**PROVINCIAL ASSEMBLY OF THE PUNJAB**

**N O T I F I C A T I O N**

**12 June 2015**

**No.PAP/Legis-2(87)/2015/1246.** The following Bill, which was introduced in the Provincial Assembly of the Punjab on Friday, June 12, 2015, is hereby published for general information under rule 93(1) of the Rules of Procedure of the Provincial Assembly of the Punjab, 1997:-

**THE PUNJAB INFRASTRUCTURE DEVELOPMENT CESS BILL 2015**

**Bill No. 34 of 2015**

**A**

**BILL**

*to levy and collect infrastructure development cess on transportation of goods manufactured, produced or consumed in, imported into or exported out of the Punjab.*

It is necessary to levy and collect infrastructure development cess on transportation of goods manufactured, produced or consumed in, imported into or exported out of the Punjab; to provide resources for the maintenance, development and improvement of the infrastructure required, amongst other things, to cater for the load of goods traffic; and to deal with other purposes;

Be it enacted by Provincial Assembly of the Punjab as follows:

**CHAPTER I**

**PRELIMINARY**

1. **Short title, extent and commencement**.– (1) This Act may be cited as the Punjab Infrastructure Development Cess Act 2015.
2. It extends to whole of the Punjab.
3. It shall come into force from the 1st day of July 2015.
4. **Definitions**.– In this Act:
5. “Authority” means the Punjab Revenue Authority established under the Punjab Revenue Authority Act 2012 (XLIII of 2012);
6. “cess” means the infrastructure cess levied and collected under the Act and includes default surcharge or penalty or any other sum payable under the Act or the rules;
7. “Customs Act” means the Customs Act, 1969 (IV of 1969), and rules made or notifications issued under that Act;
8. “FBR” means the Federal Board of Revenue established under the Federal Board of Revenue Act, 2007 (IV of 2007);
9. “goods” means goods classifiable under the First Schedule to the Customs Act and includes the goods defined under that Act;
10. “Government” means Government of the Punjab;
11. “infrastructure” includes roads, streets, bridges, culverts, lights on passage, beaches, public parks, place of public recreation or enjoyment and convenience, eating places, landscape, forests, fisheries, delta conservation, lakes, breeding places of aquatic life, wildlife and its sanctuaries, public schools, vocational and technical training centers and projects, libraries, museums and similar institutions controlled and financed by the Punjab, control of traffic for smooth flow and other movement of goods, public order, police force, patrol for safety of goods, stands for loading and unloading of goods, parking places, markets, water supply, hospitals and dispensaries and development, improvement, maintenance and protection of such infrastructure;
12. “person” includes:

(i) an individual;

(ii) an association of persons;

(iii) a company incorporated, formed, organized or established in Pakistan or elsewhere;

(iv) the Federal Government;

(v) a Provincial Government;

(vi) a local authority in Pakistan; or

(vii) a foreign government, political subdivision of a foreign government, or public international organization;

1. “rules” means the rules made under the Act;
2. “Sales Tax Act” means the Sales Tax Act, 1990 (*VII of 1990*); and
3. “value” means the price including cost, insurance, freight, customs duty, sales tax or any other levy determined by customs authorities in the customs goods declaration form or in absence of it, in the bill of lading of goods being imported or exported provided that in case of goods manufactured, produced or consumed in Pakistan, the value shall be determined for the purpose of levy and payment of sales tax under the Sales Tax Act.

**CHAPTER II**

**SCOPE OF CESS**

1. **Scope of cess and allied matters**.– (1) Subject to this Act and the rules, there shall be levied and collected a cess on the goods manufactured, produced or consumed in the Punjab, goods imported into or goods exported out of the Punjab at a fixed rate of 0.90% of total value of goods as assessed for customs purposes.

(2) The cess shall be deposited in the Provincial Consolidated Fund to be utilized by the Government for maintenance and development of infrastructure and other activity ancillary to the infrastructure in such manner as may be deemed proper by the Government.

1. **Person liable to pay cess**.– (1) Every person manufacturing, producing or consuming goods and every person importing goods into the Punjab through any port, dry-port, airport or custom station including bonded warehouse and every person exporting goods out of the Punjab shall be liable to pay the cess.

(2)Nothing contained in this section shall prevent the collection of cess from a different person if that person is made separately, jointly or severally liable for payment of the cess under this Act or the rules.

1. **Payment of cess**.– (1) In case of goods imported into or exported out of the Punjab, cess shall be payable in the same manner and at the same time as if it were a customs duty regardless whether or not the goods are liable to such duty.

(2) In case of goods manufactured, produced or consumed in the Punjab, cess shall be payable in the same manner and at the same time as if it were a sales tax payable under the Sales Tax Act.

(3) The amount of cess shall be deposited in such head of account as may be specified by the Government.

(4) Notwithstanding anything contained in this section, the Authority may, in respect of any goods, category or class of goods and subject to such conditions, restrictions or limitations, if any, specify any other manner or time or mode of payment of cess.

