

## SALIENT FEATURES BUDGET 2009-10

### SALES TAX ACT 1990

*The amendments are applicable from July 01, 2009 specified otherwise.*

- Default surcharges shall be recovered at the rate of KIBOR plus three percent per annum”
- Zero-rating of wheel chairs for special people.
- Exemption of Lysine Sulphate.
- Withdrawal of Exemption on import of ware potatoes and onion.
- Reduction in the period by which the Collector / Officer can extend the time limit for adjudication of cases under Sales Tax Act, 1990.
- Time period is being introduced in proceeding of ADRC (Alternate Dispute Resolution Committee).
- Reduction in the period by which the Collector / Federal Excise Officer can extend the time limit for adjudication of cases under Sales Tax Act, 1990.
- Redefining the time period regarding reopening of any decision or order by the Board or Collector to three years.

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### INCOME TAX

- Income tax at import stage is being enhanced from 2% to 4%.
- Tax deducted in case of manufacturer of cooking oil and vegetable ghee industry providing of services is to be considered minimum tax liability instead of final discharge of tax liability accordingly, return of income u/s. 114 is required to be filed instead filing of statement u/s. 115.
- Minimum tax u/s. 113 proposed to be reintroduced subject to certain conditions
- Bonus to corporate employees shall be taxed at 30% as separate block for tax year 2009 only in case of income exceeds Rs. 1 Million (Excluding Bonus).
- Salaried person deriving income exceeding Rs. 500,000/- per annum shall file return of income electronically alongwith wealth statement.
- Tax credit of 2.5% of tax to every manufacturer subject to conditions.
- Scope of revision of return of income is being restricted.
- In case of statement u/s. 115 filed wherein payment of tax made exceeding Rs. 20,000, the person other than company has to file wealth statement.
- Time limit prescribed to pass order by Commissioner (Appeals).
- Time period is being given to finalize proceeding in case of ADRC (Alternate Dispute Resolution Committee).
- Change of mechanism in working of advance tax u/s. 147 with reference to minimum tax u/s. 113 of the Income Tax Ordinance, 2001.
- Non profit organization is being included in the list of prescribed persons for withholding tax purpose u/s. 153 of the Income Tax Ordinance, 2001.
- Collector of Customs is being authorized to collect advance tax at the time clearing of goods exported.
- Firms given power to obtained information required for referred to conduct audit.
- Heavy amount to fine is proposed in case of various defaults.
- The board is being empowered to call records.
- Advance tax at the time of sale by auction introduced.
- Tax credit upto 50% of the taxable income of Rs. 750,000 which ever is low on account of interest payment on housing loans.
- In case of non corporate commercial / industrial consumer tax deducted on electricity bills exceeding Rs. 30,000 shall be adjustable u/s. 235.
- In Seventh Schedule amended whereby, banks are allowed deduction at the rate of 1% of classified advances.

- Cigarettes and pharmaceutical products distributors, withholding tax rate in respect of such taxpayer is being reduced from 3.5% to 1%.
- Income tax rate on indenting commission is being enhanced from 1% to 5%.
- Advance tax on all type of vehicles manufactured locally.
- Income tax is being increased at 5% tax on tax liability in case of individual and AOP whose taxable income rupees one million or more, this is one time tax for the Tax year 2009 only.
- Value of vehicle for the purpose of depreciation is being restricted to Rs. 1.5M.
- The facility of exemption u/s. 148 available to trading house is being withdrawn.
- The basic limit of exemption from income tax in respect of salaried persons is proposed to be increased from Rs.1,80,000 to Rs.2,00,000. In the case of women salaries taxpayers, this limit is proposed to be increased from Rs.2,40,000 to Rs.2,60,000.
- Presently, receipts form accumulated balance of voluntary pension scheme is exempt up to 25% of the available balance. The said limit is proposed to be enhance to 50%.
- In case of claim of refund the tax payer will be required to furnish a copy of challan and other relevant document.
- An amendment is being proposed in section 124 of the Income Tax Ordinance, 2001 by virtue of which the taxpayers would be provided the facility of filing appeal against the reassessment order.
- An amendment is being proposed in section 115 of the Income Tax Ordinance to provide for filing of revised statement by the tax payer on account of any omission or wrong statement of particulars of income.
- The motor vehicle registration authorities are being empowered to collect advance tax payable on purchase of a new locally manufactured motor vehicle at the time of registration of such vehicle.
- It is being made mandatory that the taxpayers who are required to file wealth statement shall also file wealth statement reconciliation giving necessary details and documents in support thereof.
- An amendment is being proposed in section 177 of the Income Tax Ordinance 2001 to empower the Commissioner of Income Tax to delegate powers to a chartered accountant firm for conducting audit of a taxpayer.
- It is proposed that any person owning immovable property with a land area having 500 sq. yards, flat having covered area 2000 sq.ft or owns a motor vehicle having engine capacity of 1000CC or more shall file return of income.
- Taxation Officers are being empowered to pass best judgment assessment orders in the cases of the taxpayers who failed to furnish statutory statement as required under section 115 of the Income Tax Ordinance, 2001.
- The rate of CVT on transfer of immoveable property is being enhanced from 2% to 4%.

### FEDERAL EXCISE ACT, 2005

- Reduction of Federal Excise Duty on cement from Rs. 900 / PMT to Rs.700/ PMT effective from 14<sup>th</sup> June 2009.
- Withdrawal of 5% Federal Excise Duty on motor cars effective from 14<sup>th</sup> June 2009.
- Reduction of Federal Excise Duty on telecommunication services from 21% to 19% effective from 1<sup>st</sup> July 2009.
- Enhancement of Federal Excise Duty on Cigarette.
- Levy of FED on advertisement in newspapers, periodicals, hoarding boards, pole signs, sign board and shop boards.
- Enhancement of rate of FED on insurance services from 10% to 16%.
- Levy of FED on fund services provided by banks at the rate of 16%.
- Levy of FED on services provided by the port and terminal operators including wharfage in respect of imports at the rate of 16%.
- Reduction in the period by which the Collector / Federal Excise Officer can extend the time limit for adjudication of cases under Sales Tax Act, 1990 and Federal Excise Act, 2005 respectively.
- Redefining the time period regarding reopening of any decision or order by the Board or Collector to three years.
- Regularization of the system of Alternate Dispute Resolution.
- Levy of FED on service provided by stock broker at the rate of 16%.
- Introduction of KIBOR as the rate of amount payable in addition to refund in case of delay in payment of refund of Excise.
- Harmonization of provisions regarding appeals to Appellate Tribunal under Federal Excise Act, 2005 with Customs Act, 1969.

## CUSTOMS ACT, 1969

- Concession/exemption on pharmaceutical raw material, lifesaving drugs and cancer diagnostic.
- Exemption from customs duty on colostomy bags (PCT 3926.9050).
- Reduction of duty on mobile phones from Rs. 500/set to Rs. 250/set and removal of RD @ Rs. 250/set.
- Exemption of duty on Betain (PCT 2923.9010) for poultry industry.
- Exemption from duty on calf milk replace (CMR) from existing 20% duty rate.
- Exemption from duty on premix of micro nutrients (cattle feed premix) from 20% duty rate for dairy development.
- Reduction of duty from 10% to 5% on raw materials for manufacturing pre-fabricate steel buildings.
- Continuation of exemption of duty on import of Agricultural tractors.
- Reduction of duty on import Kits for 4-stroke auto-rickshaws from 32.5% to 20%.
- Extension in scope of exempted relief goods falling under chapter 99 of Customs Tariff.
- Increase in duty on hydrogen peroxide from 5% to 10% to protect local manufacturer.
- Increase in duty on Isobutyl Acetate from 5% to 20% to protect local manufacturer.
- Increase in duty on Welded stainless steel pipes from 5% to 15% to protect local manufacturer.
- Increase of duty on multi system air conditioners of capacity 5 tones and above from 10% to 35% plus regulatory duty @ 15%.
- Regulatory duty on as many as 397 items ranging from 15% to 50% vide SRO 482(I) 2009 effective from 14<sup>th</sup> June 2009.
- Reduction in concessionary rate by 5% on import of pharmaceutical packing materials (PVC rigid film and aluminum foil).
- Incentive for manufacturing of LPG, CNG dispensers and energy efficient door and windows.
- Reduction of duty from 10% to 5% on CRC black plate for manufacture of tin plate.
- Reduction of duty on raw materials of transformers and control panels.
- Exemption from duty on import of linear alkyl benzene from 5%.
- Increase of duty on import of Spark Plugs and Wire Condensers from 5% to 10%.
- Increase in duty on plastic sanitary ware from 20% to 25%. Continuation of 5% CD rate of SKD kits for LCD/Plasma TVs manufacturers for further period of one year.
- Increase in scope of exemptions on import of solar equipments.
- Exemption on steel tubes for manufacturing of CNG cylinders.
- Increase of duty on tufted carpets from 10% to 15% to avoid misdeclaration with other types of carpets.

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- Rationalization of duty on silicon sealant.
- Exemption on imports for manufacturing parts/components for engineering sector.
- Increase in duty on conductors falling under PCT code 8544.6000 from 20% to 25%.
- Partial waiver of exemption of RD for manufacturers of sack Kraft papers bags.
- Inclusion of condition “Not manufactured locally” in SRO 656(1)/06 for OEMS.
- Freezing duty structure on cars/Jeeps and LCVs for a period of one year.
- Regulatory duty @ 10% on Pigment thickener is merged in Tariff.
- Rationalization of duty on unglazed ceramic tiles to bring duty incidence at par with that on glazed tiles.
- Rationalization of duty on Spin finish oil to check misdeclaration.
- Rationalization of duty on LED panels to check misdeclaration.
- Rationalization of duty rate on carbon black of rubber grade and other.
- Uniform rate of duty on Cameras of PCT 8525.8000 to avoid misdeclaration.
- Rationalization of duty on rolling coating printing ink.
- Rationalization of duty on printed aluminum foil to avoid misdeclaration.
- Increase in duty on residue oil (PCT Code 2713.9090) from 10% to 15%.
- Rationalization of duty rate on import of cinematographic films from 5%ad.val. 5%ad.val plus Rs. 5 per meter.
- Improvement in Tariff Based System for vehicles:
  - Customs Duty on CBU motorcycles is proposed to be reduced from 70% to 65%.
  - Customs Duty on non-localized components and sub-assemblies of motorcycles is proposed to be reduced from 20% to 15%.
  - Additional Duty of 32.5% is proposed to be increased on four localized parts of motorcycles to protect local vendor industry;
  - Customs Duty on five non localized components used in the manufacture of ‘Trailer’ is proposed to be reduced from 15% to 5% to promote local manufacturing of Trailers;
  - Tyres have been included in TBS on statutory rate of duty.
  - Change in description of PCT CODES 3824.9094 and 7228.3010.
  - Correction of PCT codes of Polyamides based paints and CNG buses.
  - Creation of separate PCT code for cryogenic tanks and secondary quality steel sheets falling under PCT code 7210.5000.
- Continuation of regulatory duty on luxury / non-essential goods.
- Non change in duty structure on cars/jeeps and LCVs for a period of one year.
- Streamlining of Customs Valuation System.
- Definition of “documents” is being amended to include certificate of country of origin, Vessel Information Report (VIR), Carrier Declaration Information.

- Definition of KIBOR (Karachi Inter Bank Offered Rate) is being added for purpose of the Act and surcharge rates have been prescribed as KIBOR plus three per cent per annum in Sections 21A, 83, 86 and 202A.
- Due to increase in prices of gold and other precious items, the limit for taking cognizance under the smuggling related provisions is being enhanced from Rs. 50,000 to 200,000.
- A proviso is being added to section 15 so that offences relation to goods imported or exported in violation of intellectual property rights shall be adjudicated by appropriate officer of customs.
- Section 25A is being amended to empower Director Customs Valuation to determine customs value on his own motion to control under invoicing more effectively.
- Section 32 is being amended to curb the tendency of deliberate wrong self assessment and less payment of revenue through computerized clearance system.
- Section 33 is being amended so that no refund shall be allowed if sanctioning authority is satisfied that incidence of customs duty and other levies has been passed to the buyer or consumer.
- Section 155F is being amended to empower Collector to immediately suspend Unique Use Identifier on information of misuse of the same. However, the Collector of Customs shall, after giving opportunity of hearing, pass an order confirming suspension or otherwise the use of Unique User Identifier.
- Section 179 is being amended so that Principal Appraiser and Superintendent of Customs are empowered to adjudicate petty cases not exceeding Rs. 50,000. Moreover, the time limit for finalization of adjudication shall commence from the date of issuance of show cause notice and period of adjournments by the party etc shall be excluded for computation of time limit.
- Section 194B is being amended that Appellate Tribunal shall not pass stay order for suspending recovery of duty and taxes without providing opportunity of hearing to respondents and such stay shall not exceed 180 days.
- Section 195 is being amended to enhance the period of reopening of cases from two to three years.

