

The logo of the Punjab Revenue Authority (PRA) is a circular emblem. It features a green outer ring with the text "PUNJAB REVENUE AUTHORITY" in white. Inside the ring, the letters "PRA" are written in a large, blue, serif font. Below "PRA" is the tagline "Gateway To Development" in a smaller, blue, sans-serif font. At the bottom of the inner circle, there is a blue gear icon flanked by two golden wheat stalks. Below the gear and wheat, there are three wavy blue lines representing water.

THE PUNJAB SALES TAX
ON
SERVICES ACT 2012

Government of Punjab

Punjab Revenue Authority

Government of Punjab

CHAPTER VIII

OFFENCES AND PENALTIES

48. Offences and penalties.— (1) If a person commits any offence described in column 2 of the Table below shall, in addition to and not in derogation of any punishment to which he may be liable under any other law, be liable to the penalty mentioned against that offence in column 3.

(2) The sections referred to in column 4 of the said Table shall be deemed to be meant for illustrative purposes only and the corresponding offence described in column 2 may fall and be prosecuted under other sections of this Act as well.



Government of Punjab

Punjab Revenue Authority

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TABLE

S. No.	Offences	Penalties	Section
1	2	3	4
1.	Any person who is required to apply for registration under this Act fails to make an application for registration before providing any taxable services	<p>Such person shall be liable to pay a penalty of ten thousand rupees or five per cent of the amount of the tax he would have been liable to pay had he been registered, whichever is higher.</p> <p>In the case of non-compliance of compulsory registration, the minimum penalty shall be ten thousand rupees:</p> <p>If such person who is required to get himself registered under this Act, fails to get registered within ninety days of providing taxable services, he shall be further liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to one year, or with fine which may extend to the amount of the tax he would have been liable to pay had he been registered, or with both.</p>	25
2.	Where any person fails to furnish a return within the due date.	Such person shall be liable to pay a penalty of five thousand rupees provided if a return is not filed within fifteen days of the due date, a penalty of hundred rupees for each day of default shall be levied.	35
3.	Where any person fails to deposit the amount of the tax due or any part thereof in the time or manner laid down under this Act or the rules.	<p>(a) Such person shall be liable to pay a penalty of ten thousand rupees or five per cent of the tax payable for that period, whichever is higher.</p> <p>(b) If the amount of the tax due is not paid even after the expiry of a period of sixty days of issuance of the notice for such payment by an officer, not below the rank of Assistant Commissioner, the person shall be further liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to three years, or with fine which may extend to the amount of the unpaid tax, or with both.</p> <p>(c) No penalty shall be levied if any miscalculation is made for the first time during a year.</p>	3, 4, 10, 11, 17, 18 and 68
4.	Any person who fails to maintain records required under the Act or the rules.	Such person shall pay a penalty of ten thousand rupees or five per cent of the total tax payable for the tax period for which he has failed to maintain the required record, whichever is higher.	30, 31 and 32
5.	Where a registered person who, without any reasonable cause, in non-compliance with the provisions of this	Where such a person is a company, it shall be liable to pay a penalty of ten thousand rupees.	30, 32, 53 and 57

