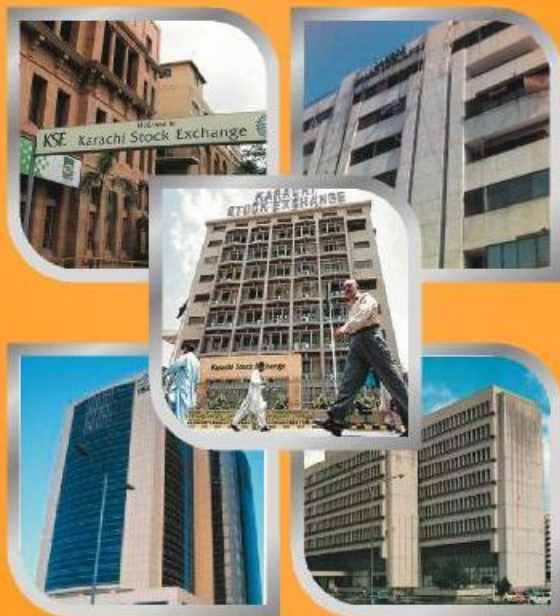


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Comments on Finance Bill 2012



HAROON ZAKARIA & COMPANY
CHARTERED ACCOUNTANTS

COMMENTS ON FINANCE BILL – 2012

The information contained in this booklet has been prepared on the basis of finance bill 2012 and is not intended to be advice on any particular matter. No person should act on the basis of any matter contained in this publication without seeking appropriate professional advice. The amendments proposed by this bill become effective from 01 July 2012 unless specified otherwise after having been enacted as Finance Act – 2012 with or without modification.

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HAROON ZAKARIA & COMPANY
CHARTERED ACCOUNTANTS

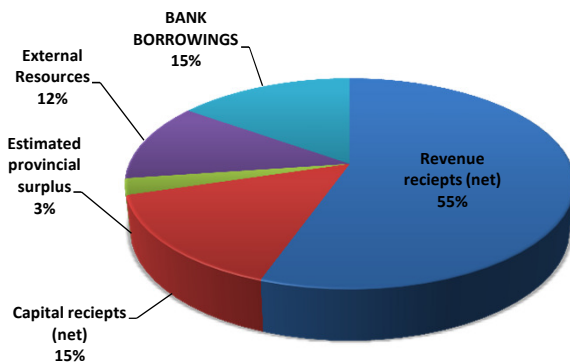
Dated: June 1, 2012

BUDGET 2012-13
AT A GLANCE

==== Rupees in Million ====

2011-12 **2012-13**
Revised

<u>RESOURCES</u>	2,170	2,719
Internal Resources	1,944	2,332
Revenue receipts (net)	1,328	1,775
Capital receipts (net)	525	477
Estimated provincial surplus	91	80
Deficit Financed by:	1,166	871
External Resources	226	387
Bank Borrowings	940	484

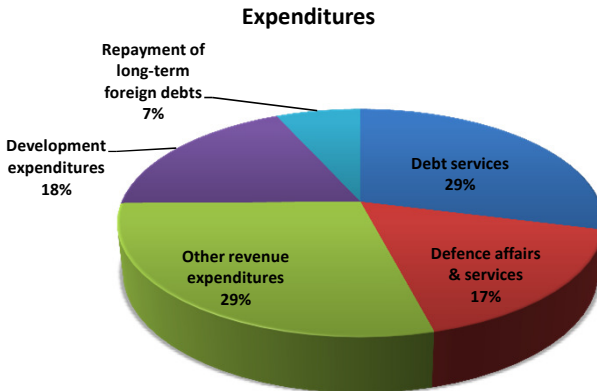


<u>EXPENDITURES</u>	3,110	3,203
Current expenditures	2,632	2,612
Development expenditures (PSDP)	478	591

<u>Tax Revenue</u>		
Direct tax	745	932
Indirect tax	1,280	1,572
Non tax revenue	512	730
	<hr/>	<hr/>
	2,537	3,234
Less: Provincial share	1,209	1,459
	<hr/>	<hr/>
	1,328	1,775