*The amendments are applicable from July 01, 2009 specified otherwise.*

SECTION	PRESENT POSITION AS ON 30 <sup>TH</sup> JUNE, 2009	AMENDMENTS THROUGH FINANCE ACT 2009
2(14A)	Non Existent;	“KIBOR” means Karachi Inter Bank Offered Rates prevalent on the first day of each quarter of the financial year;
8B(2)	A registered person, subject to section (1), may be allowed adjustment of input tax not allowed under sub-section (1) subject to the following conditions, namely:	The technical amendment has been made, the word “or refund” has been inserted in order to cover condition of refund or adjustment of input tax, as the case maybe.
11(4)	<p>No order under this section shall be made by an officer of Sales Tax unless a notice to show cause is given within five years to the person in default specifying the grounds on which it is intended to proceed against him and the officer of Sales Tax shall take into consideration the representation made by such person and provide him with an opportunity of being heard:</p> <p>Provided that order under this section shall be made within forty-five days of issuance of show cause notice or within such extended period as an officer of Sales Tax may, for reasons to be recorded in writing, fix provided that such extended period shall in no case exceed ninety days.</p>	<p>Extended period has been restricted to 60 days instead of 120 days as previously was available, the new proviso shall be added namely;</p> <p>“Provided further that any period during which the proceedings are adjourned on account of a stay order or Alternative Dispute Resolution proceedings or the time taken through adjournment by the petitioner not exceeding thirty days shall be excluded from the computation of the periods specified in the first proviso;”</p> <p>The addition of the above proviso is very rational, now the adjudicating proceeding shall be on more principle of natural justice if the registered person is needed any adjournment on reasonable ground, adjudicating officer can accommodate the request.</p>
33	In Serial No. 12, Section 25, 28 & 38A were covered.	Now Section 40B, in addition to the other present provisions has been included.
34 (1) (a)	<p><b>Default Surcharge.—</b></p> <p>the person liable to pay any amount of tax or charge or the amount of refund erroneously made, shall pay default surcharge at the rate of one and half per cent per month, of the amount of tax due or the amount of refund erroneously made; and</p>	<p>Instead of default surcharge at 1.5% per month, it has been amended that default surcharge shall be “KIBOR plus three per cent per annum”.</p> <p>The rate has been linked with prevailing market rate, however, 3% above KIBOR shall be always higher than bank rate in order to discourage registered person to hold Government dues.</p>



36(3)	<p>Provided that order under this section shall be made within one hundred and twenty days of issuance of show cause notice or within such extended period as the Collector [***] may, for reasons to be recorded in writing, fix, provided that such extended period shall in no case exceed one hundred and twenty days:</p>	<p>Extended period has been restricted to 60 days instead of 120 days as previously was available, the new proviso shall be added namely;</p> <p>“Provided further that any period during which the proceedings are adjourned on account of a stay order or Alternative Dispute Resolution proceedings or the time taken through adjournment by the petitioner not exceeding thirty days shall be excluded from the computation of the periods specified in the first proviso;”</p> <p>The addition of the above proviso is very rational, now the adjudicating proceeding shall be on more principle of natural justice if the registered person is needed any adjournment on reasonable ground, adjudicating officer can accommodate the request.</p>
38	<p><b>Authorized officers to have access to premises, stocks, accounts and records – (1)</b> any officer authorized in this behalf by the Board or the Collector shall have free access to business or manufacturing premises.....</p>	<p><b>Authorized officers to have access to premises, stocks, accounts and records – (1)</b> any officer authorized in this behalf by the Board shall have free access to business or manufacturing premises.....</p> <p>By virtue of Finance Act, collector’s power to free access to business to premises has been withdrawn.</p>
45B	<p><b>Appeals:</b></p> <p>Provided that such order shall be passed not later than one hundred and twenty days from the date of filing of appeal or within such extended period as the Collector (Appeals) may, for reasons to be recorded in writing fix:</p>	<p>Extended period has been restricted to 60 days instead of 120 days as previously was available, the new proviso shall be added namely;</p> <p>“Provided further that any period during which the proceedings are adjourned on account of a stay order or Alternative Dispute Resolution proceedings or the time taken through adjournment by the petitioner not exceeding thirty days shall be excluded from the computation of the aforesaid periods;”</p> <p>The addition of the above proviso is very rational, now the adjudicating proceeding shall be on more principle of natural justice if the registered person is needed any adjournment on reasonable ground, adjudicating officer can accommodate the request.</p>

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46	<p>Appeals to Appellate Tribunal.</p> <p>(2) The Appellate Tribunal may admit an appeal preferred after the period of limitation specified in sub-section (1) if it is satisfied that there was sufficient cause for not presenting it within the specified period.</p> <p>(3) The appeal shall be accompanied by a fee of one thousand rupees paid in such manner as the Board may prescribe.</p> <p>(4) The Appellate Tribunal, after giving the parties to the appeal, an opportunity of being heard may pass such orders in relation to the matter before it as it thinks fit:</p> <p>Provided that when any such order amounts to an interim order staying the recovery of tax, such order shall cease to have effect on the expiration of a period of six months following the day on which it is made unless the case is finally decided, or the interim order is withdrawn by the Tribunal earlier:</p> <p>Provided further that such interim order or orders, as the case may be, shall cease to have effect on the expiration of a total period of six months following the day on which the first interim order is made, unless the case is finally decided, or the interim order is withdrawn by the Appellate Tribunal earlier.</p> <p>(5) The Appellate Tribunal shall send a copy of its order disposing the appeal to the appellant and to the concerned Officer of Sales Tax.</p> <p>(6) All appeals relating to the Sales Tax Act, 1951, pending before the Income Tax Appellate Tribunal at the commencement of the Finance Act, 1997 shall stand transferred for disposal to the Appellate Tribunal.</p> <p>(7) Order under this section shall be passed within eight months of filing of appeal.</p>	<p>The Appellate Tribunal may admit, hear and dispose of the appeal as per procedure laid down in Sections 194A, 194B and 194C of the Customs Act, 1969 (IV of 1969), and rules made thereunder.</p> <p>Omitted.</p> <p>Omitted.</p> <p>Omitted.</p> <p>Omitted.</p> <p>Omitted.</p> <p>Omitted.</p> <p>Omitted.</p>
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	<p>(8) Subject to the provisions of this Act or any other law for the time being in force, the Appellate Tribunal shall have power to regulate its own procedure and the procedure of the Benches thereof in all matters arising out of the exercise of its powers or of the discharge of its functions, including the places at which the Benches shall hold their sittings.</p> <p>(9) The Chairman or any other member of the Appellate Tribunal authorized in this behalf by the Chairman may, sitting singly, dispose of any case which has been allotted to the bench of which he is member where —</p> <p>(a) in any disputed case, other than a case where the determination of any question having a relation to the rate of sales tax or to the value of taxable goods for purposes of assessment is in issue or is one of the points in issue, the difference in tax involved or the tax involved does not exceed ten million rupees; or</p> <p>(b) the amount of fine or penalty involved does not exceed ten million rupees.</p>	<p>Omitted.</p> <p>Omitted.</p> <p>This provision has been inline with power confer under section 196 of the Customs Act, 1969, wherein details has been provided, therefore, amendment by omitting other sub-section has been made.</p>
47A(3)	<p>(3) The committee constituted under sub-section (2) shall examine the issue and may, if it deems necessary, conduct inquiry, seek expert opinion, direct any officer of sales tax or any other person to conduct an audit and make recommendations within sixty days of its constitution, in respect of the resolution of the dispute as it may deem fit:</p> <p>Provided that the Board may extend the period of sixty days stipulated for making the recommendations for another sixty days on specific request of the committee.</p>	<p>(3) The committee constituted under sub-section (2) shall examine the issue and may if it deems fit, conduct inquiry, seek expert opinion, direct any officer of the sales tax or any other person to conduct an audit and shall make recommendations within ninety days of its constitution in respect of the dispute. If the committee fails to make recommendations within the said period the Board shall dissolve the committee and constitute a new committee which shall decide the matter within a further period of ninety days. If after the expiry of that period the dispute is not resolved the matter shall be taken up by the appropriate forum for decision.</p>

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47A(3A)	Non existent;	<p>New sub-section has been inserted namely;</p> <p>If the Committee constituted under sub-section (2) fails to make recommendations within the period stipulated under sub-section (3), the Board may dissolve the Committee and appoint a new Committee.</p> <p>The amendment is very significant to expedite proceeding under this provision.</p>
47A(4)	The Board may, on the recommendation of the committee, pass such order, as it may deem appropriate.	<p>The newly amended provision reads as under:</p> <p>The Board may, on the recommendation of the committee, pass such order, as it may deem appropriate <b>within forty-five days</b> of the receipt of recommendations of the Committee.</p>
67	<p><b>Delayed Refund.--</b></p> <p>Where a refund due under section 10 is not made within the time specified in this behalf, there shall be paid to the claimant in addition to the amount of refund due to him, a further sum equal to six per cent per annum of the amount of refund due, from the date following the expiry of the time specified as aforesaid, to the day preceding the day of payment of refund:</p>	<p>Instead of six per cent it has been replaced with KIBOR.</p>

**SIXTH SCHEDULE**

The following amendments have been made in Sixth Schedule.

**TABLE-1**

13.	Edible vegetables including roots and tubers, whether fresh, frozen or otherwise preserved (e.g. in cold storage) but excluding those bottled or canned.  0701.9000 0703.1000	Edible vegetables including roots and tubers, except ware potato and onions whether fresh, frozen or otherwise preserved (e.g. in cold storage) but excluding those bottled or canned.  Omitted. Omitted.
14.	Pulses. 0713.2000	Substituted by, 0713.2010, 0713.2020, 0713.2090
19.	Cereals and products of milling industry. 1006.1000	Substituted by,  1006.1010, 1006.1090
23.	Sugar Cane. 1212.9900	Substituted by, 1212.9990
32.	Newspapers, journals, periodicals, books but excluding directories. 4901.9100, 4901.9990, 4902.1010, 4902.1090, 4902.9010, 4902.9090 and 4903.0000	Newsprint, newspapers, journals, periodicals, books but excluding directories. 4901.9100, 4801.0000, 4901.9990, 4902.1000, 4902.9000 and 4903.0000
69.	Tractors, bulldozers and combined harvesters; and CKD kits thereof imported by recognized local manufacturers as per their approved deletion programme subject to the same conditions as are envisaged for the purposes of exemption under the Customs Act, 1969 (IV of 1969).	Tractors, bulldozers and combined harvesters; and components (which include sub-components, components, sub-assemblies and assemblies but exclude consumables) imported in any kit form and direct materials for assembly or manufacture thereof, subject to the same conditions as are conditions as are envisage for the purpose of exemption under the Customs Act, 1969 (IV of 1969).

**TABLE-2**

11.	Non existent;	Supply of ware potato and onions.  0701.9000 and 0703.1000
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## NOTIFICATIONS

The following SROs have been notified dated: June 9, 2009.

<b><i>SRO</i></b>	<b><i>Brief</i></b>
471(I)2009	The serial no. 02 of SRO 471(I)2009, dated: 09.06.2007 regarding zero rated items monofilament, sun shedding, Nylon 63 and other respective fishing net, other fishing net, rope of poly ethylene and rope of nylon, tyre cord fabric has been excluded. The SRO effected from 14.06.2009.
472 (I)2009	There has been amendment in SRO 549(I) 2008,dated: 11.06.2008, regarding zero rated of import and supply of plant and machinery as per amendment, the items covered under chapters 1 to 83 of the first schedule of customs Act, 1969 (all types of plant, machinery and equipment) and chapter 84 of the first schedule of customs Act, 1969 (Respective headings of auto parts) chapter 85 of the first schedule of customs Act, 1969 (Respective headings of auto parts) chapter 86 to 89 of the first schedule of customs Act, 1969 (Respective headings of all types of plants, machinery and equipment) chapter 90 of the first schedule of customs Act, 1969 (Respective headings of auto parts) in serial No. 04 certain items have been re-lettered, in serial No. 07 in column (1), in column (3), after the word “manufactured”, at the end, the words, commas, figure and trackers “and in case of imported components, sub-components and parts, all the conditions, restrictions, limitations and procedures as are imposed by notification under section 19 of the Customs Act, 1969. Wheel chair has been included in the list. The SRO effected from 14.06.2009.
476 (I)2009	Sales Tax on cellular telephone set has been reduced to Rs. 250/- from Rs. 500/- rupees per set. The SRO effected from 01.07.2009.

## INCOME TAX

*Amendments are effective from July 01, 2009 specified otherwise.*

SECTION	PRESENT POSITION AS ON 30 <sup>TH</sup> JUNE, 2009	AMENDMENTS THROUGH FINANCE ACT, 2009
2(19)f	<p><b>Dividend Includes:</b></p> <p>any after tax profit of a branch of a foreign company operating in Pakistan.</p> <p>(iv) Non-existent</p>	<p>The word any has been substituted by word “remittance of”, the amended provision shall be read as under:</p> <p>remittance of after tax profit of a branch of a foreign company operating in Pakistan;</p> <p>New sub-clause has been inserted;</p> <p>“Remittance of after tax profit by a branch of Petroleum Exploration and Production (E&amp;P) foreign company, operating in Pakistan.”</p> <p>Now the remittance after tax in case of petroleum exploration and production foreign company shall not include in the definition of dividend.</p>
30AA	Non-existent	<p>“<b>KIBOR</b>” means Karachi Inter Bank Offered Rate prevalent on the first day of each quarter of the financial year.”</p> <p>The concept of KIBOR has been introduced in case of additional tax.</p>
2(70A)	Non-existent	<p>Now the turnover tax has been re-introduced under section 113, which was omitted in tax year 2008. The definition of turnover has been inserted.</p> <p>“Turnover” means turnover as defined in sub-section (3) of section 113.</p>

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5(1)	<p><b>Tax on Dividends</b></p> <p>(1) Subject to this Ordinance, a tax shall be imposed, at the rate specified in Division III of Part I of the First Schedule, on every person who receives a dividend from a company.</p>	<p>To make rationalize this section deemed dividend u/s. 2(19) has also been inserted, the newly amended provision is as under;</p> <p>(1) Subject to this Ordinance, a tax shall be imposed, at the rate specified in Division III of Part I of the First Schedule, on every person who receives a dividend from a company or treated dividend under clause (19) of section 2.</p>
5(1)	<p><b>Tax on Dividends</b></p> <p>(1) Subject to this Ordinance, a tax shall be imposed, at the rate specified in Division III of Part I of the First Schedule, on every person who receives a dividend from a company.</p>	<p>To make rationalize this section deemed dividend u/s. 2(19) has also been inserted, the newly amended provision is as under;</p> <p>(1) Subject to this Ordinance, a tax shall be imposed, at the rate specified in Division III of Part I of the First Schedule, on every person who receives as a dividend from a company or treated dividend under clause (19) of section 2.</p>
12(2)(a)	<p><b>Salary Income</b></p> <p>Non-existent</p>	<p>New proviso has been inserted whereby the tax on bonus paid or payable to corporate employees receiving salary income of one million rupees or more (excluding bonus) in tax year 2010, shall be chargeable to tax at the rate 30%. The bonus to employee shall be separately taxed @ 30% of their amount of bonus; this is one year tax only.</p>
20(1A)	<p><i>Non-Existent:</i></p>	<p><b>Deductions from business income</b></p> <p>New sub-clause has been added, namely;</p> <p>“subject to this Ordinance, where animals which have been used for the purposes of the business or profession otherwise than as stock-in-trade and have died or become permanently useless for such purposes, the difference between the actual cost to the taxpayer of the animals and the amount, if any, realized in respect of the carcasses or animals.”</p>
22(13)(a)	<p><b>Depreciation on passenger transport</b></p> <p>The cost of a depreciable asset being a passenger transport vehicle not plying for hire shall not exceed one million rupees.</p> <p>Provided that the prescribed limit of one million rupees shall not apply to passenger transport vehicles, not plying for hire, acquired on or after the first day of July, 2005.</p>	<p>The cost of depreciable passenger transport vehicle not plying for hire has been limited to Rs. 1.5 million and proviso has been omitted.</p> <p>Since the life of proviso has been expired therefore, after amendment in the clause, position shall remain unchanged.</p>



23B	<i>Non-Existent:</i>	<p><b>Accelerated depreciation to alternate energy projects.</b></p> <p>(1) Any plant, machinery and equipments installed for generation of alternate energy by an industrial undertaking set up anywhere in Pakistan and owned and managed by a company shall be allowed first year allowance in lieu of initial allowance under section 23, at the rate of 90% against the cost of asset put to use after first day of July, 2009.</p> <p>The rate of first year allowance is 90% of the value of assets, now shall be available to alternate energy project.</p>
28(1) (g)	<b>Profit on debt, financial costs and lease payments;</b>	The word Small and Medium Enterprise Bank hereinafter referred to as the SME Bank, shall be substituted in place of Small Business Finance Corporation.
29A(1)	<p><b>Provision regarding consumer loans</b></p> <p>(1) A banking company non-banking finance company or the House Building Finance Corporation] shall be allowed a deduction, not exceeding three per cent of the income for the tax year, arising out of consumer loans for creation of a reserve to off-set bad debts arising out of such loans.</p>	Banking company has been deleted for deduction under this head.
57(4)&(5)	<b>Carry forward of business losses:</b>	First year allowance u/s. 23A & 23B has been included for the purpose of carry forward business losses.
61(2)(b)(ii)	<p><b>Charitable donations.-</b></p> <p>(1) A Company shall be entitled to a tax credit lesser of the total amount of the donation including the fair market value of any property given or 15% of the taxable income.</p>	The limit for tax credit in respect of charitable donations has been extended to 20% of taxable income of the Company.

