

PUNJAB VIDHAN SABHA

BILL NO.17-PLA-2025

THE PUNJAB STATE DEVELOPMENT TAX (AMENDMENT) BILL, 2025

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BILL

further to amend the Punjab State Development Tax Act, 2018.

BE it enacted by the Legislature of the State of Punjab in the Seventy-sixth Year of the Republic of India, as follows:-

**Short title and commencement.** 1. (1) This Act may be called the Punjab State Development Tax (Amendment) Act, 2025.

(2) Save as otherwise provided, the provisions of this Act shall come into force on such date as the Government of Punjab may, by notification in the Official Gazette, appoint:

Provided that different dates may be appointed for different provisions of this Act and any reference in any such provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

**Amendment in section 2 of Punjab Act 11 of 2018.** 2. In the Punjab State Development Tax Act, 2018 (hereinafter referred to as the principal Act), in section 2,-

(i) for clauses (c) and (d), the following clauses shall be substituted, namely:-

"(c) "Commissioner" means the Taxation Commissioner appointed under section 3 of this Act;

(d) "designated officer" means an officer authorized by the State Government, by notification in the Official Gazette, to carry out any of the purposes of this Act;"

(ii) in clause (j), for the words and signs "and include a sole proprietor, a partnership firm, a Hindu Undivided Family, a Company, a Society, a Trust, a Club, an Institution, an Association, a local Authority, a Department of any State Government, Union Territory Government or Central Government, a Government enterprise, a statutory body or other body corporate,", the words, signs and brackets "and includes the person as defined in clause (84) of section 2 of the Punjab Goods and Services Tax Act, 2017 (Punjab Act No. 5 of 2017)," shall be substituted;

(iii) clause (l) shall be omitted; and

(iv) in clause (m) after the words and sign "on regular basis,", the words and sign "from one or more employers," shall be inserted.

3. In the principal Act, in section 6, in sub-section (2), for the words and sign "in the prescribed manner.", the words and sign "in the prescribed manner:" shall be substituted and thereafter, the following proviso shall be added, namely:-

"Provided that if a person has already enrolled as a employer, he shall not be required to register separately and he shall disclose the tax liability as a person and as a employer on the same registration."

4. In the principal Act, in section 10, after sub-section (3), the following sub-section shall be added, namely:-

"(4) The amount of tax due from employers or enrolled persons who have opted for payment of tax in lump sum as per the Schedule, shall be paid by the 30<sup>th</sup> day of April of that year."

5. In the principal Act, after section 11, the following sections shall be inserted, namely:-

"11-A. Notwithstanding anything contained in any provision

Power to waive unpaid tax, interest and penalty in case of any discrepancy in the discharge of the tax liabilities. of this Act, the State Government, if satisfied that it is necessary or expedient so to do in public

interest, may, for greater transparency, in order to ensure compliance, notify any scheme for settlement of unpaid tax, interest and/or penalty.

11-B. (1) Where a person, liable to pay tax under this Act,

Liability to pay tax in case of death. dies then,—

(a) if the business carried on by that person is continued after his death by his legal representative or any other person, such legal representative or other person shall be liable to pay tax including any penalty, sum forfeited and interest due from such person under this Act, in the like manner and to the same extent as the deceased person would have been; and

(b) if the business carried on by the person is discontinued whether before or after his death, his legal representative shall be liable to pay out of the estate of the deceased, in the like manner and to the same extent as the deceased person would have been liable to pay, if he had not died, the tax including any penalty, sum forfeited and interest due from such person under this Act, whether such tax including any penalty, sum forfeited and interest has been assessed before his death, but has remained unpaid, or is assessed after his death.

(2) Where a person, liable to pay tax under this Act, is a Hindu Undivided Family and the joint family property is apportioned amongst the various members or group of members, then each member or group of members shall be jointly and severally liable to pay the tax including any penalty, sum forfeited and interest due from the person under this Act, up to the time of the partition, whether such tax including any penalty, sum forfeited and interest has been assessed before partition, but has remained unpaid, or assessed after partition.

(3) Where a person liable to pay tax under this Act, is a firm, and the firm is dissolved, then every person who was a partner, shall be jointly and severally liable to pay to the extent to which he is liable under this section, the liability to pay tax under this Act, up to the

time of dissolution, whether such tax including any penalty, sum forfeited and interest has been assessed before such dissolution, but has remained unpaid or is assessed after dissolution.