S. No.	Offences	Penalties	Section
1	2	3	4
	Act fails to produce records on receipt of a notice from the Authority or any officer of the Authority directing him to produce such records.	Where such person is not a company, he shall be liable to pay a penalty of five thousand rupees. Where such person fails to produce the record within sixty days of receipt of a notice, he shall be liable to pay the penalty prescribed for the offence at serial No.4 above.	
6.	Any person who knowingly or fraudulently– (a) submits a false or forged document to any officer of the Authority; or (b) destroys, alters, mutilates or falsifies the records; or (c) makes a false statement, false declaration, false representation, false personification, or gives any false information.	Such person shall be liable to pay a penalty of twenty five thousand rupees or one hundred per cent of the tax payable for the tax period to which the offence relates, whichever is higher. Such person shall further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to five years or with fine which may extend to an amount equal to the tax payable for the tax period to which the offence relates, or with both.	General
7.	Where any person who denies or obstructs the access of an authorized officer to the business premises, registered office or to any other place where records are kept, or otherwise refuses access to accounts or records.	Such person shall be liable to pay a penalty of twenty five thousand rupees or one hundred per cent of the tax payable for the tax period to which the offence relates, whichever is higher. Such persons shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to five years, or with a fine which may extend to an amount equal to the tax payable for the tax period to which the offence relates, or with both.	31, 32 and 56
8.	Where any person commits, causes to commit or attempts to commit tax fraud, or abets or connives in the commission of tax fraud equal to twenty five thousand rupees or more.	Such person shall be liable to pay a penalty of up to five hundred thousand rupees, but not less than twenty five thousand rupees, or one hundred <i>per cent</i> of the tax payable for the tax period to which the offence relates, whichever is higher. Such person shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to five years, or with fine which may extend to an amount equal to the tax payable for the tax period to which the offence relates, or with both.	2(43)
9.	Where any person violates any embargo placed on providing of service in	Such person shall be liable to pay a penalty of twenty five thousand rupees or ten per cent of the amount of the	70

S. No.	Offences	Penalties	Section
1	2	3	4
	connection with recovery of the tax.	<p>tax sought to be recovered, whichever is higher.</p> <p>Such person shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to one year, or with fine which may extend to amount equal to the amount of the tax sought to be recovered, or with both.</p>	
10.	Where any person obstructs any officer of the Authority in the performance of his official duties under this Act or the rules.	<p>Such person shall be liable to pay a penalty of twenty five thousand rupees or one hundred per cent of the tax payable for the tax period to which the offence relates, whichever is higher.</p> <p>Such person shall be further liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to one year or with fine not exceeding fifty thousand rupees or with both.</p>	General
11.	Where any person who fails to fulfill any of the conditions, limitations or restrictions prescribed in a notification issued under any of the provisions of the Act or the rules.	Such person shall be liable to pay a penalty of five thousand rupees or three per cent of the tax payable for the tax period to which the offence relates, whichever is higher.	General
12.	Where any person who contravenes any provision of this Act or the rules for which no penalty has specifically been provided in this section.	Such person shall be liable to pay a penalty of ten thousand rupees or three per cent of the tax payable for the tax period to which the offence relates, whichever is higher.	General
13.	Where any person repeats an offence for which a penalty is provided under this Act.	Such person shall be liable to pay twice the amount of penalty provided under the Act for the said offence.	General
14.	<p>Where any person—</p> <p>(a) knowingly and without lawful authority gains access to or attempts to gain access to the computerized system; or</p> <p>(b) unauthorizedly uses or discloses or publishes or otherwise disseminates information obtained from the computerized system; or</p> <p>(c) falsifies any record or information stored in the computerized system;</p>	<p>Such person shall pay a penalty of twenty five thousand rupees or one hundred per cent of the amount equal to the loss caused to the tax revenue.</p> <p>Such person shall further be liable, upon conviction by the Special Judge, to imprisonment for a term which may extend to one year, or with fine which may extend to an amount equal to the loss caused to the tax revenue, or with both.</p>	General

S. No.	Offences	Penalties	Section
1	2	3	4
	<p>or</p> <p>(d) knowingly or dishonestly damages or impairs the computerized system; or</p> <p>(e) knowingly or dishonestly damages or impairs any duplicate tape or disc or other medium on which any information obtained from the computerized system is kept or stored; or</p> <p>(f) unauthorizedly uses unique user identifier of any other registered user to authenticate a transmission of information to the computerized system; or</p> <p>(g) fails to comply with or contravenes any of the conditions prescribed for security of unique user identifier.</p>		