64(2)(b)	<p><b>Profit on debt</b> A person shall be entitled to a tax credit for a tax year in respect of any profit or share in rent and share in appreciation for value of house paid by the person in the year on a loan by a scheduled bank or non banking finance institution. Where the person utilizes the loan for the construction of a new house or the acquisition of a house.</p> <p>The tax credit lesser of</p> <ul style="list-style-type: none"> <li>• 40% of the person's taxable income for the year</li> <li>• Five hundred thousand rupees</li> <li>• Actual Interest</li> </ul>	<p>Now the tax credit in respect of profit on debt shall be lesser of:</p> <ul style="list-style-type: none"> <li>• 50% of the person's taxable income for the year</li> <li>• Seven hundred and fifty thousand rupees.</li> <li>• Actual Interest</li> </ul>
65A	Non-existent	<p><b>Tax credit to a person registered under the Sales Tax Act, 1990.-</b></p> <p>The new section inserted whereby:</p> <p>(1) Every manufacturer, registered under the Sales Tax Act, 1990, shall be entitled to a tax credit of two and a half per cent of tax payable for a tax year, if ninety per cent of his sales are to the person who is registered under the afore-said Act during the said tax year.</p> <p>(2) For claiming of the credit, the person shall provide complete details of the persons to whom the sales were made.</p> <p>(3) No credit will be allowed to a person whose income is covered under final tax or minimum tax.</p> <p>(4) Carry forward of any amount where full credit may not be allowed against the tax liability for the tax year, shall not be allowed.”;</p>
76(5)	Non-existent	<p><b>Cost of Assets</b> Explanation to be inserted namely: “Difference, if any, on account of foreign currency fluctuation, shall be taken into account in the year of occurrence for the purposes of depreciation.</p>

113	Non-existent	<p><b>Minimum tax on the income of certain persons.-</b></p> <p>The minimum tax was withdrawn in the tax year 2008 now the levy of minimum tax is at the rate 0.5% of the turnover. The new section is as under:-</p> <p>(1) This section shall apply to a resident company where, for any reason whatsoever allowed under this Ordinance, including any other law or for the time being in force —</p> <p>(a) loss for the year;</p> <p>(b) the setting off of a loss of an earlier year;</p> <p>(c) exemption from tax;</p> <p>(d) the application of credits or rebates; or</p> <p>(e) the claiming of allowances or deductions (including depreciation and amortization deductions) no tax is payable or paid by the person for a tax year or the tax payable or paid by the person for a tax year is less than one-half per cent of the amount representing the person's turnover from all sources for that year:</p> <p>Provided that this sub-section shall not apply in the case of a company, which has declared gross loss before set off of depreciation and other inadmissible expenses under the Ordinance. If the loss is arrived at by setting off the aforesaid or changing accounting pattern, the Commissioner may ignore such claim and proceed to compute the tax as per historical accounting pattern and provision of this Ordinance and all other provisions of the Ordinance shall apply accordingly.</p> <p>(2 ) Where this section applies:</p> <p>(a) the aggregate of the person's turnover as defined in subsection (3) for the tax year shall be treated as the income of the person for the year chargeable to tax;</p> <p>(b) the person shall pay as income tax for the tax year (instead of the actual tax payable under this Ordinance), an amount equal to one-half per cent of the person's turnover for the year;</p> <p>(c) where tax paid under sub-section (1) exceeds the actual tax payable under Part 1, Division II of the First Schedule, the excess amount of tax paid shall be carried forward for adjustment against tax liability under the aforesaid Part of the subsequent tax year.</p>
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## INCOME TAX

		<p>Provided that the amount under this clause shall be carried forward and adjusted against tax liability for three tax years immediately succeeding the tax year for which the amount was paid.</p> <p>“turnover” means,-</p> <p>(a) the gross receipts, exclusive of Sales Tax and Federal Excise Duty or any trade discounts shown on invoices, or bills, derived from the sales of goods, and also excluding any amount taken as deemed income and is assessed as final discharge of the tax liability of which tax is already paid or payable;</p> <p>(b) the gross fees for the rendering of services for giving benefits including commissions; except covered by final discharge of tax liability for which tax is separately paid or payable;</p> <p>(c) the gross receipts from the execution of contracts; except covered by final discharge of tax liability for which tax is separately paid or payable; and</p> <p>(d) the company’s share of the amounts stated above of any association of persons of which the company is a member.</p>
<b>113B(c)</b>	<p><b>Taxation of income of certain retailers.-</b></p> <p>The retailers were not entitled to claim any adjustment of withholding tax collected or deducted under any head during the year.</p>	<p>Now the new proviso has been inserted namely:</p> <p>“Provided that the turnover chargeable to tax under this section shall not include the sale of goods on which tax is deducted or deductible under clause (a) of sub-section (1) of section 153.</p> <p>Supply of goods has been excluded from retail sale.</p>
<b>114(1)(b) (iv) (v) (vi) (vii)</b>	Non-existent	<p><b>Return of Income:</b></p> <p>To increase the number of tax payers the following persons are also required to furnish the return of income:</p> <p>(iv) owns immovable property with a land area of five hundred square yards or more located in a rating area;</p> <p>(v) owns a flat having covered area of two thousand square feet or more located in a rating area;</p> <p>(vi) owns a motor vehicle having engine capacity above 1000CC; and</p> <p>(vii) has obtained National Tax Number.”; and</p>

<p><b>114(1)(b)(6)</b></p>	<p><b>Revision of Return:</b></p> <p>Any person who, having furnished a return, discovers any omission or wrong statement therein, may furnish a revised return within five years of the date that the original return was furnished.</p>	<p>It has been substituted by this sub-section namely:</p> <p>Any person, who, having furnished a return, discovers any omission or wrong statement therein, without prejudice to any other liability, which he may incur under his Ordinance, may furnish a revised return for that tax year at any time, within five years from the end of the financial year in which original return was filed, subject to the following namely:-</p> <p>(a) It is accompanied by the revised account or revised audited accounts, as the case may be;</p> <p>(b) The reason of revision of return, in writing, duly signed, is filed therewith,; and</p> <p>(c) It is filed before the issuance of the notice for amendment of assessment,;</p> <p>Purpose of revised return is obliterated after amendment in this section.</p>
<p><b>115(1)</b></p>	<p><b>Persons not required to furnish a return of income.-</b></p> <p>(1) Where the entire income of a taxpayer in a tax year consists of income chargeable under the head "Salary", Annual Statement of Deduction of Income Tax from Salary, filed by the employer of such taxpayer, in prescribed form, the same shall, for the purposes of this Ordinance, be treated as a return of income furnished by the taxpayer under section 114: Provided that where salary income, for the tax year or the last tax year is five hundred thousand rupees or more, the taxpayer shall file wealth statement as required under section 116.</p>	<p>Through the purposed amendment to the salary of person whose income is Five Hundred Thousand one more shall file return of income with electronically accordingly, therefore the proviso has been purposed to be substituted as under:</p> <p>"Provided that where salary income, for the tax year is five hundred thousand rupees or more, the taxpayer shall file return of income electronically in the prescribed form and it shall be accompanied by the proof of deduction or payment of tax and wealth statement as required under section 116".</p> <p>The facility of non filing of return of income in case of salary to person of above mentioned category has been done away.</p>

115 – 4A & 4B	Non-existent	<p>Newly sub clause purposed to be added:</p> <p>(4A) Any person who, having furnished a statement, discovers any omission or wrong statement therein, he may, without prejudice to any other liability which he may incur under this Ordinance, furnish a revised statement for that tax year, at any time within five years from the end of the financial year in which the original statement was furnished.</p> <p>(4B) Every person (other than a company) filing statement under sub-section (4), falling under final tax regime (FTR) and has paid tax amounting to twenty thousand rupees or more for the tax year, shall file a wealth statement alongwith reconciliation of wealth statement.</p> <p>There has been no concept revising statement file u/s. 115 now the concept of revision of statement has been introduced state of confusion in this respect between taxpayer and tax collector is over, the taxpayer filing statement u/s. 115 was not required to file wealth statement the amendment seeks to make mandatory requirement or filing of wealth statement alongwith statement u/s. 115 in case of person other than company made payment of tax exceeding Rs. 20,000. This steps is towards documentation of economy.</p>
116(e) & 116 (2)	<p><b>Wealth Statement</b></p> <p>Non-existent</p>	<p>New sub clause to be inserted namely:</p> <p>(e) The reconciliation statement of wealth.</p> <p>It was mandatory to file wealth statement u/s. 116 on certain condition though without wealth reconciliation is part of the wealth statement which was subsequently file by the taxpayer however, now filing of wealth reconciliation alongwith wealth statement is mandatory requirement falling which compliance of 116 shall not be considered.</p>
121(1)aa)	<p><b>Best judgment assessment</b></p> <p>Non-existent</p>	<p>New clause shall be inserted namely:</p> <p>(aa) furnish a statement as required by a notice under sub-section (5) of section 115; or Non filing of statement u/s. 115(5) shall entail to pass an order u/s. 121 of the Income Tax Ordinance, 2001.</p>

122(2)	<p><b>Amendment of Assessments</b></p> <p>An assessment order shall only be amended under sub section (1) within five years after the Commissioner has issued or is treated as having issued the assessment order on the taxpayer.</p>	<p>There is re-drafting of section which shall be substituted namely:</p> <p>No order under sub-section (1) shall be amended by the Commissioner after the expiry of five years from the end of the financial year in which the Commissioner has issued or treated to have issued the assessment order to the taxpayers.</p>
122(4)(a)	<p>Five years after the Commissioner has issued or is treated as having issued the original assessment order to the taxpayer.</p>	<p>The amendment is as follows:</p> <p>Five years <b>from the end of financial year in which</b> the Commissioner has issued or is treated as having issued the original assessment order to the taxpayer.</p>
122(4)(b)	<p>One year after the Commissioner has issued or is treated as having issued the amended assessment order to the taxpayer.</p>	<p>One year <b>from the end of financial year in which</b> the Commissioner has issued or is treated as having issued the amended assessment order to the taxpayer.</p> <p>This is re-drafting of provision the position remain unchanged.</p>
127	<p><b>Appeal to the Commissioner (Appeals).-</b></p> <p>(1) Any person dissatisfied with any order passed by a Commissioner or a taxation officer under section 121, 122, 143, 144, [162,] 170, 182, 183, 184, 185, 186, 187, 188, or 189, or an order under sub-section (1) of section 161 holding a person to be personally liable to pay an amount of tax, or an order under clause (f) of sub-section (3) of section 172 declaring a person to be the representative of a non-resident person, or an order under section 221 refusing to rectify the mistake, either in full or in part, as claimed by the taxpayer or an order having the effect of enhancing the assessment or reducing a refund or otherwise increasing the liability of the person, may prefer an appeal to the Commissioner (Appeals) against the order.</p>	<p>Section 205 has also been included for the purpose of this section, amended section reads as under:-</p> <p>(1) Any person dissatisfied with any order passed by a Commissioner or a taxation officer under section 121, 121, 122, 143, 144, [162,] 170, 182, 183, 184, 185, 186, 187, 188, <b>189 or 205</b> an order under sub-section (1) of section 161 holding a person to be personally liable to pay an amount of tax, or an order under clause (f) of sub-section (3) of section 172 1[declaring] a person to be the representative of a non-resident person, <b>or an order giving effect to any finding or directions in ay order made under this Part by the Commissioner (Appeals), Appellate Tribunal High Court of Supreme Court</b>, or an order under section 221 refusing to rectify the mistake, either in full or in part, as claimed by the taxpayer or an order having the effect of enhancing the assessment or reducing a refund or otherwise increasing the liability of the person, may prefer an appeal to the Commissioner (Appeals) against the order.</p>

127(4)(a)	In the case of an appeal against an assessment, the lesser of one thousand rupees or ten per cent of the tax assessed.	It is amended as under:-  In the case of an appeal against an assessment, <b>one thousand rupees.</b>
129 (4)	<p><b>Decision in Appeal.-</b> As soon as practicable after deciding an appeal, the Commissioner (Appeals) shall serve his order on the appellant and the Commissioner.</p>	<p>Following new proviso shall be inserted:</p> <p>“Provided that such order shall be passed not later than one hundred and twenty days from the date of filing of appeal or within an extended period of sixty days, for reasons to be recorded in writing by the Commissioner (Appeals):</p> <p>Provided further that any period during which the hearing of an appeal is adjourned at the request of the appellant or is postponed due to any appeal or proceedings or stay order, remand or alternative dispute resolution proceedings or for any other reason, shall be excluded in the computation of the aforementioned periods.</p> <p>The time period given to pass an order is mandatory and non passing of order within this period shall render such order without jurisdiction and shall be nullity in the eyes of law.</p>
130	<p><b>Appointment of the Appellate Tribunal</b></p>	<p>Following new sub-section is being inserted namely,</p> <p>(8A) Notwithstanding anything contained in sub-sections (7) and (8), the Chairman may constitute as many benches consisting of a single member as he may deem necessary to hear such cases or class of cases as the Federal Government may by order in writing, specify</p> <p>(8AA) The Chairman or any other member of the Appellate Tribunal authorized, in this behalf by the Chairman may, sitting singly, dispose of any case where the amount of tax or penalty involved does not exceed five million rupees.</p> <p>Ensuing amendment shall be helpful to expedite disposal of cases.</p>



