

**A
BILL**

*to provide for the imposition of a tax on agricultural income in the Province of
Khyber Pakhtunkhwa.*

WHEREAS the Constitution of the Islamic Republic of Pakistan envisages the creation of an egalitarian society based on the Islamic principles of social justice;

ANDWHERE AS for achieving the object it is expedient to provide for the imposition of a tax on agricultural income in the Province of Khyber Pakhtunkhwa and matters ancillary thereto and connected therewith;

It is hereby enacted by the Provincial Assembly of Khyber Pakhtunkhwa as follows:

1. Short title, extent and commencement.---(1) This Act may be called the Khyber Pakhtunkhwa Agricultural Income Tax Act, 2025.

(2) It shall extend to the whole of the Province of Khyber Pakhtunkhwa.

(3) It shall come into force with effect from the First day of January, 2025.

2. Definitions.---(1) In this Act, unless there is anything repugnant in the subject or context,-

(a) **“agricultural income”** means:

(a) any rent or revenue derived from land which is situated in the Khyber Pakhtunkhwa and is used for agricultural purposes;

(b) any income derived from such land by-

(i) agriculture; or

(ii) the performance by a cultivator or receiver of rent-in-kind of any process ordinarily employed by a cultivator or receiver of rent-in-kind to render the produce raised or received by him fit to be taken to market; or

(iii) the sale by a cultivator or receiver of rent-in-kind of the produce raised or received by him, in respect of which no process has been performed other than a process of the nature described in paragraph (ii);

(iv) any income derived from any building owned and occupied by the receiver of the rent or revenue of any such land, or occupied by the cultivator or the receiver of rent-in-kind, of any land with respect to which, or the produce of which, any operation mentioned in paragraphs (ii) and (iii) of sub-clause (b) is carried on:

Provided that the building is on, or in the immediate vicinity of the land, and is a building which the receiver of the rent or revenue or the cultivator, or the receiver of the rent-in-kind by reason of his connection with the land, requires as a dwelling-house, or a store-house, or other

out-building;

- (b) **“assessment”** includes reassessment and additional assessment and the cognate expressions shall be construed accordingly;
- (c) **“Collector”** means the Collector of a district appointed under the West Pakistan Land Revenue Act 1967(Act No. XVII of 1967) and includes any officer specially appointed by the Government to perform the functions and exercise the powers of a Collector under this Act;
- (d) **“company”** means a company registered under the Companies Act, 2017 (Act No. XIX of 2017), and a body corporate formed by or under any other law for the time being in force in Pakistan, including private limited company, public limited company, small company, association, firm, a modaraba, a trust, a body incorporated by or under the law of a country outside Pakistan relating to incorporation of companies, a co-operative society, a finance society or any other society;
- (e) **“cooperative society”** means a cooperative society registered under the Co-operative Societies Act, 1925 or under any other law for the time being in force in Pakistan for the registration of co-operative societies;
- (f) **“cultivated land”** means any area of land which was sown at least once during the tax year, including land under matured orchard which bore fruit during the tax year, but excluding land under planted forest or forest nursery;
- (g) **“Government”** means the Government of Khyber Pakhtunkhwa;
- (h) **“mature orchard”** means orchard of the age of seven years or more in the case of mango orchard and of the age of five years or more in the case of other orchards;
- (i) **“owner”** means the owner of the land, including a mortgagee or lessee in possession of Government land as well as private land and also the tenants of Government land:

Explanation-I:-Where any land is owned by more than one person whether as member of a firm or association or otherwise, every one of those persons individually, to the extent of his share in the said land, shall be deemed to be an owner.

Explanation-II:-Every ‘ward’ whose estate is managed by a Court of Wards shall be deemed to be the owner of such estate.