49. Default surcharge.–

- (1) Notwithstanding the provisions of section 24, if a registered person does not pay the tax due or any part thereof, whether willfully or otherwise, on time or in the manner specified under this Act, rules or notifications or procedures issued thereunder, he shall, in addition to the tax due and any penalty under section 48, pay default surcharge at the rate mentioned below:-
- (a) the person liable to pay any amount of tax or charge shall pay default surcharge at the rate of inter-bank rate plus three per cent per annum of the amount of the tax due; and
- (b) in case, the default is on account of tax fraud, the person who has committed tax fraud shall pay default surcharge at the rate of two per cent per month, of the amount of tax evaded, till such time the entire liability including the amount of default surcharge is paid.
- (2) For the purpose of calculation of default surcharge, the period of default shall be reckoned from the sixteenth day following the due date of the tax period to which the default relates, to the day preceding the date on which the tax due is actually paid.

Explanation: For purposes of this section, the tax due does not include the amount of penalty.

50. Exemption from penalty and default surcharge.– The Government may, by a notification in the official Gazette, exempt any registered person or any taxable service from payment of the whole or any part of the penalty and default surcharge subject to such conditions and limitations as may be specified.

51. Compounding of offences.– Notwithstanding anything contained in any other provision of this Act, where any person has committed any offence warranting prosecution under the Act, the Authority may, either before or after

the institution of any proceedings for the prosecution of such offence, compound the offence and terminate the proceedings if such person pays the amount of the tax due along with such default surcharge and penalty as is determined by the Authority under the provisions of this Act and the rules.

52. Recovery of tax not levied or short-levied.—

- (1) Where by reason of inadvertence, error, misconstruction or for any other reason, any tax or charge has not been levied or has been short levied, the person liable to pay such amount of the tax or charge shall be served with a notice, within three years of the relevant tax period requiring him to show cause for payment of the amount specified in the notice.
- (2) Where by reason of some collusion, abetment, deliberate attempt, mis-statement, fraud, forgery, false or fake documents—
 - (a) any tax or charge has not been paid or is, short paid, the person liable to pay such tax shall be served with a notice within five years of relevant tax period, requiring him to show cause for non-payment of such tax; and
 - (b) any amount of the tax is refunded which is not due, the person obtaining such refund shall be served with a notice within five years of the receipt of such refund to show cause for recovery of such refund.
- (3) The officer shall, after considering the objections of the person served with a notice under sub-sections (1) or (2) or if the objections are not received within the stipulated period, determine the amount of the tax or charge payable by him and such person shall pay the amount so determined.
- (4) Any order under sub-section (3) shall be made within one hundred and twenty days of issuance of the notice to show cause or within such extended period as the officer may, for reasons to be recorded in writing, fix provided that such extended period shall not ordinarily exceed sixty days.
- (5) In computing the period specified in sub-section (4), any period during which the proceedings are adjourned on account of a stay order or proceedings under section 69 or the time taken through adjournments by the petitioner not exceeding thirty days shall be excluded.

53. Power to summon persons to give evidence and produce documents.—

- (1) An officer may summon any person whose attendance he considers necessary either to tender evidence or to produce documents or any other thing in any audit, inquiry, investigation or proceedings which such officer is making for any of the purposes of this Act and the rules.
- (2) Any person summoned under sub-section (1) shall be bound to attend either in person or by an authorized agent, as the officer may direct.
- (3) Notwithstanding anything in sub-sections (1) and (2), a person who is exempt from personal appearance in a Court under sections 132 and 133 of the Code of Civil Procedure 1908 (V of 1908), shall not be required to appear in person.
- (4) Any proceedings under this Act or the rules before an officer shall be deemed to be judicial proceedings within the meaning of sections 193 and 228 of the Pakistan Penal Code 1860 (XLV of 1860).