==== Rupees in Million ====

	<u>2011-12</u>	<u>2012-13</u>
	<u>Revised</u>	
<u>Revenue Receipts (Gross)</u>		
Direct Tax	745	932
Indirect tax		
Customs	215	248
Sales Tax	852	1,077
Federal Excise	140	125
Others	73	122
	<u>2,025</u>	<u>2,504</u>
<u>EXPENDITURES</u>		
Debt services	844	926
Defence affairs & services	510	545
Other revenue expenditures	1,141	925
	<u>2,495</u>	<u>2,396</u>
Development expenditures	478	591
Repayment of long-term foreign debts	137	216
	<u>3,110</u>	<u>3,203</u>



Finance Bill 2012

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Sales Tax	9 – 19
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SALIENT FEATURES BUDGET 2012-13

SALES TAX ACT, 1990

The amendments are applicable from July 1, 2012 specified otherwise.

- It has been proposed to reduce higher sales tax rate from 22% and 19.5% to 16%.
- Limitation period for issuance of show cause notice within three years from the relevant date in case of recovery of short / not levy of sales tax due to inadvertence, error or misconstruction been done away, now five years' time period has been fixed to issue show cause notice irrespective of nature of default.
- Supply against international tender has been proposed to exempt against earlier zero-rated sales tax.
- It has been proposed to withdraw exemption on supply of locally produced crude vegetable oil obtained from locally produced cotton seed.
- It has been proposed to reduce sales tax rate from 15% to 14% in case of solvent unit on import of rape-seed, sunflower seed and canola seed.
- It has been proposed to reduce sales tax rate from 7% to 6% on import of soybean seed in case of solvent unit.

SALIENT FEATURES

- It has been proposed to declare supply of remeltable scrap, sprinkler equipment, drip equipment, spray pumps and nozzles as exempt supply instead of zero-rated sales tax earlier.
- It has been proposed to declare supply of cotton seed oil at zero-rated sales tax if supply is made to registered manufacturer of vegetable ghee and cooking oil.
- SRO 103(I)/1995 & SRO 15(I)/2006, has been rescinded whereby value of supply in case of sulphate of potash (SOP) and muriate of potash (MOP) and Calcium Ammonium Nitrate (CAN) was fixed.
- It has been proposed to increase sales tax at Rs. 8/unit of electricity from Rs. 6/- per unit consumed for the production of steel billets, ingots and mild steel.
- Ship breaker shall pay sales tax at the rate of Rs. 6,700/MT as against Rs. 4,848/MT. Mode of payment of tax on supply has also been amended.
- It has been proposed to enhance value of supply of steel products to Rs. 54,264/MT USD 585/MT and Rs. 42,188/MT in case of billets supplied by Pakistan Steel Mills, imported billets and rerollable scrap supplied by ship breakers respectively.
- Minimum value addition at 10% in case of commercial importer has been done away.
- Amendment in fifth and sixth schedule with immediate effect.

INCOME TAX

The amendments are applicable from July 1, 2012 specified otherwise.

- It has been proposed to bring immovable property under definition of capital asset and its sale within two years liable to be capital gain tax @ 5% and 10% in case holding more than 12 months and less than 12 months respectively.
- It has been proposed levy of CVT on immovable property.
- It has been proposed that manufacturer shall deduct withholding tax @ 1% on supply made to distributors, dealers and wholesalers.
- Adhoc relief allowance in salaries and increase in pension of government employees @ 20%.
- It has been proposed to enhance statutory exemption limit to Rs. 400,000/- in case of individual and AOP.
- Tax rate card has been proposed to amend resulting reduction in tax liability in case of individual and AOP.
- Income tax rate @ 25% of taxable income in case of AOP has been done away and now AOP has been brought at par individual.
- Exemption certificate for reduced rate at 3% in case of import of raw material by industrial undertaking for its own consumption required to be obtained from concerned Commissioner Inland Revenue.