1. **Exemptions**.–(1) Notwithstanding anything contained in sections 3 and 5 and unless otherwise specified or directed by the Government through a notification in the official Gazette, the goods exported out of the Punjab and the goods manufactured, produced or consumed (other than goods imported on payment of cess) in the Punjab shall be exempt from cess.

(2) The cess shall not be payable in respect of imported fresh food items like fresh vegetables and fresh fruits.

(3) The Authority may, with the approval of the Government and subject to such conditions as it may impose, by the notification in official Gazette, exempt any goods, or category or class of goods from the payment of whole or any part of the cess.

**CHAPTER III**

**OFFENCES AND PENALTIES**

1. **Default surcharge**.–(1) Where any person has not paid any amount of cess due under this Act, he shall, in addition to the cess due or any other penalties payable under the Act, pay default surcharge at the rate of two percent of the payable amount of the cess per month.

(2) Where necessary, the amount of default surcharge shall be prorated but in a case the period of default is less than one month, the amount of default surcharge shall not be prorated.

**Explanation**.–For the purposes of this section, the cess due does not include penalty.

1. **Penalty**.–Where a person has failed to pay any amount of cess, he shall be liable to pay a penalty not exceeding ten percent of the amount of cess due and payable.
2. **Waiver of default surcharge or penalty**.–The Authority may, subject to such conditions as it deems appropriate, waive the payment of default surcharge on cess under section 7 or penalty under section 8 in any case or class of cases.

**CHAPTER IV**

**MISCELLANEOUS**

1. **Application of provisions of other laws**.– (1) In case of goods imported into or exported out of the Punjab, the Customs Act shall, as nearly as possible, apply to the collection, payment and administration of the cess in so far as it relates to:
2. manner, time and mode of payment;
3. declarations, processing and management thereof;
4. keeping of records, accounts and documents;
5. enforcement and adjudication including appeals;
6. penalties and prosecution; and
7. all other ancillary matters.

(2) Where required in case of goods manufactured, produced or consumed in the Punjab, the Sales Tax Act and the rules made and notifications, orders and instructions issued under the Sales Tax Act shall, as nearly as possible, apply to collection and payment of cess under this Act in so far as they relate to the matters covered in subsection (1).

(3) This Act and the rules shall be treated as fiscal law for the purpose of clause (h) of section 2 of the Punjab Revenue Authority Act 2012 (XLIII of 2012).

1. **Power to make rules**.– (1) The Authority may, with the approval of the Government and by notification in the official Gazette, make rules for carrying out the purposes of this Act.

(2) The Government shall lay all the rules made during a financial year in Provincial Assembly of the Punjab at the time of presentation of the annual budget for the next financial year.

1. The Authority may issue general orders, circulars or instructions, directions or clarifications to carry out the purposes of this Act or the rules.
2. **Bar on adjustment**.– The amount of cess payable or paid under this Act shall not be adjusted against any other tax, levy or cess payable to the Government under any other law, and any other tax, levy or cess shall not be adjusted against any amount of the cess payable under the Act.
3. **Intersystem connectivity**.–The Authority may enter into such arrangements for real time connectivity of its computerized system with the system of FBR or any other department, organization, institution or authority as it may deem proper for the purpose of regular or efficient monitoring of the collections and receipts of the cess.
4. **Savings**.–Where the Government or the Authority takes any action, makes any decision or orders, issues any instructions, directions, clarifications or notifications in pursuance of or in exercising of powers conferred under any provision of any law in respect of any matter relating to the cess and allied issues covered under this Act or the rules, such actions, decisions, orders, instructions, directions, clarifications and notifications shall be deemed to have been validly issued to serve the purposes of this Act and the rules.

**STATEMENT OF OBJECTS AND REASONS**

The Government intends to mobilize more resources for the development of infrastructure in the Punjab. Sindh is collecting infrastructure development cess since 1994 and is now raising substantial funds for development purposes. Khyber Pakhtunkhwa too has imposed infrastructure development cess and is making necessary institutional arrangements in collaboration with Federal Board of Revenue to start its collection at the earliest.

Punjab also has a great potential to generate good revenue income from infrastructure development cess. Those who use the infrastructural and ecological facilities of the Punjab need to contribute for the further development of the Province. It has, therefore, been proposed to levy and collect the Punjab infrastructure development cess in case of goods other than fresh food items imported into the Punjab and custom-cleared through ports, dry-ports, airports and other custom stations including bonded warehouses.

A fixed cess rate of 0.90% has been proposed to be charged on imported goods on the basis of their value assessed for the purpose of custom duties.

The collection of the proposed development cess shall be made through the automated system of Pakistan Customs maintained and operated by PRAL (IT arm of FBR) under connectivity with the Punjab Revenue Authority’s computer system. The collection of cess shall be made at the same time and in the same manner as is applicable to customs duties but it will be deposited under a separate head of account of the Punjab Government. The Punjab Revenue Authority will monitor the collection and payment of the development cess on real time basis. Hence this Bill.

**MINISTER INCHARGE**

**Lahore: RAI MUMTAZ HUSSAIN BABAR**

**12 June 2015 Secretary**