consists of any dividends, bonus or bonus shares to which sub-paragraph (2) or (3) of paragraph A of Part II applies.	RATES 30 percent of such income.
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C. In the case of every public company to which section 23A of the Income Tax Act, 1922 (XI of 1922) applies :-

(1) On the total income excluding such part thereof as consists of any dividends, bonus or bonus shares to which sub-paragraph (2) or (3) of paragraph A of Part II applies but including such part of the total income as is equal to the undistributed income of such company.	30 percent of such income.
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(2) On such part of the total income as represents the undistributed income of such company.	15 percent of such income.
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D. In the case of every company, not being a public company to which section 23A of the income-tax Act,; 1922..,(XI, of 1922) applies :-

(1) On the total income, excluding such part thereof as dividends, bonus consists of any shares to which sub-	30 percent of such income.
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paragraph (2) or (3) of paragraph A of Part II applies but including such part of the total income as represents the undistributed income of such company.

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| (2) On such part of the total income as represents the undistributed income of such company. | 25 percent of such income. |
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E. In the case of every company --- Nil

On the part of the total income consisting of the amount of dividends, bonus or bonus shares to which sub-paragraph (2) or (3) of paragraph A of Part II applies.

Provided that, for the purposes of paragraphs B, C and D, 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 (XXII of 1958), the Third Schedule to the Finance Act 1957 (I of 3957), the Third Schedule to the Finance (1955-56), Act, 1950 (XXX of 1956), an 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.

Explanation:- For the purposes of paragraph C and D the expression "Un-distributed income" means the amount of undistributed income computed in accordance with the provisions of section 25-A of the Income-tax Act, 1922 (XI of 1922).

PART-II
RATES OF SUPER-TAX

A. In the case of a company --

	Rates
(1) On the whole of the total income excluding income to which paragraph E of Part I applies.	30 percent of such income.

Provided that where a company, in respect of the profits and gains 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 Kashmir of dividends payable out of such profits and gains and for the deduction of tax from such dividends, rebate shall be allowed as follows.

- (i) a rebate of 5 percent to such company if it is a public company.
- (ii) a rebate of 5 percent to such company if 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 percent 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 reserves as on the last day of the previous year does not exceed Rs. 10,00,000.
- (iv) a rebate of 10 percent 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 Kashmir from processing freezing, preserving and canning of food, vegetable, fruit grain, meat, fish and poultry.
- (v) a rebate of 15 percent to such company on so much of. the income, profits and gains occurring or arising outside Azad Kashmir to which sub-section (4) of section 9 does not apply as are brought by it into Azad Kashmir.

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

(i) engaged in :-

(a) the manufacture of goods or materials or the subjection of goods or materials to a process, which substantially changes their original conditions;

(b) generation, transformation, conversion, transmission or distribution of electrical energy, or the supply of hydraulic power ;

(c) 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 ;

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

(2) On the amount representing income from dividends from a company having its registered office in Azad Kashmir —

Rates.

(a) Where such dividends are received by a company from a subsidiary company set up in the wing other than 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 which clause (a) does not apply and are declared and paid by a company formed or registered in azad Jammu and Kashmir under the Companies Act, 1913 (VII of 1913) or a body corporate formed in pursuance of a Central Act, in respect of share capital issued, subscribed and paid after the 14th day of August, 1947. 15 percent of such amount
- (c) In other cases..... 20 percent 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. percent of the face value of the equity share capital of the first mentioned company.-

(3) on the whole of the amount representing the face value of any bonus share of the amount of any bonus issued by the company to its shareholders with a view to increase its paid-up capital:-

Rates

- (a) Where a company which issues bonus or share bonus, as the case may, is a public company. 15 percent of such the amount.
- (b) In other cases..... 20% of such amount.
- B. In the case of every local authority on the whole of total income. 12.5% of total income.

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. 15000/- but does not exceed Rs. 30,000/- | 5% of the amount exceeding Rs. 15000/- |
| (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. 100,000/- | Rs. 3,750 plus 20 percent of the amount exceeding Rs. 60,000. |
| (5) Where the total income exceeds Rs. 100,000/- | Rs. 11,750 plus 30 percent of the amount exceeding Rs. 1,00,000. |

Explanation.- The term "registered firm" as used in this paragraph means a firm registered under section 26A of the Income-Tax Act, 1922 (XI of 1922) or a firm treated as registered firm under clause (b) of sub-section (5) of section 23 of the income-tax Act, 1922'(XI of 1922).

