

**GOVERNMENT OF THE PUNJAB  
LOCAL GOVERNMENT & RURAL  
DEVELOPMENT DEPARTMENT**

Dated Lahore, the 20<sup>th</sup> September, 2001.

**NOTIFICATION**

No. SOV(LG)5-21/2001. In exercise of the powers conferred upon him under subsection (1) of Section 191 of the Punjab Local Government Ordinance, 2001 (XIII of 2001), the Governor of the Punjab is pleased to direct that the following rules shall be made:-

1. **Short title and commencement:-** (1) These rules may be called the Punjab Local Governments (Taxation) Rules, 2001.

2. They shall come into force at once.

2. **Definitions:** (1) In these rules unless the subject or context otherwise requires, the following expressions shall have the meanings respectively assigned to them, that is to say:-

- (a) "cost of recovery" includes the charges specified in rules 11 and 12;
- (b) "defaulter" means any person from whom any amount is recoverable under these rules and which has remained unpaid after the presentation of a bill to him under rule 10;
- (c) "inhabitant" means any person who ordinarily resides, carries on business, owns or occupies immovable property in the local area;
- (d) "Revenue Officer" means a Revenue Officer having authority under the Punjab Land Revenue Act, 1967 (XVII of 1967) to discharge the functions of a Revenue Officer;
- (e) "Taxation Officer" means officer in charge of a Taxation Department of a Local Government or any other officer declared by the Local Government to be the Taxation Officer for the purposes of these rules;
- (f) "Preliminary taxation proposal" means a proposal framed by a Local Government for the imposition of a tax.

3. **Preliminary taxation proposals:** (1) While framing the annual budget or the revised budget of the Local Government, the Executive District Officer (Finance & Planning) in case of District Government/City District Government,

the Tehsil Officer (Finance) in case of Tehsil/Town Municipal Administration and Union Secretary in case of Union Administration shall review the financial position of the concerned Local Government and if the financial position calls for any change in the tax structure, he shall draw up preliminary taxation proposals.

(2) There shall be a separate preliminary taxation proposal for each tax.

(3) Preliminary taxation proposals shall be framed in the form of a draft tax notification indicating the class of persons or category of property proposed to be taxed and the rate at which the tax is proposed to be levied.

(4) The preliminary taxation proposals shall be submitted for approval to:-

- (a) Zila Nazim by the EDO (Finance & Planning) through District Coordination Officer;
- (b) Tehsil/Town Nazim by the Tehsil/Town Officer (Finance) through Tehsil/Town Municipal Officer; and
- (c) Union Nazim by the Union Secretary.

(5) The Nazim of the concerned Local Government may approve the preliminary taxation proposal with or without modifications.

4. **Publication of preliminary taxation proposals:** (1) Immediately after he has accorded approval of the preliminary taxation proposals, the Nazim shall issue a public notice in respect of each preliminary taxation proposal. Every such notice shall specify-

- (a) the main features of the taxation proposal;
- (b) the class of persons or description of property or both, affected thereby;
- (c) the amount or rate of tax to be imposed, increased, reduced or modified;
- (d) the system of assessment to be adopted;
- (e) any exemptions proposed to be made;
- (f) additional income likely to be raised by the imposition of the tax on the increase in the tax and the purpose on which this additional income is proposed to be spent;
- (g) the loss of income likely to be caused by the abolition or suspension of the tax or reduction in the rate of the tax and the manner in which this shortfall in income is proposed to be made up;

- (h) justification of the taxation proposal; and
- (i) any other particulars considered necessary for the information of the public.

(2) Along with the public notice under sub-rule (1) the Nazim shall publish taxation programme specifying therein:-

- (a) the date, which shall not be less than thirty days from the publication of the preliminary taxation proposal by which objections and suggestions to the preliminary taxation proposal may be made to the Nazim by the inhabitants; and
- (b) the date or dates fixed for the hearing of objections or suggestions received under clause (a) by the Nazim.

**5. Notice of objections and suggestions to the preliminary taxation proposals:-** (1) All objections and suggestions received from the inhabitants shall be entered in a register maintained for the purpose on the preliminary taxation proposals.

(2) On the date or dates fixed for the hearing of objections and suggestions, the Nazim shall hear the same in public and shall afford all possible facilities to the persons making them to present their case.

(3) On the close of the hearing of objections and suggestions, the Nazim shall finalize the taxation proposals and submit the same to the concerned Local Council for consideration and sanction.

**6. Convening of the meeting of the Local Councils:-** (1) The taxation proposals concerning the annual budget of the Local Council shall be presented in the budget session of the Local Council convened for this purpose.

(2) The taxation proposals concerning revised budget of the Local Council shall be presented in the special session of the Local Council convened for this purpose.

**7. Finalization of the taxation proposals:-** (1) The Local Council shall consider each taxation proposal and if it is not in favour of the proposal, it shall be put to vote and if it is rejected by the majority of the members present and voting, it shall pass resolution accordingly slating therein the reasons for such rejection.

(2) If the Local Council decides to proceed with the taxation proposal, with or without modification, it shall proceed to consider the draft of the tax notification, clause-wise and each clause may be passed with or without modifications.

**8. Sanction of the tax:-** (1) If the draft of tax notification is considered clause-wise and passed it shall be put to vote and if it is approved by the majority

of the members present and voting, the taxation proposal shall stand sanctioned by the Local Council.

**9. Post-sanction publication:-** (1) As soon as the taxation proposals have been sanctioned, the Nazim shall -

- (a) forward a copy of the tax notification for publication in the official gazette and endorse a copy thereof to the Punjab Local Government Commission; and
- (b) publish the tax notification in the form of a public notice.

(2) The taxation proposals sanctioned by the Local Council shall come into force on and from such date as may be specified in the notification.

**10. Taxation bill:-** (1) Where any amount on account of a tax has become due, the Taxation Officer shall cause to be presented to the person liable for payment thereof a bill for the sum due.

- (2) Every such bill shall specify:
- (a) the period for which and the property, thing or occupation in respect of which, the sum is claimed;
  - (b) the liability to be incurred in the event of default; and
  - (c) the time within which and the authority to whom an appeal may be preferred against such claim.

**11. Notice of demand:-** (1) If the sum, for which any bill has been presented under rule 10, is not paid within fifteen days from the presentation thereof or no appeal is filed within this period and where an appeal has been filed and rejected within fifteen days of the date of the order passed by the Appellate Authority, the Taxation Officer shall cause to be served upon the defaulter a Notice of Demand.

(2) For every Notice of Demand, a charge of twenty-five rupees shall be levied to cover the cost of the notice and its service and such charge shall be included in the amount of the tax to be recovered from the defaulter.

**12. Recovery as arrears of land revenue:-** (1) If within fifteen days of the service of the Notice of Demand the defaulter does not:

- (a) pay the sum mentioned in the notice; or
- (b) show cause to the satisfaction of the Nazim why he should not pay the sum claimed;

the Nazim of the Local Government may direct that the tax with costs of recovery shall be recovered as arrears of land revenue.

(2) A statement of account certified by the Executive District Officer (Finance & Planning) in case of District/City Government, Tehsil/Town Officer

(Finance) in case of Tehsil/Town Municipal Administration and Union Secretary in case of Union Administration shall be forwarded to the Collector of the district concerned to recover the sum demanded as arrears of land revenue from the defaulter.

(3) The Collector may entrust the matter to another Revenue Officer for the certification of the statement of account and for recovery of the sum so certified, as arrears of land revenue, in the manner provided under the Punjab Land Revenue Act, 1967 (XVII of 1967).

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