131(3)	<p><b>Appeal to the Appellate Tribunal</b> The prescribed fee shall be— (a) in the case of an appeal in relation to an assessment order, the lesser of two thousand five hundred rupees or ten percent of the tax assessed; or (b) in any other case – (i) where the appellant is a company, two thousand rupees; Or (ii) where the appellant is not a company, five hundred rupees.</p>	The prescribed fee shall be Rs. 2,000 in all cases.
131(5)	<p>Notwithstanding that an appeal has been filed under this section, tax shall, unless recovery thereof has been stayed by the Appellate Tribunal, be payable in accordance with the assessment made in the case:</p> <p>Provided that where recovery of tax has been stayed by the Appellate Tribunal by an order, such order shall cease to have effect on the expiration of a period of three months following the date on which it is made, unless the appeal is decided, or such order be withdrawn by the Appellate Tribunal earlier:</p> <p>Provided further that the Appellate Tribunal shall not make an order which has the effect of staying the recovery of tax beyond the period of six months in aggregate</p>	<p>The Second proviso the following shall be inserted, namely:-</p> <p>“Provided further that the Appellate Tribunal may stay the recovery of the tax on filing of the appeal which order will remain operative for thirty days and during which period a notice shall be issued to the respondent and after hearing the parties, order may be confirmed or varied as the Tribunal deems fit but stay order shall in no case remain operative for more than one hundred and eighty days.”</p>
134A	<p><b>[Alternative] Dispute Resolution.-</b></p> <p>(1) Notwithstanding any other provision of this Ordinance, or the rules made there under an aggrieved person, in connection with any matter pending before an Appellate Authority, may apply to Board for the appointment of a committee for the resolution of any hardship or dispute mentioned in detail in the application.</p> <p>(2) The Board after examination of the application of an aggrieved person, shall appoint a committee consisting of an officer of Income Tax and two persons from a panel comprising of Chartered or Cost Accountants, Advocates, Income Tax Practitioners or reputable taxpayers for the resolution of the hardship or dispute.</p>	<p>(1) Notwithstanding any other provision of this Ordinance, or the rules made there under an aggrieved person, in connection with any matter pending before an Appellate Authority, may apply to Board for the appointment of a committee for the resolution of any hardship or dispute mentioned in detail in the application, <b>except where prosecution proceedings have been initiated or where interpretation of question of law having effect on identical other cases.</b></p> <p>(2) The Board after examination of the application of an aggrieved person, shall <b>within sixty days of receipt of such application in the Board</b>, appoint a committee consisting of an officer of Income Tax and two persons from a panel comprising of Chartered or Cost Accountants, Income Tax Practitioners or reputable taxpayers for the resolution of the hardship or dispute.</p>

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134A (3)	The committee constituted under sub-section (2) shall examine the issue and may, if it deems necessary, conduct inquiry, seek expert opinion, direct any officer of Income Tax or any other person to conduct an audit and make recommendations in respect of the resolution of dispute as it may deem fit.	The committee constituted under sub-section (2) shall examine the issue and may if it deems fit, conduct inquiry, seek expert opinion, direct any officer of the sales tax or any other person to conduct an audit and shall make recommendation in respect of the dispute. If the committee fails to make recommendations within the said period the Board shall dissolve the committee and constitute a new committee which shall decide the matter within a further period of ninety days. If after the expiry of that period the dispute is not resolved the matter shall be taken up by the appropriate forum for decision.
134A (4)	The Board may, on the recommendation of the committee, pass such order, as it may deem appropriate	The Board may, on the recommendation of the committee, pass such order, as it may deem appropriate, <b>within 45 days of the receipt of recommendations of the committee.</b>
137(1)	<b>Due date for payment of tax</b> (1) The tax payable by a taxpayer on the taxable income of the taxpayer including the tax payable under section 113A for a tax year shall be due on the due date for furnishing the taxpayer's return of income for that year.	Section 113 shall be inserted in addition to tax payable under other section.
147	<b>Advance tax</b> (1) (ca) Income chargeable to tax in respect of brokerage and commission and tax deducted on purchase and sales of share by Stock Exchanges of Members under section (a) and (b) of sub-section (1) of section 233A were not required to pay advance quarterly tax.  (d) income from which tax has been collected under Division II or deducted under Division III and for which no tax credit is allowed as a result of sub-section (3) of section 168,	---Omitted---  (d) income from which tax has been collected under Division II or deducted under Division III <b>or deducted or collected under chapter XII</b> and for which no tax credit is allowed as a result of sub-section (3) of section 168,  Sub-clause (ca) instant merge with sub-clause (d)

<p><b>(4) Advance Tax</b></p> <p>In previous tax year 2009, the advance tax was collected on the basis of tax assessed for the latest tax year or latest assessment year.</p> <p>The formula were:</p> <p><math>(A/4) - B</math></p> <p>Where – A is the tax assessed to the taxpayer for the latest tax year or latest assessment year under the repealed Ordinance; and</p> <p>B is the tax paid in the quarter for which a tax credit is allowed under section 168, other than tax deducted on salary under section 149 or tax deducted on property income under section 155.</p>	<p>The sub-section has substituted namely,</p> <p>(4) Where the taxpayer is a company or an association of persons, the amount of advance tax due for a quarter shall be computed according to the following formula, namely:–</p> <p><math>(A \times B/C) - D</math></p> <p>Where – A is the taxpayer's turnover for the quarter; B is the tax assessed to the taxpayer for the latest tax year; C is the taxpayer's turnover for the latest tax year; and D is the tax paid in the quarter for which a tax credit is allowed under section 168, other than tax deducted on property income under section 155</p> <p>Taxpayer turnover for the latest tax year has also been considered for computation of advance tax due to levy of minimum tax under section 113.</p> <p>The amendment has been made to rationalize this provision due to levy of minimum tax under section 113.</p>
<p><b>(4AA)</b></p> <p>Non-existent</p> <p>(6A) Notwithstanding anything contained in this section, where the taxpayer is a company, advance tax shall be payable by it in the absence of last assessed income also. The taxpayer shall estimate the amount of advance tax payable on the basis of estimated quarterly accounting profit of the company and thereafter pay such amount after making adjustment for the amount (if any) already paid.</p>	<p>“(4AA) Tax liability under section 113 shall also be taken into account while working out payment of advance tax liability under this section.</p> <p>It is substituted by the following, namely, Notwithstanding anything contained in this section, where the taxpayer is a company or an association of persons, advance tax shall be payable by it in the absence of last assessed income or declared turnover also. The taxpayer shall estimate the amount of advance tax payable on the basis of quarterly turnover of the company or an association of persons, as the case may be, and thereafter pay such amount after,-</p> <p>(a) taking into account tax payable under section 113 as provided in sub-section (4AA); and</p> <p>(b) Making adjustment for the amount (if any) already paid.</p>

147(5)	<p>Advance tax is payable by a taxpayer to the Commissioner-</p> <p>(a) in respect of the September quarter, on or before the 15<sup>th</sup> day of September;</p> <p>(b) in respect of the December quarter, on or before the 15<sup>th</sup> day of December;</p> <p>(c) in respect of the march quarter, on or before the 15<sup>th</sup> days of March; and</p> <p>(d) in respect of the June quarter, on or before the 15<sup>th</sup> day of June.</p>	<p>Advance tax is payable by <b>an individual or association of persons</b> to the Commissioner-</p> <p>(a) in respect of the September quarter, on or before the 15<sup>th</sup> day of September;</p> <p>(b) in respect of the December quarter, on or before the 15<sup>th</sup> day of December;</p> <p>(c) in respect of the march quarter, on or before the 15<sup>th</sup> days of March; and</p> <p>(d) in respect of the June quarter, on or before the 15<sup>th</sup> day of June.</p>
147(5A)	<p>Non existent;</p>	<p>Advance tax is payable by a <b>company</b> to the Commissioner-</p> <p>(a) in respect of the September quarter, on or before the 15<sup>th</sup> day of October;</p> <p>(b) in respect of the December quarter, on or before the 15<sup>th</sup> day of January;</p> <p>(c) in respect of the march quarter, on or before the 15<sup>th</sup> days of April; and</p> <p>(d) in respect of the June quarter, on or before the 15<sup>th</sup> day of June.</p>
148	<p><b>Imports.-</b></p> <p>(d) large import houses, who,-</p> <p>(i) have paid-up capital of exceeding Rs.100 million;</p> <p>(ii) have imports exceeding Rs.500 million during the tax year;</p> <p>(iii) own total assets exceeding Rs.100 million at the close of the tax year;</p> <p>(iv) is single object company;</p> <p>(v) maintain computerized records of imports and sale of goods;</p> <p>(vi) maintain a system for issuance of 100% cash receipts on sales;</p> <p>(vii) present accounts for tax audit every year;</p> <p>(viii) is registered with Sales Tax Department; and</p> <p>(ix) make sales of industrial raw material of manufacturer registered for sales tax purposes.</p> <p>(8) The tax collected from a person under this section on the import of edible oil for a tax year shall be final tax.</p>	<p>(d) large import houses, who,-</p> <p>(i) have paid-up capital of exceeding Rs. 250 million.</p> <p>(iii) own total assets exceeding Rs.350 million at the close of the tax year;</p> <p><i>Amendment is as under:</i></p> <p>The tax collected from a person under this section on the import of edible oil and packing material for a tax year shall be minimum tax.</p> <p>The manufacture of ghee and cooking oil was enjoying scheme of FTR, now through this amendment tax collected at import stage shall be minimum tax liability accordingly they require to file return of income u/s. 114; Packing material has also been included for the purpose of this section.</p>
150	<p><b>Withholding tax on Dividends</b></p> <p>Every resident company paying a dividend shall deduct tax from the gross amount of the dividend paid at the rate of 10%..</p>	<p>Every <b>person</b> paying a dividend shall deduct tax from the gross amount of the dividend paid at the rate of 10%.</p>

<p>153</p>	<p><b>Payment for goods and services.-</b>          (6) The tax deducted under section 153 (1) or (1A) was the final tax liability subject to the companies in respect of transaction related to the rendering of or providing of services.          (9) “<b>prescribed person</b>” means –          (a) the Federal Government;          (b) a company;          (c) an association of persons constituted by, or under law;          (d) a foreign contractor or consultant;          (e) a consortium or joint venture;          (f) an exporter or an export house for the purpose of sub-section (1A)          (g) an association of persons, having turnover of fifty million rupees or above in tax year 2007 and onwards..          (b) a process of assembling, mixing, cutting, packing, repacking or preparation of goods in any other manner.</p>	<p>Now the sub-section has been amended by adding clause (iii) in the second proviso of subsection (6) of section 153 where by the rendering or providing of services by the individual or association of persons shall also be assessed under normal tax regime. The tax deducted under sub-section (1) of section 153 shall be treated as minimum tax.</p> <p>The amendment shall be effective from tax year 2010.</p> <p>The new sub-section is to be inserted namely,</p> <p><b>(cc) non-profit organization</b>          Through en-suing amended non-profit organization has also been included under list of prescribed person u/s. 153 of the Income Tax Ordinance, 2001.</p> <p>(b) a process of assembling, mixing, cutting, or preparation of goods in any other manner.          The word packaging and repackaging activity is being excluded from the definition of <b>Payment for goods and services.</b></p>
<p>154</p>	<p>(3C)          Non-existent</p>	<p><b><u>Tax on Exports</u></b></p> <p>The new sub-clause to be inserted namely,          (3C) The Collector of Customs at the time of clearing of goods exported shall collect tax from the gross value of such goods at the rate specified in Division IV of Part III of the First Schedule.</p> <p>It has been gathered that this sub-clause shall be exercised in case of export whereby form “E” has not been filed by an exporter, however, no such legal cover given in this sub-clause.</p>

164	<p><b>Certificate of collection or deduction of tax.-</b></p> <p>(1) Every person collecting tax under Division II of this Part or deducting tax from a payment under Division III of this Part 1[or deducting or collecting tax under Chapter XII shall, at the time of collection or deduction of the tax, furnish to the person from whom the tax has been collected or to whom the payment from which tax has been deducted has been made, a certificate setting out the amount of tax collected or deducted and such other particulars as may be prescribed.</p> <p>(2) A person required to furnish a return of taxable income for a tax year shall attach to the return any certificate provided to the person under this section in respect of tax collected or deducted in that year and such certificate shall be treated as sufficient evidence of the collection or deduction for the purposes of section 168.</p>	<p>Challan of payment is to be replaced with certificate, the amended provision is reproduced below:</p> <p>(1) Every person collecting tax under Division II of this Part or deducting tax from a payment under Division III of this Part or deducting or collecting tax under Chapter XII shall, at the time of collection or deduction of the tax, furnish to the person from whom the tax has been collected or to whom the payment from which tax has been deducted has been made, <b>the copies of the challan of payment or any other equivalent document alongwith</b> a certificate setting out the amount of tax collected or deducted and such other particulars as may be prescribed.</p> <p>(2) A person required to furnish a return of taxable income for a tax year shall attach to the return <b>copies of the challan of payment on the basis of which a certificate is</b> provided to the person under this section in respect of tax collected or deducted in that year and such certificate shall be treated as sufficient evidence of the collection or deduction for the purposes of section 168.</p>
168	<p><b>Credit for tax collected or deducted.-</b></p> <p>(3) No tax credit shall be allowed for any tax collected or deducted that is a final tax under clauses (a), (b) and (d) of sub-section (1) of section 151, sub-section (1B) of section 152, sub-section (7) of section 148, sub-section (6) of section 153, sub-section (4) of section 154, section 155 sub-section (3) of section 156, sub-section (2) of section 156A, section 233, clauses (a) and (b) of sub-section (1) of section 233A or sub-section (5) of section 234 or section 234A.</p>	<p>Sub-section (7) of section 148 has been omitted, in our opinion it appears that due to oversight, proposed amendment has been repeated whereas main provision of Section 148(7) remain unchanged.</p> <p>New sub-section shall be inserted namely,</p> <p>“(6) Notwithstanding anything contained in any other law or any rules for the time being in force, no amount shall be deducted on account of service charges from the tax withheld or collected by any person under the provisions of this Ordinance.</p> <p>(7) In case any amount is deducted on account of service charges, by the person, the said person will be liable to pay the said amount to the Federal Government and all the provisions of this Ordinance shall apply in so far as they apply to the recovery of tax.”</p>

170	<p><b>(4) Refunds</b></p> <p>The Commissioner shall, within <b>forty five</b> days of receipt of a refund application under sub-section (1), serve on the person applying for the refund an order in writing of the decision after providing the taxpayer an opportunity of being heard.</p>	<p>The Commissioner shall, within <b>sixty</b> days of receipt of a refund application under sub-section (1), serve on the person applying for the refund an order in writing of the decision after providing the taxpayer an opportunity of being heard.</p> <p>The time period has been extended to sixty days.</p>
171	<p><b>Additional payment for delayed refunds. –</b></p> <p>(1) Where a refund due to a taxpayer is not paid within three months of the date on which it becomes due, the Commissioner shall pay to the taxpayer a further amount by way of compensation at the rate of 3[six] per cent per annum of the amount of the refund computed for the period commencing at the end of the three month period and ending on the date on which it was paid.</p>	<p>It is amended that the payment of compensation in case of delayed refund to be paid at the prevailing rate based on KIBOR instead of 6% per annum. The following proviso has also been inserted,</p> <p>“Provided that where there is reason to believe that a person has claimed the refund which is not admissible to him, the provision regarding the payment of such additional amount shall not apply till the investigation of the claim of completed and the claim is either accepted or rejected.”</p>
176 (1) (c)	<p><b>Notice to obtain information or evidence.-</b></p>	<p>New sub-clause has been inserted namely, The firm of chartered accountants, as appointed by the Board, to conduct audit under section 177, for any tax year, with the prior approval of the Commissioner concerned, enter the business premises of a taxpayer, selected for audit, to obtain any information, required production of any record, on which the required information is stored, and examine it within such premises; and such firm may if specifically delegated by the Commissioner, also exercise the powers as provided in sub-section (4).</p>