Explanation-III:-A member of a cooperative farming society shall be deemed to be the owner of such portion of the land possessed by the society as is proportionate to his share or interest as a member;

- (j) **“person”** means an owner or a company, as the case may be;
- (k) **“private limited company”** means the private limited company incorporated under the Companies Act, 2017 (Act No. XIX of 2017);

- (l) **“prescribed”** means prescribed by rules;
- (m) **“Province”** means the Province of Khyber Pakhtunkhwa;
- (n) **“public limited company”** means the public limited company incorporated under the Companies Act, 2017 (Act No. XIX of 2017);
- (o) **“rules”** mean rules made under this Act;
- (p) **“return”** means the return of total agricultural income in the prescribed form, setting forth such particulars and accompanied by such statements, certificates and other documents, and verified in such a manner, as may be prescribed;
- (q) **“Schedule”** means the Schedule appended to this Act;
- (r) **“small company”** means a small company, incorporated under the Income Tax Ordinance, 2001(Ordinance No. XLIX of 2001);
- (s) **“tax”** means tax leviable under this Act, including any penalty leviable under this Act;
- (t) **“taxpayer”** means any person, who derives an amount chargeable to tax under this Act and includes-
 - (i) every person, in respect of whom any proceeding under this Act has been taken, for the assessment of his total cultivated land or for the assessment of his agricultural income or the agricultural income of any other person in respect of which he is assessable or of the amount of refund due to him or to such other persons;
 - (ii) every person, who is required to file a statement of his total cultivated land or return of total agricultural income under sections 3 and 4 of this Act; and
 - (iii) every person, who is deemed to be a taxpayer, or a taxpayer in default, under this Act;
- (u) **“tax year”** means an agricultural year as defined in the West Pakistan Land Revenue Act,1967 (Act No. XVIIof1967); and
- (v) **“total agricultural income”** means the total amount of agricultural income, computed in the manner laid down in this Act.

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(2) Words and expressions, used but not defined under this Act, shall have the same meanings as are respectively assigned to them in the West Pakistan Land Revenue Act, 1967 (W.P Act No. XVII of 1967).

3. Charge of tax.--- Subject to the provisions of this Act, there shall be charged, levied and paid a tax in respect of agricultural income on every person, at the rate specified in Division I or Division II of Part-I of the Schedule, for each tax year:

Provided that the in case the tax payable under this section is less than the tax computed under Part-I of the Schedule, the person shall be charged to tax at the rate specified in Part-II of the Schedule.

4. Super tax on high earning persons.---(1) A person, whose agricultural income exceeds rupees one hundred and fifty(150) million, shall be liable to pay

super tax, at the rates specified in Division III of Part-I of the Schedule.

5. Tax on the basis of income tax return.---Notwithstanding the provisions of section 3 of this Act, where any person has declared agricultural income for any assessment year in the return filed under the Income Tax Ordinance, 2001 (Ordinance No. XLIX of 2001), the person shall pay the tax on such agricultural income as per the provisions of this Act.

6. Assessment and collection of tax.---(1) The tax shall be assessed and collected by the Collect or in such manner as may be prescribed.

(2) In case of assessment, a person holding land in more than one patwar circle, such person shall file a statement of the location of land in the Province, in such manner as may be prescribed.

(3) The following persons shall file a return of his total agricultural income or the agricultural income of such other person, as the case may be, for the tax year in such a form and by such date as may be prescribed-

(a) whose total agricultural income or the total agricultural income of any other person in respect of which such person is assessable under this Act, for any tax year exceeds the maximum amount which is not chargeable to tax under this Act; or

(b) who himself or any other person on whose behalf he is assessable under this Act, has, during the said income year, cultivated land measuring-

(i) fifty acres or more of irrigated land; or

(ii) one hundred acres or more of unirrigated land; or

(iii) irrigated and unirrigated land the aggregate area of which is equal to or more than fifty acres of irrigated land.

Explanation: One acre of irrigated land shall be equivalent to two acres of unirrigated land.

(4) No assessment, on the basis of return, shall be made by the Collector, after the expiration of four years from the end of the assessment year, in which the total agricultural income was first assessable.

7. Computation of agricultural income.---(1) The agricultural income shall be computed in such a manner as may be prescribed.

8. Liability in the case of death or dissolution.---(1) Where an owner dies or a company dissolves, as the case may be, his or its legal representatives shall be liable to pay tax, which the deceased or dissolved company, as the case may be, would have been liable to pay, in the like manner and to the same extent as such person or such company not died or dissolved, as the case may be.