54. Power to arrest and prosecute.—

- (1) An officer authorized by the Authority by notification in the official Gazette in this behalf, who on the basis of material evidence has reasonable cause to believe that any person has committed a tax fraud or any offence warranting prosecution under this Act, may cause arrest of such person.
- (2) All arrests made under this Act shall be carried out in accordance with the relevant provisions of the Code of Criminal Procedure, 1898 (*V of 1898*).
- (3) Where the person suspected of tax fraud or any offence warranting prosecution under this Act is a company, every director or officer of that company whom the officer has reason to believe is personally responsible for actions of the company contributing to the tax fraud or any offence warranting prosecution under this Act shall be liable to arrest provided that such arrest shall not absolve the company from the liabilities of payment of the tax, default surcharge and any penalty imposed or due under this Act.

55. Procedure to be followed on arrest of a person.—

- (1) When an officer arrests a person under section 54, he shall immediately intimate the fact of arrest of that person to the Special Judge who may direct such officer to produce that person at such time and place and on such date as the Special Judge considers expedient.
- (2) Notwithstanding anything contained in sub-section (1), any person arrested under this Act shall be produced before the Special Judge or, if there is no Special Judge within a reasonable distance, to the nearest Magistrate within twenty-four hours of such arrest, excluding the time necessary for the journey from the place of arrest to the court of the Special Judge or of the Magistrate.
- (3) When any person is produced under sub-section (2) before the Special Judge, the Special Judge may, on the request of such person, after perusing the record, if any and after giving the prosecution an opportunity of being heard, admit him to bail on his executing a bond, with or without sureties, or refuse to admit him to bail and direct his detention at such place as he deems fit.
- (4) Nothing contained herein shall preclude the Special Judge from cancelling the bail of any such person at a subsequent stage if, for any reason, he considers such cancellation necessary, but before passing such order he shall afford such person an opportunity of being heard, unless for reasons to be recorded he considers that the affording of such opportunity shall defeat the purpose of this Act.
- (5) When such person is produced under sub-section (2) before a Magistrate, such Magistrate may, after authorizing his detention in such custody at such place and for such period as he considers necessary or proper for facilitating his earliest production before the Special Judge, direct his production before the Special Judge on a date and time to be fixed by him or direct such person to be forthwith taken to, and produced before the Special Judge and he shall be so taken or produced.
- (6) Nothing in sub-sections (2), (3) and (4) shall preclude the Special Judge or the Magistrate from remanding any such person to the custody of the officer holding an inquiry or investigation against that person if such officer makes a request in writing to that effect, and the Special Judge or the Magistrate, after perusing the record, if any, and hearing such person, is of the opinion that for the completion of inquiry or investigation it is necessary to make such order but the total period of such custody shall not exceed fourteen days.
- (7) When any person is arrested under this Act, the arresting officer shall record the fact of arrest and other relevant particulars in the register specified in sub-section (11) and shall immediately proceed to inquire into the charge against such person and if he completes the inquiry within twenty-four hours of his arrest, and he may, after producing such person before the Special Judge or the Magistrate, make a request for his further detention in his custody.

- (8) While holding an inquiry under sub-section (7), the officer shall exercise the same powers as are conferred upon or exercisable by an officer in charge of a police station under the Code of Criminal Procedure, 1898 (V of 1898), but such officer shall exercise such powers subject to the foregoing provisions of this section while holding an inquiry under this Act.
- (9) If the officer, after holding an inquiry, is of the opinion that there is no sufficient evidence or reasonable ground for suspicion against such person, he shall release him on his executing a bond, with or without sureties, and shall direct such person to appear, as and when required, before the Special Judge, and make a report to the Special Judge for the discharge of such person and shall make a full report of the case to his immediate superior.
- (10) The Special Judge to whom a report has been made under sub-section (8) may, after the perusal of record of the inquiry, and hearing the prosecution, agree with such report and discharge the accused or, if he is of the opinion that there is sufficient ground for proceedings against such person, proceed with his trial and direct the prosecution to produce evidence.
- (11) The officer holding an inquiry under this section shall maintain a register to be called register of arrests and detentions in the form prescribed by the Government in which he shall enter the name and other particulars of every person arrested under this Act, together with the time and date of arrest, the details of the information received, the details of things, goods or documents, recovered from his custody, the name of the witnesses and the explanation, if any, given by him and the manner in which the inquiry has been conducted from day to day; and, such register or authenticated copies of its entries shall be produced before the Special Judge, whenever it is directed by the Special Judge.
- (12) After completing the inquiry, the officer shall, as early as possible, submit to the Special Judge a complaint in the same form and manner in which the officer incharge of a police station submits a report before a Court.
- (13) Any Magistrate of the first class may record any statement or confession during inquiry or investigations under this Act in accordance with the provisions of section 164 of the Code of Criminal Procedure, 1898 (V of 1898).

