

THE SINDH AGRICULTURAL INCOME TAX ACT, 2025.**SINDH ACT NO. II OF 2025.****CONTENTS****Preamble****Sections**

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[18th February, 2025.]

An ACT to provide for the modification of tax on agricultural income in the Province of Sindh.

WHEREAS it is expedient to modify tax on agriculture income in the Province of Sindh and to provide for matters connected therewith or ancillary thereto;

It is hereby enacted as follows:-

1. (1) This Act may be called the Sindh Agricultural Income Tax Act, 2025. **Short title and commencement.**
- (2) It shall extend to the whole of the Province of Sindh.
- (3) It shall come into with effect from 1st day of January, 2025.
2. (1) In this Act, unless there is anything repugnant in the subject or context. **Definitions.**
 - (a) “agricultural income” means-
 - (i) any rent or revenue derived from land which is situated in the Province of Sindh and is used for agricultural purposes;
 - (ii) any income derived from such land by –
 - (a) agriculture; or
 - (b) the performance by a cultivator or receiver of rent-in-kind or 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
 - (c) 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);

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- (iii) 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) 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;

- (iv) any income declared as agricultural income in any return or statement or declaration made under the Income Tax Ordinance, 2001 (Ordinance No. XLIX of 2001);
- (b) “agricultural income year” means a period of twelve months commencing on the first day of July or such other date as the Board may specify in relation to an owner or a class of owners for a specified area:

Provided that the Officer of SRB may, on an application filed by an owner or a person authorized by the owner, allow such owner to use and implement a different period of twelve months as his agricultural income year and such period shall be treated as the agricultural income year for that owner.

Explanation: - The periods from the 1st day of July, 2024 to 31st day of December, 2024 and from the 1st day of January, 2025 to 30th day of June, 2025 shall be treated as separate agricultural income years for the purposes of filing or e-filing of returns and also for the purposes of assessment for that period;

- (c) “agricultural income tax” means agricultural income tax and super tax leviable under this Act and includes penalty, fee or any other charge, sum or amount payable under this Act;
- (d) “agricultural income tax number (AITN)”, in relation to a taxpayer under this Act, shall mean

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- (i) in the case of individual, the National Identity Card (NIC) number or National Tax Number (NTN), where available;
 - (ii) in the case of firm or association of persons, NTN of the firm and NTN or NIC of its partners; and
 - (iii) in the case of a company, the NTN and the SECP's incorporation number of the company and NTN or NIC of its directors.
- (e) "Agriculture Income Tax officer or AITO" means the officer of the SRB appointed under section 34 of the Sindh Sales Tax on Services Act, 2011 (Sindh Act No. XII of 2011) and includes any person authorized by Government or any person to whom Government has delegated its power to appoint any person to carry out the purposes of this Act;
- (f) "assessment" includes reassessment and additional assessment and the cognate expressions shall be construed accordingly;
- (g) "assessment year" means the period of twelve months beginning from the first day of July next following the agricultural income year and includes any such period which is deemed under any provision of this Act to be the assessment year in respect of any cultivated land or agricultural income or any agricultural income year;
- (h) "Board" means the Sindh Revenue Board or SRB established under the Sindh Revenue Board Act, 2010 (Sindh Act No. XII of 2010);
- (i) "calamity hit area" means any land or area designated by Government as affected by natural disasters, adverse climatic conditions, or any other calamity notified by Government;
- (j) "company" includes a foreign company and shall have the same meaning as defined under clauses (17) and (35) of section 2 of the Companies Act, 2017 (Act No. XIX of 2017);

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- (k) “co-operative society” means a co-operative society registered under the Sindh Cooperative Societies Act, 2020 (Act No. XXVIII of 2020) or under any other law for the time being in force in Pakistan for the registration of cooperative societies;
- (l) “e-file” means the process of electronic filing of any document on the computerized system used or operated by the Board for the purposes of agricultural income tax;
- (m) “Government” means the Government of Sindh;
- (n) “owner” includes a company, a cooperative farming society, a member of a firm or an association of persons, and an individual who may be a mortgagee or a lessee or a tenant in possession or in control of the land or any other person in possession or in control of the land including Government land or an owner of any private land;

Explanation-I. Where any land is owned by more than one person whether as member of firm or association or otherwise, every one of these 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;