177	<p><b>Audit.-</b></p> <p>(1) The Board may lay down criteria for selection of any person for an audit of person's income tax affairs, by the Commissioner.</p> <p>(2) The Commissioner shall select a person for audit in accordance with the criteria laid down by the Board under sub-section (1).</p> <p>(4) In addition to the selection referred to in sub-section (2), the Commissioner may also select a person for an audit of the person's income tax affairs having regard to –</p> <p>(a) the person's history of compliance or non-compliance with this Ordinance;</p> <p>(b) the amount of tax payable by the person;</p> <p>(c) the class of business conducted by the person; and</p> <p>(d) any other matter which in the opinion of Commissioner is material for determination of correct income.</p> <p>(5) After selection of a person for audit under sub-section (2) or (4), the Commissioner shall conduct an audit of the income tax affairs including examination of accounts and records, enquiry into expenditure, assets and liabilities of that person.</p> <p>(8) The Board may appoint a firm of Chartered Accountants as defined under the Chartered Accountants Ordinance, 1961 (X of 1961), to conduct an audit of the income tax affairs of any person and the scope of such audit shall be as determined by the Board on a case to case basis.</p>	<p>The amendments are produced below,</p> <p>The Board may lay down criteria for selection of any person <b>or classes of persons</b> for an audit of <b>such</b> person's income tax affairs, by the Commissioner.</p> <p>The Commissioner shall select a person <b>or classes of person</b> for audit in accordance with the criteria laid down by the Board under sub-section (1).</p> <p>(4) In addition to the selection referred to in sub-section (2), the Commissioner may also select a person <b>or classes of persons</b> for an audit of the person's income tax affairs having regard to –</p> <p>(a) the person's history of compliance or non-compliance with this Ordinance;</p> <p>(b) the amount of tax payable by the person;</p> <p>(c) the class of business conducted by the person; and</p> <p>(d) any other matter which in the opinion of Commissioner is material for determination of correct income.</p> <p>(5) After selection of a person <b>or classes of persons</b> for audit under sub-section (2) or (4), the Commissioner shall conduct an audit of the income tax affairs including examination of accounts and records, enquiry into expenditure, assets and liabilities of <b>such person or classes of persons</b>.</p> <p>(8) The Board may appoint a firm of Chartered Accountants as defined under the Chartered Accountants Ordinance, 1961 (X of 1961), to conduct an audit of the income tax affairs of any person <b>or classes of person selected for audit by the Commissioner or by the Board</b> and the scope of such audit shall be as determined by the Board on a case to case basis.</p>
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191	<p><b>Prosecution for non-compliance with certain statutory obligations.-</b></p> <p>Any person who, without reasonable excuse, fails to comply with certain statutory obligations shall commit an offence punishable on conviction with a fine or imprisonment for a term not exceeding one year, or both.</p>	<p>The amount of fine shall be up to 50,000 Rupees.</p>
192	<p><b>Prosecution for false statement in verification.-</b></p> <p>Any person who makes a statement in any verification in any return or other document furnished under this Ordinance which is false and which the person knows or believes to be false, or does not believe to be true, the person shall commit an offence punishable on conviction with a fine or imprisonment for a term not exceeding three years, or both.</p>	<p>Fine upto The amount of fine shall be up to 100,000 Rupees.</p>
192A	<p><i>Non-Existent</i></p>	<p>Prosecution for concealment of income.- (1) Where, in the course of any proceedings under this Ordinance, any person has either in the said proceedings or in any earlier proceedings concealed income or furnished inaccurate particulars of such income and revenue impact of such concealment or furnishing of inaccurate particulars of such income is five hundred thousand rupees or more shall commit an offence punishable on conviction with imprisonment upto two years or with fine or both.</p> <p>(2) For the purposes of sub-section (1), concealment of income or the furnishing of inaccurate particulars of income shall include -</p> <p>(a) the suppression of any income or amount chargeable to tax;</p> <p>(b) the claiming of any deduction for any expenditure not actually incurred; or</p> <p>(c) any act referred to in sub-section (1) of section 111</p>
193	<p><b>Prosecution for failure to maintain records.</b></p> <p>A person who fails to maintain records as required under this Ordinance shall commit an offence punishable on conviction with –</p> <p>(a) where the failure was deliberate, a fine or imprisonment for a term not exceeding two years, or both; or</p>	<p>The amendment in clause (a) is produced below,</p> <p>A person who fails to maintain records as required under this Ordinance shall commit an offence punishable on conviction with –</p> <p>(a) where the failure was deliberate, a fine <b>upto fifty thousand rupees</b> or imprisonment for a term not exceeding two years, or both; or</p>

194	<p><b>Prosecution for improper use of National Tax Number Certificate.-</b> A person who knowingly or recklessly uses a false National Tax Number Certificate including the National Tax Number Certificate of another person on a return or other document prescribed or used for the purposes of this Ordinance shall commit an offence punishable with a fine or imprisonment for a term not exceeding two years, or both.</p>	Now the amount of fine has been defined as upto Rs. 50,000.
197	<p><b>Prosecution for disposal of property to prevent attachment.-</b> Where the owner of any property, or a person acting on the owner's behalf or claiming under the owner, sells, mortgages, charges, leases or otherwise deals with the property after the receipt of a notice from the Commissioner with a view to preventing the Commissioner from attaching it, shall commit an offence punishable on conviction with a fine or imprisonment for a term not exceeding three years, or both.</p>	The amount of fine shall be upto hundred thousand rupees.
202	<p><b>The Power to compound offences.-</b> Where any person has committed any offence under this Part, the Commissioner may either before or after the institution of proceedings, compound such offence and order that such person pay the amount for which the offence may be compounded.</p>	<p>The new substituted section is to be added namely,</p> <p><b>The Power to compound offences.-</b> Notwithstanding any provisions of this Ordinance, where any person has committed any offence, the Director General may, with the prior approval of the Board, either before or after the institution of proceedings, compound such offence subject to payment of tax due alongwith additional tax and penalty as is determined under the provisions of this Ordinance.</p>
205 (1) (1A) (1B) & (3)	<p><b>Additional tax.</b> A person who fails to pay – (a) any tax, and additional tax (b) any penalty (c) any amount held by person holding money on behalf of tax payer or held by liquidator referred to in section 140 or 141, (d) advance tax or less than ninety percent of the tax chargeable for the relevant tax year under section 147 (4A), or (6); or A person who fails to collect tax or deduct tax or fails pay tax collected before the due date for payment.  In the all the above cases the rate of additional tax was equal to twelve per annum.</p>	The rate of additional tax has been increased from twelve percent per annum to KIBOR plus three cent per quarter.

210 (1B)	<i>Non Existent</i>	The commissioner may delegate the powers to a firm of chartered accountants appointed by the board, to conduct the audit of the persons selected under audit under section 177.
214A	Non-Existent	<p>The new sub-section shall be inserted namely,</p> <p><b>214A. Condonation of time limit.-</b> Where any time or period has been specified under any of the provisions of the Ordinance or rules made there-under within which any application is to be made or any act or thing is to be done, the Board may, in any case or class of cases, permit such application to be made or such act or thing to be done within such time or period as it may considered appropriate:</p> <p>Provided that the Board may, by notification in the official Gazette, and subject to such limitations or conditions as may be specified therein, empower any Commissioner or Director General under this Ordinance to exercise the powers under this section in any case or class of cases.</p>
214B	Non-Existent	<p>The new sub-section shall be inserted namely,</p> <p><b>214B. Power of the Board to call for records.-</b> (1) The Board may, of its own motion, call for and examine the record of any departmental proceedings under this Ordinance or the rules made there-under for the purpose of satisfying itself as to the legality or propriety of any decision or order passed therein and may pass such order as it may think fit:</p> <p>Provided that no order imposing or enhancing any tax or penalty than the original levied shall be passed unless the person affected by such order has been given an opportunity of showing show cause and of being heard.</p> <p>(2) No proceeding under this section shall be initiated in a case where an appeal is pending.</p> <p>(3) No order shall be made under this Section after expiry of three years from the date of original decision or order.</p>

231(B)	<p><b>Purchase of motor cars and jeeps.-</b></p> <p>Every person shall pay, at the time of registration of a new motor car or a jeep, advance tax at the rates specified in Division VII of Part IV of the First Schedule:</p> <table><tr><th>Engine Capacity</th><th>Amount of Tax</th></tr><tr><td>upto 850cc</td><td>Rs.7,500</td></tr><tr><td>851cc to 1000cc</td><td>Rs.10,500</td></tr><tr><td>1001cc to 1300cc</td><td>Rs.16,875</td></tr><tr><td>1301cc to 1600cc</td><td>Rs.16,875</td></tr><tr><td>1601cc to 1800cc</td><td>Rs.22,500</td></tr><tr><td>1801cc to 2000cc</td><td>Rs.16,875</td></tr><tr><td>Above 2000cc</td><td>Rs.50,000</td></tr></table> <p>Provided that the provisions of this section shall not be applicable in the case of –</p> <p>(i) the Federal Government; (ii) the Provincial Government; (iii) a foreign diplomat; or (iv) a diplomatic mission in Pakistan</p>	Engine Capacity	Amount of Tax	upto 850cc	Rs.7,500	851cc to 1000cc	Rs.10,500	1001cc to 1300cc	Rs.16,875	1301cc to 1600cc	Rs.16,875	1601cc to 1800cc	Rs.22,500	1801cc to 2000cc	Rs.16,875	Above 2000cc	Rs.50,000	<p><b>Advance tax on private motor vehicles.-</b></p> <p>Now the advance tax is restricted to only locally manufactured motor vehicles for private use.</p> <p>Every motor vehicle registering authority of Excise and Taxation Department shall collect advance tax at the time of registration of a <b>new locally manufactured</b> motor vehicle, at the rates specified in Division VII of Part IV of the First Schedule (The advance tax rates are same as was in previous tax year):</p> <p>Provided that the provisions of this section shall not be applicable in the case of –</p> <p>(a) the Federal Government; (b) the Provincial Government; (c) the Local Government; (d) a foreign diplomat; or (e) a diplomatic mission in Pakistan.”;</p>
Engine Capacity	Amount of Tax																	
upto 850cc	Rs.7,500																	
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235	<p><b>(4) Electricity Consumption</b></p> <p>The tax collected under this section up to bill amount of twenty thousand rupees per month shall be minimum tax on the income of a person (other than a company). There shall be no refund of the tax collected under this section, unless the tax so collected is in excess of the amount for which the taxpayer is chargeable under this Ordinance in the case of a company.</p>	<p>Now the limit of the bill amount has been enhanced from twenty thousand per month to rupees thirty thousand</p> <p>The new sub-section has been inserted as under:</p> <p>(a) in the case of a taxpayer other than a company, tax collected upto bill amount of thirty thousand rupees per month shall be treated as minimum tax on the income of such persons and no refund shall be allowed; (b) in the case of a taxpayer other than a company, tax collected on monthly bill over and above thirty thousand rupees per month shall be adjustable; and (c) in the case of a company, tax collected shall be adjustable against tax liability.</p>																

236 A	Non-existent	<p><b>Advance tax at the time of sale by auction.-</b></p> <p>(1) Any person making sale by public auction, of any property or goods confiscated or attached either belonging to or not belonging to the Government, local Government, any authority, a company, a foreign association declared to be a company under sub-clause (vi) of clause (b) of sub-section (2) of section 80, or a foreign contractor or a consultant or a consortium or Collector of Customs or Commissioner of Income Tax or any other authority, shall collect advance tax, computed on the basis of sale price of such property and at the rate specified in Division VIII of Part IV of the First Schedule, from the person to whom such property or goods are being sold.</p> <p>(2) The credit for the tax collected under sub-section (1) in that tax year shall, subject to the provisions of section 147, be given in computing the tax payable by the person purchasing such property in the relevant tax year or in the case of a taxpayer to whom section 98B or section 145 applies, the tax year, in which the "said date" as referred to in that section falls or whichever is later.</p> <p>Explanation.- For the purposes of this section, sale of any property includes the awarding of any lease to any person, including a lease of the right to collect tolls, fees or other levies, by whatever name called.</p>
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**FIRST SCHEDULE**  
**PART-I Division 1 Sub-Clause 1A**

SECTION	PRESENT POSITION AS ON 30 <sup>TH</sup> JUNE, 2009			AMENDMENTS THROUGH FINANCE ACT , 2009		
	The income of an individual chargeable under a head "Salary exceeds 50% of his taxable income, the rates of tax to be applied as under:-			The Tax rate of salary person has been revised with effect from July 1, 2009 and also introduced marginal relief between the minimum and maximum limits. The rates of tax to be applied as under.		
	S #	Taxable Income	Rate of Tax	S #	Taxable Income	Rate of Tax
	1	Where taxable income does not exceeds Rs. 180,000/-	0%	1	Where the taxable income does not exceed Rs.200,000,	0%
	2	Where taxable income exceeds Rs. 180,000/- but does not exceed Rs.250,000/-	0.50%	2	Where the taxable income exceeds Rs.200,000 but does not exceed Rs.250,000,	0.50%
	3	Where taxable income exceeds 250,000 but does not exceed Rs. 350,000/-	0.75%	3	Where the taxable income exceeds Rs.250,000 but does not exceed Rs.350,000,	0.75%
	4	Where taxable income exceeds Rs. 350,000 but does not exceed Rs. 400,000/-	1.50%	4	Where the taxable income exceeds Rs.350,000 but does not exceed Rs.400,000,	1.50%
	5	Where taxable income exceeds Rs. 400,000 but does not exceed Rs. 450,000/-	2.50%	5	Where the taxable income exceeds Rs. 400,000 but does not exceed Rs.450,000	2.50%
	6	Where taxable income exceeds Rs. 450,000 but does not exceed Rs. 550,000/-	3.50%	6	Where the taxable income exceeds Rs.450,000 but does not exceed Rs.550,000,	3.50%
	7	Where taxable income exceeds Rs. 550,000 but does not exceed Rs. 650,000/-	4.50%	7	Where the taxable income exceeds Rs.550,000 but does not exceed Rs.650,000,	4.50%
	8	Where taxable income exceeds Rs. 650,000 but does not exceed Rs. 750,000/-	6.00%	8	Where the taxable income exceeds Rs.650,000 but does not exceed Rs.750,000,	6.00%
	9	Where taxable income exceeds Rs. 750,000 but does not exceed Rs. 900,000/-	7.50%	9	Where the taxable income exceeds Rs.750,000 but does not exceed Rs.900,000,	7.50%
	10	Where taxable income exceeds Rs. 900,000 but does not exceed Rs. 1,050,000/-	9.00%	10	Where the taxable income exceeds Rs.900,000 but does not exceed Rs.1,050,000,	9.00%