PART - II

(See Section 10)

RATES OF SURCHARGE

- A. In the case of company deriving income profits and gains the whole or part of which are exempt from payment of income tax and super-tax under section 15BB of the Income-tax Act, 1922. 10 percent of" the income-tax and super-tax which would have been payable under the Income-lax Act, 1922 had no pan of the income profits and gains of such company been so exempt.
- B. In the case of every other company. 10. percent of the income-tax and super-tax, payable under the Income-tax Act, 1922.
- C. In the case of every registered firm 10 percent of the income-tax and super-tax, if any, payable under the income tax Act, 1922.
- D. In the case of every other person. 12.50 percent of the income tax and super-tax, if any, payable under the Income-tax Act, 1922.

PART "B"

Cinema Taxes.

(1) There shall be levied and collected a tax on Cinema payable by the owners or managements thereof at the following rates for the financial year 1971-72 :-

- (i) In the case of cinema classed as first class cinema. One thousand rupees
- (ii) In the case of a cinema classed as a second class cinema. Five hundred rupees.
- (iii) In the case of cinema classed as third class cinema. One hundred rupees.

(2) If the person responsible for the payment of the tax under sub-section (1) fails to pay the tax within the period prescribed under the rules, for the 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 West Pakistan Act X of 1958 (as adopted in Azad Kashmir).**- In the West Pakistan Entertainment Duty Act, 1958, in its application to the Azad Jammu and Kashmir territory:-

(i) *In* section, clause (aa), (aaa), (hh), (ii) and (k) shall be deleted;

(ii) In sub-section (1) of section 3, the colon occurring before the proviso shall be replaced by a comma, and between the comma so replaced and the proviso, the following shall be inserted:-

"In case such payment does not exceed rupees 1.12 at the rate of 25% and 50% in case such payment exceeds Rs. 3.12, excluding the amount of duty.

(iii) In section 6, the words and, comma "or in the case of any cinema, the entertainment duty is not paid in accordance with the provisions of section 6-A" shall be deleted;

(iv) Section 6-A shall be omitted;

(v) In sub-section (2) of section 11, after clause (i), the word "and" shall be added, and clause (i-A), (i-b) and (i-c) shall be deleted; and

(vi) The schedule shall -be omitted,

3. **Amendment in Motor Vehicles Taxation schedule 1956:-** The words beginning from "provided"..... to "within a district" in the Motor Vehicles Taxation schedule, 1956 serial No. 4 sub item "d" are deleted.

4. **Enhancement of fees relating to Motor Vehicles.-** Notwithstanding anything to the contrary contained in the Vehicle Ordinance, 1971 (as adopted in Azad Kashmir) or the West Pakistan Motor Vehicles Rules, the fees payable under the rules mentioned in column 2 of the attached schedule to this Ordinance, shall, in the financial year 1971-72 be paid at the rates specified in column 3 thereof.

5. **Assessment of Punjab Act I of 1914 (as adopted in A.K.).-** In section 3 of the Punjab Excise Act, 1914, (as adopted in Azad Kashmir) for sub-clause (a) of clause (6) the following shall be substituted:-
"(a) any alcoholic liquour ; or
6. **Application of existing laws.-** Where any tax, duty or surcharge imposed or any fee levied by this Ordinance is by way of an addition to or a surcharge on any existing tax or duty imposed or fee levied by or under any enactment and rules in force in Azad Jammu and Kashmir, the-procedure provided in such enactment and rules framed thereunder for the assessment, collection and recovery of such, tax, duty or fee shall, so far as applicable, apply to the assessment, collection and recovery of the additional tax, duty surcharge or fee, as the case may be.
7. **Bar of suits in Civil Courts:-** No suits shall lie in any civil court to set aside or modify any assessment, levy or collection of tax, duty, surcharge or fee made under this Ordinance and the rules framed thereunder or any penalty imposed under sub-section (2) of section 1.
8. **Power to make rules--** Government may make rules for carrying into effect the purposes of this Ordinance and such rules, may among other matters, prescribe the procedure for the assessment, collection and payment of any tax, duty, surcharge of fee levied or the imposition of any penalty under this Ordinance, in so far as such procedure it not provided in this Ordinance.

Finance Secretary.