- (o) “prescribed” means prescribed by rules;
- (p) “return” means the return or the statement of agricultural income in the prescribed Form setting forth such particulars and accompanied by such certificates and other documents as may be prescribed;
- (q) “rules” means rules made under this Act;
- (r) “Schedule” means Schedule to this Act;
- (s) “small company” means a company registered on or after the first day of July, 2005, under the Companies Act, 2017 (XIX of 2017), which-

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- (i) has annual turnover not exceeding one hundred and fifty million rupees; and
- (ii) is not formed by the splitting up or the reconstitution of company already in existence; and
- (t) “taxpayer” means a person by whom any tax or any other sum of money is payable under this Act and includes: -
 - (i) every person in respect of whom any proceedings under this Act has been taken for the assessment of his cultivated land or for the assessment of his agricultural income or, as the case may be, 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 person;
 - (ii) every person who is required to file or e-file a statement or return of his cultivated land and of the total agricultural income under this Act; and
 - (iii) every person who is deemed to be a taxpayer or a taxpayer in default under any provision of this Act.

(2) The words and expressions not defined in this Act shall, unless repugnant to the context or content, shall have the same meaning as defined in the Sindh Sales Tax Act, 2011 (Sindh Act No XII of 2011).

3. (1) Subject to the provisions of this Act, there shall be charged, levied, assessed and paid for each assessment year agricultural income tax in respect of total agricultural income of the agricultural income year of an owner at the rates specified in the First Schedule to this Act. **Agricultural Income Tax.**

(2) Every owner who is liable to pay tax under this Act shall pay the tax due and file or e-file a return of his agricultural income in the mode and manner and by the date as prescribed.
4. The agricultural income tax shall be payable by the owner in such manner as may be prescribed. **Liability to pay agricultural income tax.**

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| 5. | A super tax shall be imposed for an assessment year, at the rates specified in the Second Schedule, which shall be payable by the owner on the agricultural income of the respective agricultural income year commencing from 1st January 2025. | Super tax on high earning owners. |
| 6. | Subject to the provisions of this Act, agricultural income tax may be assessed and collected by the AITO in such manner as may be prescribed. | Assessment and collection of agricultural income tax. |
| 7. | In computing the agricultural income of a taxpayer, the following allowances and deductions shall be made:- | Computation of agricultural income. |
| | (a) Any expenditure on account of labour for – | |
| | (i) tilling the land; | |
| | (ii) sowing the seed; | |
| | (iii) ploughing and/or planting; | |
| | (iv) tending and/or pruning; | |
| | (v) rendering the produce fit to be taken to market; | |
| | (vi) any other agricultural operation; | |
| | (b) any expenditure incurred on purchase of – | |
| | (i) seed; | |
| | (ii) fertilizers and pesticides | |
| | (c) any expenditure incurred on – | |
| | (i) hiring animals, tractors, agricultural machinery and implements used for earning agricultural income; | |
| | (ii) repair and maintenance of water-course; | |
| | (d) any expenditure incurred on – | |
| | (i) harvesting of agricultural produce; | |
| | (ii) marketing of the agricultural produce; | |

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(e) any sum paid on account of –

- (i) ushr;
- (ii) local cess and other cesses;
- (iii) water rate (Abiana);
- (iv) electricity bills in respect of tube-wells and lift pumps used for agriculture;
- (v) fuel charges in respect of tube-wells and lift pumps used for agriculture;
- (vi) rent of land used for agriculture;
- (vii) obtaining of agricultural loans;
- (viii) mark-up on agricultural loans;

(f) in respect of depreciation of such buildings, machinery and plant being property of the taxpayer used for the purpose of earning agricultural income, allowance at the rate of fifteen percent of the written down value; and

(g) any other expenditure not being in the nature of capital expenditure, personal or administrative expenses of the taxpayer laid out or expended wholly and exclusively for the purpose of agriculture.

