

SALIENT FEATURES BUDGET 2011-12

SALES TAX ACT, 1990

The amendments are applicable from July 01, 2011 specified otherwise.

- Reduction in the rate of sales tax from 17% to 16%, however, items subject to higher rate of sales tax remain unchanged.
- Adjustment of input tax allowable in the month of payment instead of 12 installments in case of acquisition of fixed assets.
- In case of black-listing of supplier, no input tax shall be allowed after or prior such black-listing.
- The action of Officer Inland Revenue can also be condoned in case of time barred.
- The supply of white crystalline sugar has been declared exempt.
- Zero per cent rate of sales tax facility in case of diapers, CNG buses, trucks, dumpers, trailers, and road tractors has been withdrawn.
- Exemption on as many as 21 items has been withdrawn.

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INCOME TAX

- Basic exemption limit is proposed to be enhance from Rs.300,000/- to 350,000/-.
- Individual taxpayer whose normal income is between Rs.300,000/- to Rs.350,000/- shall be required to file return of income.
- 100% tax credit on investment through 100% equity financing.
- The rate of tax deductible on cash withdrawal from bank is imposed to be reduced from 0.3% to 0.2%.
- Companies enlistment in Stock Exchange shall be entitle for tax credit to 15% as against existing 5%.
- Commercial and Industrial consumer of electricity with annual billing above Rs.1,000,000/- is proposed to file return of income.
- Dividend from Asset Management Company is proposed to be enhanced from 10% to 20%.
- Investment by non-resident in Government Securities subject to withholding tax on profit on debt at 10% is proposed to be final tax.
- Withholding tax on profit on debt deductible 10% in Government Securities by individual is proposed to be final tax.

- The 0.01% CVT on Modaraba Certificate and instrument of redeemable capital is proposed to be withdrawn.
- Wavier of debt by State Bank of Pakistan is proposed to be considered income from business.
- Threshold limit for filing of Wealth Statement has been proposed to enhance at Rs.1,000,000/- including members of AOP.
- Power of Appellate Tribunal in deciding appeal in case of default by any party proposed to restrict to extend of the exparte only.
- It is proposed that Appellate Tribunal sitting signally may dispose of case involve amount does not exceed Rs.1(Million).
- Deduction of tax on services u/s.153(1)(b) is proposed to be considered minimum tax liability in case of all person including company.
- Tax deducted on purchase of air ticket is proposed to be considered adjustable.

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FEDERAL EXCISE ACT, 2005

- Special excise duty has been proposed to withdraw.
- 8% FED has been levied on manufacturing of white crystalline sugar in sales tax mode.
- Time period for issuance of show cause notice u/s. 14 has been enhanced from 3 years to 5 years.
- FED on aerated water proposed to reduced from 12% to 6%.
- Duty on unmanufactured tobacco proposed to enhance from Rs. 5/kg to Rs. 10/kg.
- Duty on cement proposed to reduced from Rs. 700/MT to Rs. 500/MT.
- FED on services provided by cable TV operator has been proposed to withdraw.

CUSTOMS ACT, 1969

- Removal of Regulatory duty, particularly on edible items.
- Reduction of duty to 5% on pharmaceutical raw materials.
- Concession for butyl acetate industry through concession on import of its raw materials (Sabutol).
- Incentives for glass industry through concession on its two major raw materials namely “mirror backing paint” and “waste / scrap of glass.
- Incentive for CNG compressors manufacturing industry through concession on its 15 components.
- Concession in machinery and equipment to incentivize oil exploration companies.
- Concession on raw material of audio cassettes.
- Incentive for hi-tech car audio manufacturing industry through concession on import of mechanism for car audio system.
- Corrections in industrial SRO 565(I)/2006 to ensure expeditious clearance.
- Tariff rationalization on bars, rods and profiles of refined copper and copper alloy.
- Corrections in descriptions of PCT codes 2923.9010 and 2930.9060.

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- Creation of separate PCT codes for brass scrap and armoured cash carrying vehicle.
- Tariff correction to remove ambiguity in re-import scheme.
- It has been proposed to levy transit fee on goods in transit across Pakistan.

CAPITAL VALUE TAX

- Seeks to withdraw CVT on purchase of modaraba certificate, instrument of redeemable capital shares of a public company.