	<table border="1"> <tr> <td>11</td><td>Where taxable income exceeds Rs. 1,050,000 but does not exceed Rs. 1,200,000/-</td><td>10.00%</td></tr> <tr> <td>12</td><td>Where taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 1,450,000/-</td><td>11.00%</td></tr> <tr> <td>13</td><td>Where taxable income exceeds Rs. 1,450,000 but does not exceed Rs. 1,700,000/-</td><td>12.50%</td></tr> <tr> <td>14</td><td>Where taxable income exceeds Rs. 1,700,000 but does not exceed Rs. 1,950,000/-</td><td>14.00%</td></tr> <tr> <td>15</td><td>Where taxable income exceeds Rs. 1,950,000 but does not exceed Rs. 2,250,000/-</td><td>15.00%</td></tr> <tr> <td>16</td><td>Where taxable income exceeds Rs. 2,250,000 but does not exceed Rs. 2,850,000/-</td><td>16.00%</td></tr> <tr> <td>17</td><td>Where taxable income exceeds Rs. 2,850,000 but does not exceed Rs. 3,550,000/-</td><td>17.50%</td></tr> <tr> <td>18</td><td>Where taxable income exceeds Rs. 3,550,000 but does not exceed Rs. 4,550,000/-</td><td>18.50%</td></tr> <tr> <td>19</td><td>Where taxable income exceeds Rs. 4,550,000 but does not exceed Rs. 8,650,000/-</td><td>19.00%</td></tr> <tr> <td>20</td><td>Where taxable income exceeds Rs. 8,650,000/-</td><td>20.00%</td></tr> </table>	11	Where taxable income exceeds Rs. 1,050,000 but does not exceed Rs. 1,200,000/-	10.00%	12	Where taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 1,450,000/-	11.00%	13	Where taxable income exceeds Rs. 1,450,000 but does not exceed Rs. 1,700,000/-	12.50%	14	Where taxable income exceeds Rs. 1,700,000 but does not exceed Rs. 1,950,000/-	14.00%	15	Where taxable income exceeds Rs. 1,950,000 but does not exceed Rs. 2,250,000/-	15.00%	16	Where taxable income exceeds Rs. 2,250,000 but does not exceed Rs. 2,850,000/-	16.00%	17	Where taxable income exceeds Rs. 2,850,000 but does not exceed Rs. 3,550,000/-	17.50%	18	Where taxable income exceeds Rs. 3,550,000 but does not exceed Rs. 4,550,000/-	18.50%	19	Where taxable income exceeds Rs. 4,550,000 but does not exceed Rs. 8,650,000/-	19.00%	20	Where taxable income exceeds Rs. 8,650,000/-	20.00%	<table border="1"> <tr> <td>11</td><td>Where the taxable income exceeds Rs.1,050,000 but does not exceed Rs.1,200,000,</td><td>10.00%</td></tr> <tr> <td>12</td><td>Where the taxable income exceeds Rs.1,200,000 but does not exceed Rs.1,450,000,</td><td>11.00%</td></tr> <tr> <td>13</td><td>Where the taxable income exceeds Rs.1,450,000 but does not exceed Rs.1,700,000,</td><td>12.50%</td></tr> <tr> <td>14</td><td>Where the taxable income exceeds Rs.1,700,000 but does not exceed Rs.1,950,000,</td><td>14.00%</td></tr> <tr> <td>15</td><td>Where the taxable income exceeds Rs.1,950,000 but does not exceed Rs.2,250,000,</td><td>15.00%</td></tr> <tr> <td>16</td><td>Where the taxable income exceeds Rs.2,250,000 but does not exceed Rs.2,850,000,</td><td>16.00%</td></tr> <tr> <td>17</td><td>Where the taxable income exceeds Rs.2,850,000 but does not exceed Rs.3,550,000,</td><td>17.50%</td></tr> <tr> <td>18</td><td>Where the taxable income exceeds Rs.3,550,000 but does not exceed Rs.4,550,000,</td><td>18.50%</td></tr> <tr> <td>19</td><td>Where the taxable income exceeds Rs.4,550,000 but does not exceed Rs.8,650,000,</td><td>19.00%</td></tr> <tr> <td>20</td><td>Where the taxable income exceeds Rs.8,650,000.</td><td>20.00%</td></tr> </table>	11	Where the taxable income exceeds Rs.1,050,000 but does not exceed Rs.1,200,000,	10.00%	12	Where the taxable income exceeds Rs.1,200,000 but does not exceed Rs.1,450,000,	11.00%	13	Where the taxable income exceeds Rs.1,450,000 but does not exceed Rs.1,700,000,	12.50%	14	Where the taxable income exceeds Rs.1,700,000 but does not exceed Rs.1,950,000,	14.00%	15	Where the taxable income exceeds Rs.1,950,000 but does not exceed Rs.2,250,000,	15.00%	16	Where the taxable income exceeds Rs.2,250,000 but does not exceed Rs.2,850,000,	16.00%	17	Where the taxable income exceeds Rs.2,850,000 but does not exceed Rs.3,550,000,	17.50%	18	Where the taxable income exceeds Rs.3,550,000 but does not exceed Rs.4,550,000,	18.50%	19	Where the taxable income exceeds Rs.4,550,000 but does not exceed Rs.8,650,000,	19.00%	20	Where the taxable income exceeds Rs.8,650,000.	20.00%
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19	Where taxable income exceeds Rs. 4,550,000 but does not exceed Rs. 8,650,000/-	19.00%																																																												
20	Where taxable income exceeds Rs. 8,650,000/-	20.00%																																																												
11	Where the taxable income exceeds Rs.1,050,000 but does not exceed Rs.1,200,000,	10.00%																																																												
12	Where the taxable income exceeds Rs.1,200,000 but does not exceed Rs.1,450,000,	11.00%																																																												
13	Where the taxable income exceeds Rs.1,450,000 but does not exceed Rs.1,700,000,	12.50%																																																												
14	Where the taxable income exceeds Rs.1,700,000 but does not exceed Rs.1,950,000,	14.00%																																																												
15	Where the taxable income exceeds Rs.1,950,000 but does not exceed Rs.2,250,000,	15.00%																																																												
16	Where the taxable income exceeds Rs.2,250,000 but does not exceed Rs.2,850,000,	16.00%																																																												
17	Where the taxable income exceeds Rs.2,850,000 but does not exceed Rs.3,550,000,	17.50%																																																												
18	Where the taxable income exceeds Rs.3,550,000 but does not exceed Rs.4,550,000,	18.50%																																																												
19	Where the taxable income exceeds Rs.4,550,000 but does not exceed Rs.8,650,000,	19.00%																																																												
20	Where the taxable income exceeds Rs.8,650,000.	20.00%																																																												
	<p>Provided that where income of a woman taxpayer is covered by this clause, no tax shall be charged if the taxable income does not exceed Rs.240,000/-</p> <p>Provided further that where the total income of a taxpayer marginally exceeds the maximum limit of a slab in the table, the income tax payable shall be the tax payable on the maximum of that slab plus tax on –</p> <p>(i) 20% of the amount by which the total income exceeds the said limit where the total income does not exceed Rs.500,000.</p>	<p>Provided that where income of a woman taxpayer is covered by this clause, no tax shall be charged if the taxable income does not exceed Rs.260,000/-:</p> <p>Provided further that where the total income of a taxpayer marginally exceeds the maximum limit of a slab in the table, the income tax payable shall be the tax payable on the maximum of that slab plus an amount equal to–</p> <p>(i) 20% of the amount by which the total income exceeds the said limit where the total income does not exceed Rs.550,000.</p>																																																												

## INCOME TAX

	<p>(ii) 30% of the amount by which the total income exceeds in each slab but total income does not exceed Rs.1,050,000.</p> <p>(iii) 40% of the amount by which the total income exceeds in each slab but total income does not exceed Rs.2,000,000.</p> <p>(iv) 50% of the amount by which the total income exceeds in each slab but total income does not exceed Rs.4,450,000.</p> <p>(v) 60% of the amount by which the total income exceeds in each slab but the total income exceeds Rs.4,450,000.”;</p>	<p>(ii) 30% of the amount by which the total income exceeds in each slab but total income does not exceed Rs.1,050,000.</p> <p>(iii) 40% of the amount by which the total income exceeds in each slab but total income does not exceed Rs.2,250,000.</p> <p>(iv) 50% of the amount by which the total income exceeds in each slab but total income does not exceed Rs.4,550,000.</p> <p>(v) 60% of the amount by which the total income exceeds in each slab but the total income exceeds Rs.4,550,000.”;</p> <p>Provided further that Internally Displaced Persons Tax (IDPT), treated as income tax, on the tax payable on the taxable income of one million rupees or more, shall be levied at the rate of 5% of such tax, for tax year 2009; and</p> <p>(2) The rate of tax payable on bonus as IDPT as income tax shall be 30% for the tax year 2010.”</p>
	<p><i>Non-Existent</i></p>	<p>A new proviso has been added whereby further tax at the rate of 5% to be charged on such tax if the taxable income of individual or AOP rupees one million or more.</p> <p>Provided further that Internally Displaced Persons Tax (IDPT), treated as income tax, on the tax payable on the taxable income of one million rupees or more, shall be levied at the rate of 5% of such tax, for tax year 2009.</p>



**DIVISION-VI**

**Income from property**

- (a) The rate of tax to be paid under section 15, in the case of individual and association of person, shall be-

S.No.	Gross amount of rent	Rate of tax
(1)	Where the gross amount of rent does not exceed Rs. 150,000	Nil
(2)	Where the gross amount of rent exceeds Rs. 150,000 but does not exceed Rs. 400,000	5% of gross amount exceeding Rs. 150,000
(3)	Where the gross amount of rent exceeds Rs. 400,000 but does not exceed Rs. 1,000,000	Rs. 12,500 plus 7.5% of gross amount exceeding Rs. 400,000
(4)	Where the gross amount of rent exceeds Rs. 1,000,000	Rs. 57,500 plus 10% of gross amount exceeding Rs. 1,000,000

- (b) The rate of tax to be paid under section 15, in the case of company, shall be-

S.No.	Gross amount of rent	Rate of tax
(1)	Where the gross amount of rent does not exceed Rs. 400,000	5% of gross amount of rent.
(2)	Where the gross amount of rent exceeds Rs. 400,000 but does not exceed Rs. 1,000,000	Rs. 20,000 plus 7.5% of gross amount exceeding Rs. 400,000
(4)	Where the gross amount of rent exceeds Rs. 1,000,000	Rs. 65,000 plus 10% of gross amount exceeding Rs. 1,000,000

**PART III**  
**DIVISION-V**

**Income from property**

- (a) The rate of tax to be deducted under section 155, in the case of individual and association of person, shall be-

S.No.	Gross amount of rent	Rate of tax
(1)	Where the gross amount of rent does not exceed Rs. 150,000	Nil
(2)	Where the gross amount of rent exceeds Rs. 150,000 but does not exceed Rs. 400,000	5% of gross amount exceeding Rs. 150,000
(3)	Where the gross amount of rent exceeds Rs. 400,000 but does not exceed Rs. 1,000,000	Rs. 12,500 plus 7.5% of gross amount exceeding Rs. 400,000
(4)	Where the gross amount of rent exceeds Rs. 1,000,000	Rs. 57,500 plus 10% of gross amount exceeding Rs. 1,000,000

## INCOME TAX

(b) The rate of tax to be deducted under section 155, in the case of company, shall be-

S.No.	Gross amount of rent	Rate of tax
(1)	Where the gross amount of rent does not exceed Rs. 400,000	5% of gross amount of rent.
(2)	Where the gross amount of rent exceeds Rs. 400,000 but does not exceed Rs. 1,000,000	Rs. 20,000 plus 7.5% of gross amount exceeding Rs. 400,000
(4)	Where the gross amount of rent exceeds Rs. 1,000,000	Rs. 65,000 plus 10% of gross amount exceeding Rs. 1,000,000

### DIVISION-VII

Advance tax at the time of sale by auction

The rate of collection of tax under section 236A shall be 5% of the gross sale price of any property or goods sold by auction:

## **SECOND SCHEDULE**

### **EXEMPTION AND TAX CONCESSION**

The following amendments have been made in the Schedule which are listed below:

#### **PART-I**

- Clause-223A, the requirement of accumulated balance in case of voluntary pension system extended from 25% to 50%.
- Clause-61(b), amount of donation to the listed institutions in case of company has been enhanced from 15% to 20% of the taxable income.

#### **PART-II**

- Clause-5 regarding commissioner received by an export indenting agent on concessionary tax rates stands omitted.
- Clause-9A, Tax under section 148 shall be collected at the rate of 3% on the import value of raw material imported by an industrial undertaking for its own use.
- New Clause-24A inserted, which reads under:  
The rate of tax, under clause (a) of sub-section (1) of section 153, from distributors of cigarette and pharmaceutical products shall be 1% of the gross amount of payments; and

#### **PART-III**

- Clause-1A, in case of senior citizen aged 60 years or more limit of income has been enhanced from 500,000 to 750,000 to avail 50% tax rebate.

#### **PART-IV**

- New clause 11A to be inserted thereby, section 113, regarding minimum tax, shall not apply to NIT, petroleum dealers, Hub Power Company Ltd, KAPCO, companies, qualifying for exemption under clause (132) of Part-I of this Schedule, in respect of receipts from sale of electricity, Provincial Governments, Pakistan Red Crescent Society, Non-Profit Organization, taxpayer who qualified of exemption under clause (133) of Part-I of this Schedule, in respect of income from export of computer software or IT services or IT enabled services, a resident person engaged in the business of shipping, venture capital company & Modarba Companies.
- Clause-16A, The provisions of section 153(1)(b) shall not be applicable to the news print media services in respect of the advertising services.
- Section 113 shall not applicable in case of Agha Khan Development Network.
- Clause 46B in respect of section 153 (6B) omitted.

## INCOME TAX

- Clause 47 regarding non applicability of section 151 and 155 omitted.
- Clause 57 exemption u/s. 148 in respect of Trading House withdrawn however, Section 113 shall not be applicable.

### **THIRD SCHEDULE**

- Section 23A and 23B in respect of first year allowance has been included.

### **SEVENTH SCHEDULE**

(a) In rule 1:-

(i) For sub-rule (c), the following shall be substituted, namely:-

(c) Provisions for advances and off balance sheet items shall be allowed upto a maximum of 1% of total advances; provided a certificate from the external auditor is furnished by the banking company to the effect that such provisions are based upon and in line with the Prudential Regulations. Provisioning in excess of 1% would be allowed to be carried over to succeeding years:

Provided that if provision is less than 1% of the advances, the actual provisioning for the year shall be allowed.