56. Authorized officers to have access to premises, stocks, accounts and records.—

- (1) Any officer, authorized in this behalf by the Authority by notification in the official Gazette, shall have free and full access to the business premises, registered office or any other place where any business records or documents required under this Act and the rules are kept or maintained by any registered person or a person liable for registration or whose business activities are covered under this Act and the rules or who may be required for any inquiry or investigation in any tax fraud committed by him or his agent or any other person; and such officer may, at any time, inspect the records, data, documents, correspondence, accounts, statements, utility bills, bank statements, information regarding nature and sources of funds or assets with which his business is financed, and any other records or documents, including those which are required under any other law maintained in any form or mode and may take into his custody such records, statements, diskettes or documents, in original or copies, in such form as the officer may deem fit against a signed receipt.
- (2) The registered person, his agent or any other person specified in sub-section (1), shall answer any question or furnish such information or explanation as may be asked by the authorized officer.
- (3) All other Government departments, local bodies, autonomous bodies, corporations or such other institutions shall supply requisite information and render necessary assistance to the authorized officer in the course of inquiry or investigation under this section.

57. Obligation to produce documents and provide information.–

- (1) Notwithstanding anything contained in this Act or any other law, any person required to maintain any record under this Act and the rules, shall, on demand by an officer, not below the rank of an Assistant Commissioner, by notice in writing, as and when specified in the notice–
 - (a) Produce for examination, such documents or records which the officer considers necessary or relevant to the audit, inquiry or investigation under this Act;
 - (b) Allow the officer to take extracts from or make copies of such documents or records; and
 - (c) Appear before the officer and answer any question put to him concerning the documents and records relating to the audit, inquiry or investigation referred to in clause (a).
- (2) An officer conducting an audit, inquiry or an investigation under the Act and the rules, may require in writing any person, department, company or organization to furnish such information as is held by that person, department, company or organization, which, in the opinion of the officer, is relevant to such audit, inquiry or investigation.
- (3) The Authority may require, in writing, any person, department, company or organization, to provide any information or data held by that person, department, company or organization, which, in the opinion of the Authority, is required for purposes of formulation of policy or administering or implementing this Act and the rules.
- (4) Every person, department, company or organization shall furnish the information requisitioned by the Authority or the officer under sub-sections (2) or (3), within the time specified in the notice issued by the Authority.

58. Searches under warrants.–

- (1) Where any officer has reason to believe that any documents or things which in his opinion, may be useful for, or relevant to, any proceedings under this Act are kept in any place, he may after obtaining a warrant from the Magistrate or from the Commissioner, enter that place and cause a search to be made at any time.
- (2) All searches made under sub-section (1) shall be carried out in accordance with the relevant provisions of the Code of Criminal Procedure, 1898 (V of 1898).