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| 8. | Any allowance admissible under this Act shall be included in the total agricultural income, but may be deducted from such income for the purpose of computing the tax payable by a taxpayer under this Act. | Allowances to be treated as deductions from Income. |
| 9. | A taxpayer may carry forward and adjust loss arising out of a calamity hit area in the manner as prescribed. | Carry forward of losses. |
| 10. | Where any taxpayer does not pay the tax due by the date as prescribed, he shall, in addition to the agricultural income tax due and any penalty, pay default surcharge at the rate of twelve percent or KIBOR plus three percent per annum, whichever is higher, of the amount of tax involved for the period of default. | Default surcharge for non-payment or late payment of tax. |

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11. Where any person, without reasonable cause, fails to furnish the return in the prescribed manner and within the prescribed time, the AITO may impose upon such person penalty equal to 0.1% of the tax payable in respect of that agricultural income year for each day of default or rupees one thousand for each day of default, whichever is higher: **Penalty for failure to furnish return.**
- Provided that the amount of penalty shall not exceed –
- (i) ten thousand rupees, in case where the agricultural income does not exceed twelve hundred thousand rupees;
 - (ii) fifty thousand rupees, in case where the agricultural income exceeds twelve hundred thousand rupees but does not exceed forty million rupees; and
 - (iii) one hundred thousand rupees, where the agricultural income exceeds forty million rupees.
12. Where in the course of any proceedings under this Act, the AITO or the appellate or revisional authority is satisfied that any person has either in the said proceedings or in any earlier proceedings relating to an assessment in respect of agricultural income year concealed his agricultural income or furnished inaccurate particulars of such income, the AITO or the respective appellate or revisional authority may impose upon such person a penalty equal to the amount of tax which the said person sought to evade by concealment of his agricultural income or by furnishing of inaccurate particulars of such income. **Penalty for concealment of agricultural income etc.**
13. No penalty shall be imposed on any person by AITO or the appellate or revisional authority unless such person has been given a reasonable opportunity of being heard. **Imposition of penalty.**
14. Refund of agricultural income tax where due shall be made in such manner as may be prescribed. **Refund.**
15. Government may exempt any land or class of owner from payment of the whole or any part of the amount of agricultural income tax in a manner and to the extent as may be prescribed. **Exemption.**

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| 16. | Accounts regarding demand and recovery of tax shall be maintained by the AITO in such manner as may be prescribed. | Maintenance of account. |
| 17. | The AITO and any other person employed in the execution of this Act and the rules made thereunder shall observe and follow the orders, instructions and directions given by the Board: | AITO to follow orders of the Board. |
| <p style="margin-left: 40px;">Provided that no such orders, instructions or directions shall be given so as to interfere with the discretion of the AITOs in the exercise in their quasi-judicial functions.</p> | | |
| 18. | No Civil Court shall have jurisdiction in any manner relating to the assessment or collection of the agricultural income tax and no order passed or proceedings taken by an authority under this Act shall be called in question in any Civil Court. | Bar of Jurisdiction. |
| 19. | Notwithstanding anything contained in this Act or any other law for the time being in force, the provisions of the Sindh Sales Tax on Services Act, 2011 (Sindh Act No. XII of 2011) and rules, notifications, orders and instructions issued thereunder, shall mutatis mutandis apply for collection and payment of agricultural income tax under this Act in so far as they relate to – | Application of law and rules etc. |
| | (a) registration | |
| | (b) assessment, audit, adjudication, enforcement and recovery; | |
| | (c) appeals and prosecution; | |
| | (d) exemption of penalty and default surcharge; and | |
| | (e) other allied and ancillary matters. | |
| 20. | The Board may seek information, records, or assistance from any department, authority, or organization, as may be necessary for the effective administration, assessment, and collection of agricultural income tax under this Act. All such departments, authorities, or organizations shall, subject to applicable laws, provide the required information or assistance to the Board: | Power to seek information and assistance. |

Provided that the Board shall provide all relevant records, including past assessments, survey reports, land revenue records and other relevant data necessary for the assessment and collection of agricultural income tax.

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| 21. | Government may make rules to carry out the purposes of this Act. | Power to make rules. |
| 22. | The Board may, subject to such conditions as it deems necessary, delegate any of its functions and powers to any Department of Government or agency for the purposes of this Act. | Delegation of functions and powers by the Board. |
| 23. | <p>(1) The Sindh Agricultural Income Tax Ordinance, 2000 shall stand repealed with effect from the date this Act comes into force.</p> <p>(2) Any proceeding under the repealed Ordinance pending, prior to the date this Act come into force, before any authority, the Appellate Tribunal or any Court by way of appeal, reference, revision or prosecution shall be continued and disposed of as if this Act had not come into force.</p> <p>(3) Any agricultural income tax payable under the repealed Ordinance may be recovered under this Act, but without prejudice to any action already taken for the recovery of the amount under the repealed Ordinance.</p> | Repeal and Saving. |