(ii) After sub-rule (c), substituted as aforesaid, the following new sub-rules shall be inserted, namely:-

(d) The amount of “bad debts” classified as “sub-standard” under the Prudential Regulations issued by the State Bank of Pakistan shall not be allowed.

(e) where any addition made under sub-rule (d) is reclassified by the taxpayer under the Prudential Regulations issued by the State Bank of Pakistan, as “doubtful” or “loss”, provision of sub-rule (c) shall *mutatis mutandis* apply in computing the provision for that tax year.

(f) where any addition made under sub-rule (d) is reclassified by the taxpayer in a subsequent year as ‘recoverable’, a deduction shall be allowed in computing the income for that tax year.”

(iii) After rule 6, the following new rule 7A shall be inserted namely:-

“7A. The provision of section 113 shall apply to banking companies as they apply to any other resident company.”

## 1. FEDERAL EXCISE ACT, 2005

SEC- TION	PRESENT POSITION AS ON 30 <sup>TH</sup> JUNE, 2009	AMENDMENTS THROUGH FINANCE ACT 2009
2(15a)	Non existent;	“KIBOR” means Karachi Inter bank Offered Rates prevalent on the first day of each quarter of the financial year.
8	<b>Default surcharge:</b> At present default surcharge is payable @ 1.5% per month of the duty amount due.	Now through amendment the rate of default surcharge shall be KIBOR plus 3% per month. The amendment shall discourage taxpayer to hold Government dues as the amended rate is on higher side.
19(9)	<b>Offences, penalties, fines and allied matters;</b>	In sub-section 9, “in case of cigarettes, retail price, health warning and name of the manufacturer is not mentioned.” Shall also be subject to fine and penalty.
31(3)	A Federal Excise Officer invested with the powers to adjudicate shall decide the case within one hundred and twenty days of the issuance of show cause notice or within such extended period as he may for reasons to be recorded in writing fix provided that such extended period shall in no case exceed ninety days.	<p>Extended period has been restricted to 60 days instead of 90 days as previously was available, the new proviso shall be added namely;</p> <p>“A Federal Excise Officer invested with the powers to adjudicate shall decide the case within one hundred and twenty days of the issuance of show cause notice or within such extended period as he may for reasons to be recorded in writing fix provided that such extended period shall in no case exceed sixty days.;</p> <p>Provided that any period during which the proceedings are adjourned on account of a stay order or Alternative Dispute Resolution proceedings or the time taken through adjournment by the petitioner not exceeding thirty days shall be excluded for the computation of these period”; and</p> <p>The addition of the above proviso is very rational, now the adjudicating proceeding shall be on more principle of natural justice if the registered person is needed any adjournment on reasonable ground, adjudicating officer can accommodate the request.</p>

FEDERAL EXCISE

34(2)	<p>The Appellate Tribunal may, in its discretion, refuse to admit an appeal in respect of an order referred to in sub-section (1) where.....</p>	<p>“The Appellate Tribunal may admit, hear and dispose of the appeal in accordance with procedure laid down in sections 194A, 194B and 194C of the Customs Act, 1969 (IV of 1969) and rules made thereunder; and”</p> <p>Thereafter all sub-sections (3) to (13) shall be omitted.</p>
38(3)	<p>The Committee constituted under sub-section (2) shall examine the issue and may, if it deems necessary, conduct inquiry, seek expert opinion, direct any officer of Federal excise or any other person to conduct an audit and make recommendations within sixty days of its constitution, in respect of the resolution of the dispute as it may deem fit;</p> <p>Non existent;</p>	<p>Sub-section has been substituted as under:</p> <p>The committee constituted under sub-section (2) shall examine the issue and may if it deems fit, conduct inquiry, seek expert opinion, direct any officer of the sales tax or any other person to conduct an audit and shall make recommendation in respect of the dispute. If the committee fails to make recommendations within the said period the Board shall dissolve the committee and constitute a new committee which shall decide the matter within a further period of ninety days. If after the expiry of that period the dispute is not resolved the matter shall be taken up by the appropriate forum for decision.</p>
44A	<p>Non existent;</p>	<p><b>Delayed refund—</b></p> <p>Where a refund due under section 44 is not made within the time specified in this behalf, there shall be paid to the claimant, in addition to the amount of refund due to him, a further sum equal to KIBOR per annum of the amount of refund due, from the date following the expiry of the time specified as aforesaid, to the day preceding the day of payment of refund;</p> <p>Provided that where there is reason to believe that a person has claimed the refund which is not admissible to him, he shall not be entitled to additional amount unless the investigation of his claim is completed.</p>

## FIRST SCHEDULE

Various amendments have been made as under:

**TABLE-1**

8.	Cigars, cheroots, cigarillos and cigarettes of tobacco or of tobacco substitutes.  Duty: 63% of retail price.	Cigars, cheroots, cigarillos and cigarettes of tobacco or of tobacco substitutes.  Duty: Now the rate of duty has been enhanced to 64% of retail price.
9.	Locally produced cigarettes if their retail price exceeds sixteen rupees per ten cigarettes.  Duty: 63% of retail price.	Locally produced cigarettes if their retail price exceeds nineteen rupees and fifty paise per ten cigarettes.  Duty: Now the rate of duty has been enhanced to 64% of retail price.
10.	Locally produced cigarettes if their retail price exceeds seven rupees and forty three paise per ten cigarettes but does not exceed sixteen rupees per ten cigarettes.  Duty: Three Rupees and seven paise per ten cigarettes plus 69% per incremental rupee or part thereof.	Locally produced cigarettes if their retail price exceeds ten rupees per ten cigarettes but does not exceed nineteen rupees and fifty paise per ten cigarettes.  Duty: Now the rate of duty has been enhanced to four rupees and seventy-five paise per ten cigarettes plus seventy percent per incremental rupee or part thereof.
11.	Locally produced cigarettes if their retail price does not exceed seven rupees and forty three paise per ten cigarettes.  Duty: Three Rupees and seven paise per ten cigarettes.	Locally produced cigarettes if their retail price does not exceed ten rupees per ten cigarettes.  Duty: Now the rate of duty has been enhanced to rupees four and seventy-five paise per ten cigarettes.
12.	Cigarettes manufactured by a manufacturer who remains engaged on and after the 10 <sup>th</sup> June, 1994, either directly or through any other arrangement, if the manufacture of any brand of cigarette in non-tariff area.  Duty: 63% of retail price.	Cigarettes manufactured by a manufacturer who remains engaged on and after the 10 <sup>th</sup> June, 1994, either directly or through any other arrangement, if the manufacture of any brand of cigarette in non-tariff area.  Duty: Now the rate of duty has been enhanced to 64% of retail price.
13.	Portland cement, aluminous cement, slag cement, super sulphate cement and similar hydraulic cements, whether or not coloured or in the form of clinkers.  Duty: Nine hundred rupees per metric ton.	Portland cement, aluminous cement, slag cement, super sulphate cement and similar hydraulic cements, whether or not coloured or in the form of clinkers.  Duty: Now the rate of duty has been decreased to seven hundred rupees per metric ton.

**TABLE-II (EXCISABLE SERVICES)**

2A.	Non-existence	Advertisements in newspapers and periodicals (excluding classified advertisements), and on hoarding boards, pole signs and sign boards. - 9802.4000 and 9802.9000 - sixteen per cent of the charges
6.	Telecommunication services  Duty: 21% of the charges.	Telecommunication services  Duty: Now the rate of duty has been reduced to 19.5% of the charges.
7.	Insurance policies in respect of:  i. Goods insurance ii. Fire insurance iii. Theft insurance iv. Marine insurance v. Other insurance  Duty: 10% of the gross premium paid.	Insurance policies in respect of:  i. Goods insurance ii. Fire insurance iii. Theft insurance iv. Marine insurance v. Other insurance  Duty: Now the rate of duty has been enhanced to 16% of the gross premium paid.
13.	Non-existent	Services provided or rendered by stockbrokers.  Duty: 16% of the charges.
14.	Non-existent	Services provided or rendered by port and terminal operators in relation to imports excluding stevedoring services.  Duty: 16% of the charges.



**LIST OF SROs (EXCISE)**

<b>SRO NO.</b>	<b>DATE</b>	<b>BRIEF</b>
474(I)/2009	13.06.2009	Item instead in the SRO are exempt from levy of Federal Excise Duty i.e. PCT Heading 87.03, Viscose staple fibre, and services provided or rendered by banking companies and non-banking financial companies in respect of Hajj and Umrah, cheque book, insurance, Musharika and Modarba financing and utility bill collection. This SRO effected from 14.06.2009.
475(I)/2009	13.06.2009	There has been amendment in Federal Excise Rule, 2005 in rule No. 02, 40, 48, 43, and there is newly added rule 43B has been inserted regarding special procedure for services provided Port Operator and Terminal Operator in relation to imports. This SRO effected from 01.07.2009.
478(I)/2009	13.06.2009	Table given in SRO 550(I)/ 2006 regarding Application of the provision in Federal Excise Act, 2005, The new table has been covering item under chapters No. 98.02 (Advertisement), 9803.1000 (Services provided or rendered in respect of travel by air of passengers within territorial limits of Pakistan), 9804.100 (Carriage of goods by air), 9805.1000 (shipping agents), 98.12 (Telecommunication services), 98.13 (Services provided or rendered by banking companies and non-banking financial companies), 98.13 (Services provided by insurance companies), 9819.1000 (Services provided or rendered by stockbrokers) and 9819.9090 (Services provided or rendered by port and terminal operators) This SRO effected from 01.07.2009.

## CUSTOMS ACT, 1969

SECTION	PRESENT POSITION UPTO 30 <sup>TH</sup> JUNE, 2009	AMENDMENT THROUGH FINANCE ORDINANCE'2009
2(c)	<i>Non Existent</i>	“ <b>KIBOR</b> ” means Karachi Inter Bank Offered Rate applicable on the first day of each quarter of the financial year.
15	Prohibitions---No goods specified in the following clauses shall be brought into or taken out of Pakistan, namely.....	A proviso has been proposed to be added in the section as under:  “ <b>Provided that offences relating to goods imported or exported in violation of intellectual property rights shall, notwithstanding any thing in any other law, be adjudicated by appropriate officer of customs</b> ”
21A	<b>Power to defer collection of customs-duty.</b> (2) Where deferment of customs-duties is allowed by the Board under sub-section (1), a surcharge not exceeding 14% per annum shall also be payable on the deferred amount from such date and in the manner as the Board may by rules prescribe.	It has been proposed sur-charge not exceeding at rate “KIBOR plus three”
25A	<b>Power to determine the custom value.</b> (1) Notwithstanding the provisions contained in section 25, the Collector of Customs on his own motion, or the Director of Customs Valuation on a reference made to him by any person, may determine the customs value of any goods or category of goods imported into or exported out of Pakistan, after following the methods laid down in section 25, which is applicable.	A proviso has been proposed to be added in the section as under:  <b>Power to determine the custom value.</b> (1) Notwithstanding the provisions contained in section 25, the Collector of Customs on his own motion, or the Director of Customs Valuation <b>on his own motion or including an officer of Customs</b> may determine the customs value of any goods or category of goods imported into or exported out of Pakistan, after following the methods laid down in section 25, which is applicable.

31A	<p>Effective rate of duty.— (1) Notwithstanding anything contained in any other law for the time being in force or any decision of any Court, for the purposes of sections 30A and 31, the rate of duty applicable to any goods shall include any amount of duty imposed under section 18.</p>	<p>The section 18A, 18C, and 18D have also been inserted in the proposed amendment, the amended provision reads as under:</p> <p>Effective rate of duty.— (1) Notwithstanding anything contained in any other law for the time being in force or any decision of any Court, for the purposes of sections 30 and 31, the rate of duty applicable to any goods shall include any amount of duty imposed under section 18, 18A, 18C, and 18D.....</p>
32(c)	<p>[Untrue] statement, error, etc.--</p>	<p>New sub-clause proposed to be added namely:</p> <p>(c) submits any declaration electronically through automated clearan system regarding any matter of customs.</p>
33	<p>Refund to be claimed within [one year].—</p>	<p>A proviso has been proposed to be added as under:</p> <p>“Provided that no refund shall be allowed under this section if the sanctioning authority is satisfied that incidence of customs duty and other levies has been passed on to the buyer or consumer”.</p> <p>The amendment is in the line of section <b>3B</b> and section <b>11</b> of the Sales Tax Act, 1990, and Federal Excise Act, 2005, respectively.</p>
44	<p><b>Delivery of import manifest in respect of a conveyance other than vessel.</b>—The person-in-charge of a conveyance other than a vessel shall, within twenty-four hours after arrival thereof at a land customs-station or customs-airport, as the case may be, deliver an import manifest to the appropriate officer.</p>	<p>Proposed amended provision is as under:</p> <p><b>Delivery of import manifest in respect of a conveyance other than vessel.</b>—The person-in-charge of a conveyance other than a vessel shall, <b>before arrival or</b> within twenty-four hours after arrival thereof at a land customs-station or customs-airport, as the case may be, deliver <b>or file electronically</b> an import manifest to the appropriate officer.</p>

83	<p><b>Clearance for homeconsumption.---</b></p> <p>(2) Where the owner fails to pay import duty and other charges within [ten] days from the date on which the same have been assessed under sections 80, 80A or 81, he shall be liable to pay surcharge at the rate of fourteen per cent per annum on import duty and other charges payable on such goods.</p>	<p>Proposed amended provision is as under:</p> <p><b>Clearance for homeconsumption.---</b></p> <p>(2) Where the owner fails to pay import duty and other charges within [ten] days from the date on which the same have been assessed under sections <b>80, 81</b>, he shall be liable to pay surcharge at the rate of <b>KI-BOR plus three</b> per annum on import duty and other charges payable on such goods.</p>
155F	<p><b>Cancellation of registration of registered users.—</b></p> <p>[Provided that the Collector of Customs may, in exceptional circumstances, after recording reasons in writing and after hearing the aggrieved person, suspend the use of unique user identifier of any person forthwith on receipt of any complaint or information about violation of the Customs Act, 1969]</p>	<p>In the proviso,</p> <p><b>“and after hearing the aggrieved person”</b> proposed to be omitted and thereafter new proviso has been added, the amended position is as under:</p> <p>[Provided that the Collector of Customs may, in exceptional circumstances, after recording reasons in writing, suspend the use of unique user identifier of any person forthwith on receipt of any complaint or information about violation of the Customs Act, 1969]</p> <p><b>“Provided further that the Collector of Customs shall, after giving opportunity of hearing, pass an order confirming suspension or otherwise the use of Unique User Identifier.”</b></p>
179(3)	<p>The cases shall be decided within [one hundred and twenty] days of receipt of the contravention report or within such period extended by the Collector for which reasons shall be recorded in writing, but such extended period shall in no case exceed ninety days.</p>	<p>The word issuance of show cause notice shall be substituted and the time period for extension has been reduced to sixty days and new proviso has been inserted. The amended position stands as under:</p> <p>The cases shall be decided within [one hundred and twenty] days of <b>issuance of show cause notice</b> or within such period extended by the Collector for which reasons shall be recorded in writing, but such extended period shall in no case exceed <b>sixty days</b>.</p>