(4) Where a person, liable to pay tax under this Act, transfers or otherwise disposes of his business in whole or in part, or effects any change in the ownership thereof, in consequence of which he is succeeded in the business or part thereof by any other person, then both persons shall jointly and severally be liable to pay the tax including any penalty, sum forfeited and interest due from the person under this Act, up to the time of such transfer, disposal or change, whether such tax including any penalty, sum forfeited and interest has been assessed before such transfer, disposal or change, but has remained unpaid or is assessed thereafter.

(5) Where the person, liable to pay tax under this Act,—

- (a) is the guardian of a ward on whose behalf the business is carried out by the guardian; or
- (b) is trustee, who carries on the business under a trust for the beneficiary,

then,— if the guardianship or the trust is terminated, the ward or, as the case may be, the beneficiary, shall be liable to pay the tax including any penalty, sum forfeited and interest due from the person up to the time of the termination of the guardianship or trust, whether such tax including any penalty, sum forfeited and interest has been assessed before the termination of the guardianship or trust, but has remained unpaid, or is assessed thereafter.

(6) Where a person is liable to pay tax under this Act, is succeeded in the business by any person in the manner described in clause (a) of sub-section (1) or in sub-section (4), then such a person shall be liable to pay tax on the income, made by him on and after the date of such succession and shall, unless he already holds a registration, apply for registration within a period of thirty days from the date of such succession.

11-C. (1) When two or more companies are to be amalgamated by the amalgamation order of a Court or of the Central Government and the order is to take

effect from a date earlier to the date of the order, the said two or more companies shall be treated as distinct companies and shall be treated as such for all periods up to the date of the said order and the registration of the said companies under this Act shall be cancelled with effect from the date of the said order. The liability to pay tax in such case shall be of the new entity after the amalgamation.

(2) The words and expressions used in this section, but not defined, shall have the respective meanings, assigned to them in the Companies Act, 2013 (Central Act No. 18 of 2013).

**11-D. Every person,-**

(a) who is a liquidator of any company, firm or society,

which is being wound up whether under the  
orders of a Court or otherwise; or

(b) who has been appointed as receiver of any assets  
of a company (hereinafter referred to as the  
"liquidator"),

shall within thirty days after he has become such a liquidator,  
give notice of his appointment as such to the Commissioner or  
the designated officer.

(2) The Commissioner or the designated officer shall, after making such inquiries or calling for such information, as he may deem fit, notify the liquidator within three months from the date on which he received notice of appointment of the liquidator, the amount which in the opinion of the Commissioner or the designated officer, would be sufficient to provide for any tax, interest or penalty, which is then, or is likely thereafter, to become payable by the company.

(3) Notwithstanding anything contained in the Companies Act, 2013, when any private company is wound up and any tax, interest or penalty assessed under this Act on the company for any period, whether before or in the course of or after its liquidation, cannot be recovered, then every person, who was a director of the private company at any time during the period for which the tax is due, shall be jointly and severally liable for the payment of such tax, interest or penalty, unless such person proves to the satisfaction of the Commissioner or the designated officer that non-recovery cannot be attributed to any gross neglect, misfeasance or breach of duty on his part in relation to the affairs of the company.

Explanation: For the purpose of this section, the expression 'private company' shall have the meaning assigned to it under section 2 of the Companies Act, 2013 (Central Act No. 18 of 2013)."

6. In the principal Act, for section 19, the following section shall be substituted, namely:-

"19.(1) Where an employer liable for registration has without reasonable cause failed to apply for such certificate within the required time, the designated officer may, after giving him a reasonable opportunity of being heard, impose a penalty amounting to rupees two thousand only for each year of delay. A part of the year shall be treated as full year.

(2) Where a person liable for enrolment has without reasonable cause failed to apply for such certificate within the required time, the designated officer may, after giving him a reasonable opportunity of being heard, impose a penalty amounting to rupees one thousand for each year of delay. A part of the year shall be treated as full year.

(3) Where an employer liable to registration has deliberately given false information in any application submitted under this Act, the designated officer may, after giving him a reasonable opportunity of being heard, impose upon him a penalty amounting to rupees two thousand or additional demand including tax, interest and penalty accrued on account of such false information whichever is higher.

(4) Where a person liable to enrolment has deliberately given false information in any application submitted under this Act, the designated officer may, after giving him a reasonable opportunity of being heard, impose upon him a penalty amounting to rupees one thousand or additional demand including tax, interest and penalty accrued on account of such false information whichever is higher.