59. Posting of an officer to business premises.–

- (1) Subject to such conditions and restrictions as it deems fit to impose, the Authority may post an officer to the premises of a registered person to monitor the provision of services by such registered person.
- (2) Notwithstanding anything contained in sub-section (1), if a Commissioner, on the basis of material evidence, has reasonable cause to believe that a registered person is involved in evasion of the tax or tax fraud, he may, by recording the grounds in writing, post an officer of the Authority to the premises of such registered person to monitor provision of services by such person.
- (3) A person to whose premises, an officer of the Authority is posted under this section, shall provide on his own cost, all facilities required to meet the departmental requirements of such posting as determined by the Authority or the Commissioner.

60. Powers of adjudication.–

- (1) In respect of cases involving determination of tax liability, assessment of the tax, charging of default surcharge, imposition of penalty and recovery of amount erroneously refunded or any other contravention or violation including tax fraud under this Act or the rules, the jurisdiction and powers of adjudication of the officers shall be as follows:-
 - (a) **Additional Commissioner:** Cases without any restriction as to the amount of the tax involved or amount erroneously refunded;
 - (b) **Deputy Commissioner:** Cases where the amount of the tax involved or the amount erroneously refunded exceeds one million rupees, but does not exceed two and a half million rupees;
 - (c) **Assistant Commissioner:** Cases where the amount of the tax involved or the amount erroneously refunded does not exceed one million rupees; and
 - (d) **other officers of the Authority:** Such cases, other than those mentioned above, as may be prescribed.
- (2) The Commissioner may adjudicate any case falling in the jurisdiction and powers of any officer subordinate to him and appeal against the order passed by the Commissioner in such case shall lie to the Appellate Tribunal.
- (3) The Authority may regulate the system of adjudication including transfer of cases and extension of time limit.

Explanation: For purposes of this section, the tax means the principal amount of the tax other than default surcharge and in case where only default surcharge is involved, the amount of default surcharge.

61. Revision by the Commissioner.—

- (1) The Commissioner may, of his own motion or on an application made in writing by a registered person for revision, call for and examine the record of any proceedings under this Act in which an order has been passed by an officer subordinate to him.
- (2) If after examining the record under sub-section (1), the Commissioner is not satisfied with the legality or propriety of any order passed by an officer, the Commissioner may make such revision to the order as he may think fit.
- (3) No order imposing or enhancing any penalty or fine requiring payment of a greater amount of the tax than the originally levied amount shall be passed unless the person affected by such order has been given an opportunity of showing cause and of being heard.
- (4) The Commissioner shall not revise any order under sub-section (2) if—
 - (a) an appeal under section 63 is pending or the matter has been referred for resolution under section 69;
 - (b) where an appeal against the order lies under section 63, the time within which such appeal can be made has not expired or the person has not waived in writing his right of appeal;
 - (c) in the case of an application made by a person, the application has not been made within ninety days of the date on which such order was served on the person, unless the Commissioner is satisfied that the person was prevented by sufficient cause from making the application within the time allowed; and
 - (d) in the case where the Commissioner has on his own motion called for and examined an order passed by a subordinate officer, more than five years have lapsed from the date of the original order.

(5) No application for revision of an assessment shall be made under sub-section (1) unless the amount of the tax due under the assessment, as is not in dispute, has been paid by the taxpayer.

62. Revision by the Authority.—

- (1) The Authority may, of its own motion, call for and examine the record of any departmental proceedings under this Act or the rules for the purpose of satisfying itself as to the legality or propriety of any decision or order passed therein by an officer.
- (2) If after examining the record under sub-section (1), the Authority is not satisfied with the legality or propriety of any decision or order passed by an officer, it may pass such order as it may think fit.
- (3) No order imposing or enhancing any penalty or fine requiring payment of a greater amount of the tax than the originally levied amount shall be passed unless the person affected by such order has been given an opportunity of showing cause and of being heard.
- (4) No proceeding under this section shall be initiated in a case where an appeal under section 66 is pending or the matter has been referred for resolution under section 69.
- (5) No order shall be made under this section after the expiry of five years from the date of the original decision or order of the subordinate officer referred to in sub-section (1).