		<p>“Provided that any period during which the proceedings are adjourned on the request of taxpayer or postponed due to any appeal or proceedings or stay order, remand or alternative dispute resolution proceedings or for any other reason, shall be excluded from the computation of these periods”.</p> <p>The proposed amendment meets end of justice whereby in special circumstances the adjudicating officer can afford proper opportunity have been heard to the aggrieved person without fear of approaching time bard limit for passing an Order.</p>
193-A	<p><b>Procedure in appeal.--- (Collector Appeals)</b></p> <p>(3) The Collector (Appeals) may, after making such further inquiry as may be necessary pass an order, within ninety days from the date of filing of appeal or within such extended period as the Collector (Appeals) may for reasons to be recorded in writing, extend, confirm, modify or annual the decision or order appealed against:</p>	<p>The time period for extension has been reduced to sixty days and new proviso has been inserted. The amended position stands as under:</p> <p>The cases shall be decided within [one hundred and twenty] days of <b>issuance of show cause notice</b> or within such period extended by the Collector for which reasons shall be recorded in writing, but such extended period shall in no case exceed <b>sixty days</b>.</p> <p>“Provided that any period during which the proceedings are adjourned on the request of taxpayer or postponed due to any appeal or proceedings or stay order, remand or alternative dispute resolution proceedings or for any other reason, shall be excluded from the computation of these periods”.</p> <p>The proposed amendment meets end of justice whereby in special circumstances the adjudicating officer can afford proper opportunity have been heard to the aggrieved person without fear of approaching time bard limit for passing an Order.</p> <p>(3) The Collector (Appeals) may, after making such further inquiry as may be necessary pass an order, within <b>one hundred and twenty</b> such further inquiry as may be necessary pass an order, within <b>sixty</b> days from the date of filing of appeal or within such extended period as the Collector (Appeals) may for reasons to be recorded in writing, extend, modify or annual the decision or order appealed against:</p>

		<p>Provided that such extended period shall not exceed ninety days unless the Board further extends at any time during the pendency of appeal.</p> <p><b>Provided also that any period during which the hearing of any appeal is adjourned at the request of the appellant or is postponed due to any appeal or proceedings or for any other reason, shall be excluded in the computation of the aforementioned period.</b></p>
194-B	<p><b>Appellate Tribunal.---</b>  <b>Orders of Appellate Tribunal.---</b>  The Appellate Tribunal may after giving the parties to the appeal an opportunity of being heard, pass such orders thereon as it thinks fit confirming modifying or annulling the decision or order appealed against. The Appellate Tribunal may record additional evidence and decide the case but shall not remand the case for recording the additional evidence:</p> <p>Provided that the appeal shall be decided within sixty days of filing the appeal or within such extended period as the Tribunal may, for reasons to be recorded in writing, fix:</p> <p>Provided further that such extended period shall in no case exceed ninety days.</p>	<p>The amended proviso is as under:</p> <p>The Appellate Tribunal may after giving the parties to the appeal an opportunity of being heard, pass such orders thereon as it thinks fit confirming modifying or annulling the decision or order appealed against. The Appellate Tribunal may record additional evidence and decided the case but shall not remand the case for recording the additional evidence:</p> <p>Provided that the appeal shall be decided within sixty days of filing the appeal or within such extended period <b>of not more than a period of ninety days</b> as the Tribunal may, for reasons to be recorded in writing, fix:</p> <p><b>Provided further that Appellate Tribunal shall not pass any order to suspend recovery of any amount of duty and taxes without providing opportunity of being heard to the respondents and the period of the stay shall not exceed one hundred and eighty days in aggregate”.</b></p>
194-C	<p><b>Procedure of Appellate Tribunal.---</b></p>	<p>Through this amendment the power of Bench sitting singly to decide case involving duty, tax, penalty or fine not exceeding Rs Rupees ten million, meaning thereby, limit of amount for hearing the case by single Bench enhance to Rupees Ten millionn. This is in line with power comferred by section 46(b) of the Sales Tax Act, 1990. The proposed amended provision is reproduced below:</p>

	<p>(3) Every appeal against a decision or order [deciding a case involving duty, tax, penalty or fine exceeding five million rupees] shall be heard by a Special Bench constituted by the Chairman such appeals and such Bench shall consist of not less than two members and shall include at least one judicial member and one technical member:</p> <p>Provided that the Chairman may, for reasons to be recorded in writing, constitute Benches including special Benches consisting of—</p> <p>(a) two or more technical members; or</p> <p>(b) two or more judicial members:</p> <p>Provided further that any Bench referred to in clause (a) shall not hear the matters involving question of law.</p>	<p>(3) Every appeal against a decision or order [deciding a case involving duty, tax, penalty or fine exceeding <b>ten</b> million rupees] shall be heard by a Special Bench shall consist of not less than two members and shall include at least one judicial member and one technical member:</p> <p>Omitted</p> <p>The omission of first and second provisos is to undo decision of the Honourable High Court, Sindh, Karachi, in reported judgment as 2009 PTD 266 (HC, Karachi) whereby it was held at member technical is not competent to adjudicate upon question of law.</p> <p>After the omission of the provisos, no more ambiguity exists.</p>
195-C	<p><b>[Alternative] Dispute Resolution.—</b></p> <p>(1) Notwithstanding anything in this Act, or the rules made there under, any aggrieved person, in connection with any dispute pertaining to liability of customs-duty, admissibility of refund or rebate, waiver or fixation of penalty or fine, confiscation of goods, relaxation of any time period or procedural and technical condition which is under litigation in any Court of law or an Appellate Authority, except in the cases where first information reports (FIRs) have been lodged or criminal proceedings have been initiated or where interpretation of question of law having larger revenue impact in the opinion of the Board is involved, may apply to the Board for the appointment of a Committee for the resolution of dispute in appeal.</p>	<p>The amended proviso is as under:</p> <p>(1) Notwithstanding anything in this Act, or the rules made there under, any aggrieved person, in connection with any dispute pertaining to liability of customs-duty, admissibility of refund or rebate, waiver or fixation of penalty or fine, confiscation of goods, relaxation of any time period or procedural and technical condition which is under litigation in any Court of law or an Appellate Authority, except in the cases where first information reports (FIRs) have been lodged or criminal proceedings have been initiated or where interpretation of question of law having larger revenue impact in the opinion of the Board is involved, may apply to the Board for the appointment of a Committee for the resolution of dispute in appeal.</p>

<p>(2) Subject to the provision of sub-section (1), the Board, after examination of the application of an aggrieved person, may appoint a committee, within thirty days of receipt of such application, consisting of an officer of customs and two persons from a notified panel of retired District and Session Judge and retired Judges of High Court or Chartered or Cost Accountants, Advocates, Tax consultants or reputable taxpayers for the resolution of dispute in appeal.</p> <p>(3) The committee constituted under sub-section (2) shall examine the issue and may, if it deems necessary, conduct inquiry, seek expert opinion, direct any officer of customs or any other person to conduct an audit and make recommendations resolution of dispute as it may deem fit:</p> <p>Provided that the period of sixty days stipulated for making the recommendations may be extended by the Board for another sixty days on specific request of the committee.</p> <p>(4) The Board may, on the recommendation of the committee, pass such order, as it may deem appropriate.</p> <p>(4A) Notwithstanding anything contained in sub-section (4), the Chairman and a member nominated by him may, on the writing and on being satisfied that there is an error in the order or decision, pass such order as may be deemed just and equitable.</p> <p>(5) The aggrieved person may make the payment of customs duty and other taxes as determined [if any] by the Board in its order under sub-section (4) and all decisions, orders and Judgment made or passed shall stand modified to that extent and all proceedings under this Act or the rules made thereunder by any authority shall abate:</p>	<p>(2) Subject to the provision of sub-section (1), the Board, after examination of the application of an aggrieved person, may appoint a committee, within <b>sixty</b> days of receipt of such application, consisting of an officer of customs and two persons from a notified panel of retired District and Session Judge and retired Judges of High Court or Chartered or Cost Accountants, Advocates, Tax consultants or reputable taxpayers for the resolution of dispute in appeal.</p> <p>(3) The committee constituted under sub-section (2) shall examine the issue and may, if it deems necessary, conduct inquiry, seek expert opinion, direct any officer of customs or any other person to conduct an audit and make recommendations resolution of dispute as it may deem fit.</p> <p>Provided that the period of <b>ninety</b> days stipulated for making the recommendations may be extended by the Board for another sixty days on specific request of the committee.</p> <p><b>(3A) If the Committee constituted under sub-section (2) fails to make recommendations with in the stipulated period under (3), the Board may dissolve the committee and constitute a new committee.</b></p> <p>(4) The Board may, on the recommendation of the committee, pass such order, as it may deem appropriate, “within forty-five days of the receipt of recommendations of the committee”.</p> <p>(4A) Notwithstanding anything contained in sub-section (4), the Chairman and a member nominated by him may, on the writing and on being satisfied that there is an error in the order or decision, pass such order as may be deemed just and equitable.</p> <p>(5) The aggrieved person may make the payment of customs duty and other taxes as determined [if any] by the Board in its order under sub-section (4) and all decisions, orders and Judgment made or passed shall stand modified to that extent and all proceedings under this Act or the rules made thereunder by any authority shall abate:</p>
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	<p>Provided that, in case the matter is already sub-judice before any authority or tribunal or the court, an agreement made between the aggrieved person and the Board in the light of recommendations of the committee shall be submitted before that authority, tribunal or the court for consideration and order as deemed appropriate.</p> <p><b><u>Punishment for offensive</u></b></p> <p>If the owner or any other person fraudulently concealed in or attempted to remove the goods from bonded area of port shall be liable to pay penalty.</p>	<p>Provided that, in case the matter is already sub-judice before any authority or tribunal or the court, an agreement made between the aggrieved person and the Board in the light of recommendations of the committee shall be submitted before that authority, tribunal or the court for consideration and order as deemed appropriate.</p> <p><b><u>Punishment for offensive</u></b></p> <p>If the owner or any other person fraudulently concealed in or attempted to remove the goods from bonded area of port shall be liable to pay penalty.</p>
202A	<p><b>Levy of surcharge.-</b></p> <p>Notwithstanding anything contained in this Act and without prejudice to any other action that may be taken thereunder, if any person fails to pay the arrears within the prescribed time, he shall, in addition to the arrears, be liable to pay surcharge at the rate of one and a half per cent per month, of the total amount of arrears.</p>	<p>A proviso has been proposed to be added in the section as under:</p> <p>Notwithstanding anything contained in this Act and without prejudice to any other action that may be taken thereunder, if any person fails to pay the arrears within the prescribed time, he shall, in addition to the arrears, be liable to pay surcharge at the rate of <b>KIBOR plus three per cent per annum</b>, of the total amount of arrears.</p>

**LIST OF SROs (CUSTOMS)**

SRO NO.	DATE	BRIEF																		
553(I)/2009	11-06-08	SRO. 947(I)/2007, dated the 12 <sup>th</sup> September, 2007, SRO. 1172(I)/2007, dated the 5 <sup>th</sup> December 2007 have been rescinded, affected from 12-06-2009.																		
554(I)/2009	11-06-08	Amendment in notification SRO. 575(I)/2006, dated 05.06.2006.																		
555(I)/2009	11-06-08	Procedure to release the financial securities in respect of imports of goods by WAPDA, KESC under various concessionary notify.																		
559(I)/2009	11-06-08	Concessionary custom duty on import of raw material for manufacturer having facility act (AJ&K)																		
560(I)/2009	11-06-08	<table><tr><td colspan="2">Table has been substituted namely,</td></tr><tr><td><b>Automotive vehicles meant for transport of persons.</b></td><td><b>Duty and taxes in US\$ or equivalent amount in Pak rupees</b></td></tr><tr><td>1. Upto 800CC (Asian makes only)</td><td>US\$4400</td></tr><tr><td>2. Upto 800CC (Other than Asian make)</td><td>US\$6600</td></tr><tr><td>3. from 801CC to 1000CC</td><td>US\$5500</td></tr><tr><td>4. from 1001CC to 1300CC</td><td>US\$11000</td></tr><tr><td>5. from 1301CC to 1500CC</td><td>US\$15400</td></tr><tr><td>6. from 1501CC to 1600CC</td><td>US\$18700</td></tr><tr><td>7. from 1601CC to 1800CC (Asian makes only, but excluding jeeps)</td><td>US\$23100</td></tr></table> <p>Effective from 12<sup>th</sup> June, 2009.</p>	Table has been substituted namely,		<b>Automotive vehicles meant for transport of persons.</b>	<b>Duty and taxes in US\$ or equivalent amount in Pak rupees</b>	1. Upto 800CC (Asian makes only)	US\$4400	2. Upto 800CC (Other than Asian make)	US\$6600	3. from 801CC to 1000CC	US\$5500	4. from 1001CC to 1300CC	US\$11000	5. from 1301CC to 1500CC	US\$15400	6. from 1501CC to 1600CC	US\$18700	7. from 1601CC to 1800CC (Asian makes only, but excluding jeeps)	US\$23100
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<b>Automotive vehicles meant for transport of persons.</b>	<b>Duty and taxes in US\$ or equivalent amount in Pak rupees</b>																			
1. Upto 800CC (Asian makes only)	US\$4400																			
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7. from 1601CC to 1800CC (Asian makes only, but excluding jeeps)	US\$23100																			
561(I)/2009	11-06-08	Tariff Based System (TBS) Notification SRO 693(I)/2006, dated 1 <sup>st</sup> July, 2006, regarding levy of additional Custom Duty, has been further modified.																		
562(I)/2009	11-06-08	Amendment in SRO655(I)/2006, dated 22.06.2006.																		
563(I)/2009	11-06-08	Amendment in SRO656(I)/2009, dated 22.06.2009.																		
564(I)/2009	11-06-08	The concessionary notification No. SRO565(I)/2006, dated 05.06.2006 has been further modified under which certain new products have been intruded and the condition of local content i.e. “as are not manufactured locally” has been abolished.																		
565(I)/2009	11-06-08	The general exemption SRO567(I)/2006, dated 05.06.2006 has been further modified vide SRO565(I)/2009 with the view duly on a member of new items have been either reduced or exempted. Similarly Customs Duty on materials used in the manufacturing of drugs has been further reduced to 5% and on live saving has been abolished.																		
568(I)/2009	11-06-08	Relief for vehicles imported in violation of import policy for which IGM had been filed on or before 31.05.2009 and smuggle vehicle other than having tempered engine or chases Numbers had been ceased before 31.05.2009.																		