(5) Where a registered employer has without reasonable cause failed to file return under this Act within the requisite time, the designated officer may, after giving him a reasonable opportunity of being heard, impose upon him a penalty of rupees thousand per return per year. A part of the year shall be treated as full year.

(6) Where an enrolled person has without reasonable cause failed to file return under this Act within the requisite time, the designated officer may, after giving him a reasonable opportunity of being heard, impose upon

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him a penalty of rupees five hundred per return per year. A part of the year shall be treated as full year.

(7) If a registered employer or an enrolled person fails without reasonable cause, to make payment of any amount of tax within the required time or date as specified in the notice of demand, the designated officer may, after giving him a reasonable opportunity of being heard, impose upon him a penalty equal to fifty percent of the amount of tax due.

(8) Where a registered employer wilfully fails to maintain the books of account or other documents as directed under sub-section (1) of section 16, the Commissioner or designated officer may, after giving him a reasonable opportunity of being heard, impose a penalty amounting to rupees two thousand only.

(9) Where an enrolled person wilfully fails to maintain the books of account or other documents as directed under sub-section (1) of section 16, the Commissioner or designated officer may, after giving him a reasonable opportunity of being heard, impose a penalty amounting to rupees one thousand only.

(10) If any registered employer, without sufficient cause, fails to comply with any of the provisions of this Act, or the rules framed there under, he shall be liable to pay in addition to the tax and interest due, a penalty of rupees two thousand only, which may be increased to rupees three thousand in case of the continuation of the offence.

(11) If any enrolled person, without sufficient cause, fails to comply with any of the provisions of this Act, or the rules framed there under, he shall be liable to pay in addition to the tax and interest due, a penalty of rupees one thousand only, which may be increased to rupees two thousand in case of the continuation of the offence:

Provided that no penalty under this section shall be imposed without affording a reasonable opportunity of being heard to the assessee."

7. In the principal Act, in the Schedule, after serial No. 2 and the entries relating thereto, the following shall be added, namely:-

"3 All such persons specified in Sr. No. 1 and 2 who opt for payment of tax on lump sum basis.

Rs. 2200/-  
on annual basis."

## STATEMENT OF OBJECTS AND REASONS

The Punjab State Development Tax Act, 2018 (the Act) was enacted with a view to make a provision for levy and collection from all persons engaged in any profession, trade, calling or employment. The various associations have been seeking simplification in the provisions of the Act, so as to make it more user friendly. The specific areas where provisions have been reconsidered relate to the term Salary, dual liability in the Act. This move will widen the tax base and ensure the comprehensive coverage of taxpayers across the state. Against the monthly tax liability of Rs. 200 of the Taxpayer, he is given an option to opt for Lump Sum payment of tax Rs. 2200 instead of Rs. 200 per month is being given for the full financial year to be paid by 30th April of the new financial year. This will simplify the tax compliance and improve the collections and efficiency. The consent was also given to make OTS settlement mechanism in the Act by inserting new sections and provisions were proposed to address rationalization of penalty provisions, the tax liability in cases of death, Company, Amalgamation or Liquidation. In order to implement the said changes, it is proposed to amend the Punjab State Development Tax Act, 2018.

HARPAL SINGH CHEEMA,  
Excise and Taxation Minister, Punjab.

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## FINANCIAL MEMORANDUM

The Bill proposes to amend clauses (c), (d), (j) and (m) of section 2 and also section 6 and Schedule to the Act and insert sub-section (4) in section 10, sections 11-A, 11-B, 11-C, and 11-D and omit clause (l) of section 2 and substitute section 19 of the Punjab State Development Tax Act 2018 (Punjab Act No. 11 of 2018). There are provisions related to payment of tax on lump sum basis and settlement of unpaid tax which may involve revenue implications related to the Consolidated Fund of the State on its enactment as an Act of the State Legislature.

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The Governor has, in pursuance of clause (1) and (3) of Article 207 of the Constitution of India, recommended to the Punjab Legislative Assembly, the introduction and consideration of the Bill.

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**CHANDIGARH:**  
**THE 11<sup>TH</sup> JULY, 2025**

**R. L. KHATANA,**  
**SECRETARY.**

**N.B. –** The above Bill published in the Punjab Government Gazette (Extraordinary), dated the 11<sup>th</sup> July, 2025 under the proviso to rule 121 of the Rules of Procedure and Conduct of Business in the Punjab Vidhan Sabha (Punjab Legislative Assembly).