(2) For the purpose of making an assessment of the agricultural income under sub-section (1), in the recovery of tax, during any proceeding-

(a) taken against the owner died or company dissolved before his death or its dissolution shall be deemed to have been taken against the legal representatives and may be continued against the legal representatives from the stage at which it stood on the date of the death of the owner or dissolution of a company; and

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- (b) which could have been taken against the owner or the company if he or it had survived, may be taken against the legal representatives, and all the provisions of this Act shall, so far as may be, apply accordingly.

(3) The legal representatives of the owner or company, died or dissolved, shall, for the purposes of this Act, be deemed to be taxpayers.

Explanation:- For the purposes of this section, "legal representative" includes an executor, administrator and any other person administering the estate of an owner or company, so died or dissolved as the case may be.

9. Liability of agents representing a taxpayer.---(1) Every agent shall, in respect of the agricultural income for which he is, or is declared to be, or is treated as an agent, be deemed to be a taxpayer for the purposes of this Act and shall be subject to the same obligations and liabilities as if he was the taxpayer, and shall be liable to assessment in his own name in respect of that agricultural income.

(2) Every agent, who pays any tax under this Act, shall be entitled to recover the tax so paid from the person on whose behalf it is paid, or to retain an equivalent amount out of any moneys due or belonging to the said person which may be in his possession or come into his possession at any time.

(3) Nothing in this Act shall prevent either the direct assessment of the person on whose behalf or for whose benefit, any such income is receivable, or the recovery from such person of the tax payable in respect of such income.

Explanation:-For the purposes of this section, "agent" includes,-


- (i) in respect of the income of a minor, lunatic or idiot, the guardian or manager who is entitled to receive, or is in respect of, such income, on behalf of such minor, lunatic or idiot;
- (ii) in respect of income, which the Court of Wards, the Administrator General, the Official Trustee or any receiver or manager appointed by or under any order of a Court receives or is entitled to receive on behalf of, or for the benefit, of any person, such Court of Wards, Administrator General, Official Trustee, receiver or manager; and
- (iii) in respect of income which a trustee, appointed under a trust declared by a duly executed instrument in writing whether testamentary or otherwise including any Wakf Deed which is valid under the Mussalman Wakf Validating Act 1913 (VI of 1913), receives or is entitled to receive on behalf, or for the benefit, of any person, such trustee or trustees.

10. Zoning.---The Board of Revenue may group districts, tehsils and mouza within a tehsil into various zones with the approval of the Government, for the purpose of assessment of tax under sub-section (2) of section 3 of this Act.

11. Refund.---Refund of tax where claimed shall be made in such manner as may be prescribed.

12. Maintenance of accounts.---Accounts relating to demand and recovery of tax shall be maintained in such manner as may be prescribed.

13. Application of Act XVII of 1967.---(1) Subject to the other provisions of this Act, the provisions of sections 13 and 14 of the West Pakistan Land Revenue Act, 1967 (W.P Act No. XVII of 1967), shall apply to the cases under this Act.


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(2) For the purposes of appeal, review or revision, an order passed under this Act shall be deemed to be an order of a Revenue Officer within the meaning of sections 161, 162, 163 and 164 of the West Pakistan Land Revenue Act, 1967 (XVII of 1967):

Provided that proceedings under this sub-section for review or revision of an order in respect of any tax year shall not be initiated after the expiration of four years from the end of the assessment year in which the total agricultural income of the said tax year was first assessable.

14. Penalty for failure to furnish statements, etc.---(1) Where any person has, without reasonable cause, failed to furnish, within the time allowed for furnishing statements, return etc., as the case may be, under section 4 of this Act, the Collector may impose upon such person a penalty of-

- (a) 0.1% of the tax payable in respect of that tax year for each day of default; or
- (b) rupees one thousand for each day of default:

Provided that minimum penalty shall be-


- (i) rupees ten thousand in case where the agriculture income does not exceed rupees twelve hundred thousand;
- (ii) rupees twenty thousand in case where the agricultural income exceeds rupees twelve hundred thousand but does not exceed rupees forty million; and
- (iii) rupees fifty thousand where the agricultural income exceeds rupees forty million.

(2) No penalty, under sub-section (1), shall be imposed on any person unless such person has been given a reasonable opportunity of being heard.

