

**GOVERNMENT OF THE KHYBER PAKHTUNKHWA
LOCAL GOVERNMENT, ELECTIONS AND
RURAL DEVELOPMENT DEPARTMENT**



NOTIFICATION

Peshawar, dated the March....., 2016

No. /2016. In exercise of the powers conferred by section 112 of the Khyber Pakhtunkhwa Local Government Act, 2013 (Khyber Pakhtunkhwa Act No. XXVIII of 2013) the Government of Khyber Pakhtunkhwa is pleased to make the following Rules, namely;

**THE KHYBER PAKHTUNKHWA
LOCAL GOVERNMENT TAXATION RULES 2016**

- 1. Short title and commencement.** – (1) These rules may be called the Khyber Pakhtunkhwa Local Government Taxation Rules 2016
(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) “Act” mean the Khyber Pakhtunkhwa Local Government Act, 2013 (Khyber Pakhtunkhwa Act No. XXVIII of 2013)
 - (b) “Local Government” means as specified under section 5 of the Act.
 - (c) “Nazim” Nazim means Nazim of the concerned Local Govt.

- (d) “inhabitant” means any person who ordinarily resides, carries on business, owns or occupies immovable property in the local area;
- (e) “taxation proposal” means as specified in section 3 of the Rules. .
- (f) “Finance Committee” means the Finance Committee elected by the District or City District Council and Tehsil or Town Council, under section 18 (e) and 25 (g) of the Act, as the case may be.
- (g) “Tax” includes any cess, fee, rate, toll, or other charge leviable under the Act.

(2) Words and expressions used but not defined in these rules shall have the same meaning as are respectively assigned to them in the Act.

3. Taxation proposals. — (1) The District Officer (Finance & Planning) in case of District Government or City District Government, and the Tehsil Officer (Regulation) in case of Tehsil or Town Municipal Administration shall formulate or caused to be formulated a preliminary taxation proposal based on (i) review of the financial position of the concerned local government as part of annual/revised budget process, or the Government may direct.

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

(3) The taxation proposals shall include the following:

- (a) the class of persons activity , business or category of property proposed to be taxed;
- (b) the rate at which the tax is proposed to be levied; and
- (c) the date for the enforcement of the tax.

(4) These rules shall, mutatis mutandis, be applicable for increasing, reducing or abolition of the rate of any existing tax.

(5) No taxation proposal shall be formulated in respect of a tax before the expiry of one financial year since its imposition, reduction, suspension or abolition.

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

- (a) Nazim District Government by the District Officer (Finance & Planning) through Deputy Commissioner; and
- (b) Nazim Tehsil or Town Council by the Tehsil or Town Municipal Officer (Regulation) through Tehsil or Town Municipal Officer.

(7) The Nazim of the concerned Local Government may approve the taxation proposal with or without modifications for the publication.

4. Publication of taxation proposals. — (1) The Nazim shall issue a public notice in respect of each taxation proposal. Such notice shall specify-

- (a) the salient features of the taxation proposal;
- (b) the class of persons, activity, business or description of property or both, affected thereby;
- (c) the amount or rate of tax to be imposed and the previous amount or rate if any;
- (d) the system of assessment of the tax or valuation therefore to be adopted.
- (e) any exemptions proposed to be made;
- (f) additional income likely to be raised by the imposition of the tax or 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 fifteen 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;
- (b) the date or dates fixed for the hearing of objections or suggestions received under clause (a) by the Nazim; and
- (c) the date by which the final taxation proposal shall be enforced.

5. Hearing of objections and suggestions on the taxation proposals. — (1)

The Finance Committees shall be the competent forum for hearing of objections and suggestions to the preliminary taxation proposals.

(2) All objections and suggestions received under rule 4 shall be entered into a register maintained for the purpose.

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

(4) On the close of hearing of objections and suggestions, the Committee shall finalize the taxation proposals, draw up and furnish detailed report to the concerned Local Council for consideration and sanction. This report shall specify:

- (a) the salient features of the taxation proposal;
- (b) the number and nature of objections and suggestions received within the specified period;
- (c) the manner in which the objections and suggestions were heard;
- (d) the findings in respect of each objection and suggestion heard;
- (e) the recommendation with regard to the taxation proposal; and
- (f) the financial implications involved in such recommendations.

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 or Special 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 session of the Local Council convened for this purpose.

7. Finalization of the taxation proposals. — (1)

The Local Council shall consider the report submitted by the finance Committee under rule 5 and

- (a) Approve it with or without modifications; or
- (b) Drop the taxation proposal;

(2) The Council may approve or sanction subject sub Rule (1), the council approve or reject, as the case may be, the taxation proposal with or without modifications it shall adopt by resolution.

8. Post-sanction publication. — (1) after the approval of such taxation proposals by the Local council concerned, the Nazim shall -

(a) "Forward a copy of the tax notification to the Government for publication in the official gazette".

(b) Publish the tax notification in the form of a public notice.

(2) The taxation proposals approved by the Local Council shall come into force

9 Imposition of Rate and Fee etc by Village Council and Neighbourhood council- The Rate and Fee etc by the Village Council and Neighbourhood council for the purpose of Part V of 3rd Schedule of the Act, shall be specified by the Government.

10 Repeal and Savings.- (1) The Khyber Pakhtunkhwa Local Government (Taxation) Rules 2001 are hereby repealed.

(2) Notwithstanding the repeal of the said rules, any instructions issued and orders made under the repealed rules shall continue to remain enforced until altered, amended or withdrawn by the competent authority.

Secretary
Local Government, Elections
& Rural Development, Department,