

**AZAD GOVERNMENT OF THE STATE OF JAMMU AND KASHMIR  
LAW AND PARLIAMENTARY AFFAIRS SECRETARIAT,  
MUZAFFARABAD**

Dated: 20th June, 2018

No. LD/Legis-Act/53-63/2018. The following Act of the Assembly received the assent of the President on the 10th day of June 2018, is hereby published for general information.

**(ACT IV OF 2018)**

**An  
Act**

to give effect to the financial proposals of Azad Government of the State of Jammu and Kashmir

WHEREAS it is expedient to make provisions to give effect to the financial proposals of Azad Government of the State of Jammu and Kashmir to consolidate and amend certain fiscal 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, 2018.  
  
(2) It extends to the whole of Azad Jammu and Kashmir.  
  
(3) It shall come into force at once.
2. **Adaptation of the Amendments of Sales Tax Act, 1990 (Act VII of 1990).**-(1) In the Sales Tax Act, 1990 (Act VII of 1990), as adapted and enforced in Azad Jammu and Kashmir, hereinafter referred to as the said Act, except otherwise legislated by an Act of the Assembly, all the amendments made in the said Act and all rules, notifications, circulars and orders made or issued thereunder, as enforced in Pakistan at any time on or after the 24<sup>th</sup> day of June, 2017 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

and Kashmir by virtue of the Sales Tax (Adaptation) Act, 1993 (Act IV of 1993) with the modification that in clause (a) of sub-section (2) of Section 13 of the said Act, the words and expression “and matters relating to international financial institutions or foreign government-owned financial institutions” shall be omitted.

(2) Notwithstanding any judgment or decision of any court including Supreme Court and High Court of Azad Jammu and Kashmir, anything done, tax levied, charged or collected, proceedings initiated, notices issued, orders passed, penalties imposed, powers exercised or powers conferred on any authority on or after the 24th day of June, 2017, in accordance with the amendments made in the said Act, as enforced in Pakistan, shall be deemed always to have been validly done, levied, charged, collected, initiated, issued, passed, imposed, exercised or conferred 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, as adapted and enforced in Azad Jammu and Kashmir, hereinafter referred to as the said Act, except otherwise legislated by an Act of the Assembly, all 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 24th day of June, 2017, 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 and Kashmir by virtue of the Azad Jammu and Kashmir Finance Act, 2005 (Act VIII of 2005).

(2) Notwithstanding any judgment or decision of any court including Supreme Court and High Court of Azad

Jammu and Kashmir, anything done, tax levied, charged or collected, proceedings initiated, notices issued, orders passed, penalties imposed, powers exercised or powers conferred on any authority on or after the 24th day of June, 2017, in accordance with the amendments made in the said Act, as enforced in Pakistan, shall be deemed always to have been validly done, levied, charged or collected, initiated, issued, passed, 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.

**4. Amendment in Azad Jammu and Kashmir Sales Tax (Tax on Services) Act, 2001 (Act XXIV of 2001).**- (1)

In the Schedule to the Azad Jammu and Kashmir Sales Tax (Tax on Services) Act, 2001 (XXIV of 2001), following amendments shall be made:

- (i) for Serial No.1 and entries relating thereto in column (2), (3) and (4), following shall be substituted,-

“1	Services provided or rendered by hotels, motels, guest houses and clubs including race clubs.	9801.1000	Sixteen Percent”
		9801.4000	

- (ii) after Serial No. 1, as substituted above, a new Serial No. 1-A and entries relating thereto in columns (2), (3) and (4) shall be inserted as under,-

“1-A	Services provided or rendered by marriage halls, lawns (by whatever name called) including	9801.3000	Five Percent subject to the condition that no input tax
		0	
		9801.5000	
		0	
		9801.600	

	“pandal” and “shamiana” services and caterers.	0	adjustment or refund shall be admissible”
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- (iii) against Serial No. 5, 8, 14, 23, 27, 28, 40 and 42, in column (4), for the words “Sixteen Percent”, the words “Five Percent subject to the condition that no input tax adjustment or refund shall be admissible” shall be substituted and shall be deemed to have been so substituted with effect from 25.05.2017.
- (iv) against Serial No. 10, in column (4), for the words, figures and expressions “Sixteen percent or Rs.400 per bill of lading whichever is higher”, the words, figures and expression “Five percent or Rs.1000/- per bill of lading whichever is higher subject to the condition that no input tax adjustment or refund shall be admissible” shall be substituted and shall be deemed to have been so substituted with effect from 25.05.2017.
- (v) against Serial No. 5, in column (2), after clause (vi), following new clause (vii) shall be added and shall be deemed to have been so added with effect from 30.01.2018,-
- “(vii) Construction Services for hydro power projects in Azad Jammu and Kashmir under China Pakistan Economic Coridoor (CPEC) arrangements that shall be charged to tax under Serial No. 5-A.”
- (vi) after Serial No. 5, following new Serial No. 5-A, and entries relating thereto in columns (2), (3) and (4) shall be added and shall be deemed to have been so added with effect from 30.01.2018:

“5-A	Construction Services for hydro power	9824.0000 and 9814.2000	One Percent subject to the condition that no
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	projects in AJ&K under CPEC arrangements.		input tax adjustment or refund shall be admissible.”
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- (vii) after Serial No. 42 and entries relating thereto in columns (2), (3) and (4), following new Serial No. 43 and corresponding entries in columns (2), (3) and (4) shall be added, namely:

“43	Telecommunication Services.	98.12 (all sub-headings)	Nineteen and a half percent”
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Sd/-  
(Ch. Muhammad Nawaz)  
Section Officer (Legislation)