15. Penalty for concealment of cultivated land, etc.---(1) Where in the course of any proceedings under this Act, the Collector or the appellate or revisional authority is satisfied that any tax payer has, either in the said proceedings or in any earlier proceedings relating to an assessment in respect of the same tax year, concealed his cultivated land or furnished in accurate particulars of such cultivated land, or concealed his agricultural income or furnished inaccurate particulars of such income, he or it, as the case may be, may impose upon such tax payer a penalty equal to the amount of tax which the said tax payer sought to evade by concealment of his cultivated land or furnishing inaccurate particulars of such cultivated land, or by concealment of his agricultural income or furnishing inaccurate particulars of such income as aforesaid.

(2) For the purposes of sub-section (1), concealment of cultivated land or the furnishing of inaccurate particulars of cultivated land, concealment of agricultural income or furnishing of inaccurate particulars of such income shall include suppression of information regarding any cultivated land liable to tax or, as the case may be, suppression of any item of receipt of agricultural income or failure to disclose agricultural income chargeable to tax under this Act or claiming any deduction for or showing any expenditure not actually incurred.

(3) No penalty under this section shall be imposed on any tax payer unless such taxpayer has been given a reasonable opportunity of being heard.


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Govt. of Khyber Pakhtunkhwa
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16. Default surcharge for non-payment or late payment of tax.---(1) Where any tax payer is in default in making payment of any tax, the Collector may impose on him a default surcharge at the rate of twelve percent or KIBOR plus three percent per annum, whichever is higher of the amount of tax overdue for the period of default:

Provided that the total amount of default surcharge imposed under this section shall not exceed fifty per cent of the amount of such tax.

(2) No penalty, under sub-section (1), shall be imposed on any tax payer unless such tax payer has been given a reasonable opportunity of being heard.

17. Bar of jurisdiction.---No Civil Court shall have jurisdiction in any manner relating to the assessment or collection of the tax leviable under this Act and no order passed or proceedings taken by any authority under this Act shall be called in question in any Civil Court.

18. Power to make rules.--- Government may, by the notification of the official Gazette, make rules to carry out the purposes of this Act.

19. Repeal and saving.---(1) The Khyber Pakhtunkhwa Land Tax and Agricultural Income Tax Ordinance, 2000 (Khyber Pakhtunkhwa Ordinance No. IV of 2000) is hereby repealed.

(2) Notwithstanding the aforesaid repeal, anything done, action taken, rules made and notification or order issued under the repealed Act, shall, so far as it is not inconsistent with the provisions of this Act, be deemed to have been done, taken, made or issued, under this Act, and shall have effect accordingly.

(3) Any document referring to the repealed Act shall be construed as referring to the corresponding provisions of this Act.

Assistant Drafting Officer-VI
Govt. of Khyber Pakhtunkhwa
Law Department

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SCHEDULE
[see sections 3& 4]
Part-I
Division I

The rate of tax on total agricultural income for small farmers shall be as under:

S. No	Agricultural Income.	Rats of Tax.
1.	Where the total income does not exceed Rs.600,000/-	0%
2.	Where total income exceeds Rs. 600,000 but does not exceed Rs. 1,200,000	15% of the amount exceeding Rs. 600,000
3.	Where total income exceeds Rs. 1,200,000 but does not exceed Rs. 1,600,000	Rs. 90,000 + 20% of the amount exceeding Rs. 1,200,000
4.	Where total income exceeds Rs. 1,600,000 but does not exceed Rs. 3,200,000	Rs. 170,000 + 30% of the amount exceeding Rs.1,600,000
5.	Where total income exceeds Rs. 3,200,000 but does not exceed Rs. 5,600,000	Rs. 650,000 + 40% of the amount exceeding Rs. 3,200,000
6.	Where total income exceeds Rs. 5,600,000 but not exceeds Rs. 150 million.	Rs. 1,610,000 + 45% of the amount exceeding Rs. 5,600,000

Division II

The rate of tax on total agricultural income for corporate farming shall be as under:

Type of Company	Rate of Tax
Small company	20%
Company	29%

Division III

Sr. No.	Agricultural Income.	Rate of Tax For the assessment year.
1.	Where income exceeds Rs. 150 million but does not exceed Rs. 200 million	1% of the income
2.	Where income exceeds Rs. 200 million but does not exceed Rs. 250 million	2% of the income
3.	Where income exceeds Rs. 250 million but does not exceed Rs. 300 million	3% of the income
4.	Where income exceeds Rs. 300 million but does not exceed Rs. 350 million	4% of the income
5.	Where income exceeds Rs. 350 million but does not exceed Rs. 400 million	6% of the income
6.	Where income exceeds Rs. 400 million but does not exceed Rs. 500 million	8% of the income
7.	Where income exceeds Rs. 500 million	10% of the income

Assistant Secretary-VI
Govt. of Khyber Pakhtunkhwa
Law Department

PART-II
(see section 3)
for Zone-I

(1) Slab of total cultivated land, computed Rate of tax per acre as irrigated land, by treating one acre of irrigated land as equal to two acre of un-irrigated land, excluding mature orchards:	Rate of tax per acre
(i) Not exceeding 12½ acres	Nil.
(ii) Exceeding 12½ acres but not exceeding 25 acres	Rs. 1,200/-
(iii) Exceeding 25 acres but not exceeding 50 acres	Rs. 2,500/-
(iv) Exceeding 50 acres	Rs. 3,500/-
(2) Mature orchards:	
(i) Irrigated	Rs. 3,500/-
(ii) Un-irrigated	Rs. 1,750/-

For Zone II

(1) Slab of total cultivated land, computed Rate of tax per acre as irrigated land, by treating one acre of irrigated land as equal to two acre of un-irrigated land, excluding mature orchards:	Rate of tax per acre
(i) Not exceeding 12½ acres	Nil.
(ii) Exceeding 12½ acres but not exceeding 25 acres	Rs. 900/-
(iii) Exceeding 25 acres but not exceeding 50 acres	Rs. 1,700/-
(iv) Exceeding 50 acres	Rs. 2,500/-
(2) Mature orchards:	
(i) Irrigated	Rs. 2,500/-
(ii) Un-irrigated	Rs. 1,250/-

For Zone III

(1) Slab of total cultivated land, computed Rate of tax per acre as irrigated land, by treating one acre of irrigated land as equal to two acre of un-irrigated land, excluding mature orchards:	Rate of tax per acre
(i) Not exceeding 12½ acres	Nil.
(ii) Exceeding 12½ acres but not exceeding 25 acres	Rs. 500/-
(iii) Exceeding 25 acres but not exceeding 50 acres	Rs. 1,000/-
(iv) Exceeding 50 acres	Rs. 1,500/-
(2) Mature orchards:	
(i) Irrigated	Rs. 1,500/-
(ii) Un-irrigated	Rs. 750/-

For Zone IV

(1) Slab of total cultivated land, computed Rate of tax per acre as irrigated land, by treating one acre of irrigated land as equal to two acre of un-irrigated land, excluding mature orchards:	Rate of tax per acre
(i) Not exceeding 12½ acres	Nil.
(ii) Exceeding 12½ acres but not exceeding 25 acres	Rs. 300/-
(iii) Exceeding 25 acres but not exceeding 50 acres	Rs. 600/-
(iv) Exceeding 50 acres	Rs. 900/-
(2) Mature orchards:	
(i) Irrigated	Rs. 900/-
(ii) Un-irrigated	Rs. 450/-

STATEMENT OF OBJECTS AND REASONS.

It is expedient to levy equitable Agricultural Income Tax according to the income, generated from land. For this purpose, the Act i.e. the Khyber Pakhtunkhwa Agriculture Income tax Act, 2024 is being proposed so as to enable the Government to levy tax on Corporate Companies, engaging in Corporate Agriculture.

It is also expedient to repeal the existing Ordinance i.e. the Khyber Pakhtunkhwa Land Tax and Agriculture Income Tax Ordinance, 2000 (Khyber Pakhtunkhwa Ordinance No. IV of 2000) and replace the same with this very Act. Hence, this Bill.

Zameer
16/1/25

Peshawar,
dated the

/ / 2025

MINISTER-IN-CHARGE

Assistant Director, Officer-VI
Secretary of Khyber Pakhtunkhwa
Law Department