SALIENT FEATURES

- Finance Amendment Ordinance, 2012 has been included in purposed Finance Bill 2012.
- Minimum tax in case of retailer u/s. 113A has been proposed to reduce from 1% to 0.5%.
- The word “tax deducted” has been substituted with the word “tax deductible” wherever applicable. In similar way at import stage tax the word collected has been substituted with the word “tax required to be collected”.
- Importer, exporter and supplier subject to FTR may opt to be assessed under normal tax regime, subject to certain conditions and limitation.
- It has been proposed to adjust tax credit on investment against minimum and final tax liability.
- Compulsory revision of income tax return in case assessment order is amended.
- Initial depreciation in case of building has been proposed to reduce from 50% to 25%.
- The value of vehicle has been enhanced from 1.5 million to 2.5 million for the purpose of depreciation allowance.
- The amount of interest-free-loan not exceeding Rs. 500,000/- shall not be considered for the purpose of perquisites in the hand of employee.

- The limit of investment for the purpose of tax credit has been enhanced from 500,000 to 1,000,000 and minimum holding period has been reduced from 36 months to 24 months.
- Where a taxpayer maintains separate accounts of an expansion project or a new project, as the case may be, the taxpayer shall be allowed a tax credit equal to one hundred percent of the tax payable, including minimum tax and final taxes payable under any of the provisions of this Ordinance, attributable to such expansion project or new project.
- Limit of withholding tax on cash withdrawal by bank has been enhanced from Rs. 25,000/- to Rs. 50,000/-.

FEDERAL EXCISE ACT, 2005

The amendments are applicable from July 1, 2012 specified otherwise.

- Federal Excise Duty on cement has been proposed to reduce from Rs. 500 PMT to Rs. 400 PMT.
- Federal Excise Duty on manufacturing of cigarettes has been proposed to enhance, effective from June 2, 2012.
- Exemption to livestock insurance has been granted, effective from June 2, 2012.
- The retrospective exemption of FED has been granted on the services provided by Asset Management Companies w.e.f. 01.07.2007.
- Exemption has been granted to waste-paper, effective from June 2, 2012.
- Proposed enhancement in the rate of Federal Excise Duty on domestic as well as foreign travel and simplify the collection procedure on air travel from Pakistan.
- Elimination of FED on various goods comprising lubricating oil, sludge, sediment, base lube oil, perfume and toilet waters, beauty or makeup preparation pre shave, after shave and other perfumery, effective from June 2, 2012.

CUSTOMS ACT, 1969

The amendments are applicable from June 02, 2012 specified otherwise.

- It is proposed to reduce customs duty and taxes by 25% import of hybrid electric vehicle.
- It is proposed to reduce customs duty from 10% to 5% on as many as 88 pharmaceutical raw material and other input goods.
- Outlining the quasi-judicial and administrative functions at Collectorate level.
- Customs Duty on raw material and components of printing and stationery has been reduced.
- It is proposed to reduce customs duty from 25% and 20% to 10% on self-copy and self-adhesive papers.
- The maximum tariff of customs duty has been proposed to be slashed from 35% to 30%.
- Inclusion of some industrial raw material in the concessionary regime.
- Reduction of customs duty from 20% to 10% on scarp of rubber/ shredded tyres.
- Exemption and concession on import of plant and machinery for setting up industries and import of raw material for domestic

SALIENT FEATURES

industries, necessary notification vide SRO 565, 567 & 575 have been issued.

- The classification structure of Pakistan Customs Tariff has been aligned with WCO nomenclature.
- Rationalizing the Pakistan Customs Tariff in order to meet the requirements of modern technology.
- Introduction of facility of e-auction.
- Definition and scope of smuggling has been extended.
- The establishment and formation of new authorities has been introduced for better enforcement.
- Amendment in Customs Tariff with immediate effect.

SALES TAX

The amendments are applicable from July 01, 2012 specified otherwise.

SECTION	PRESENT POSITION AS ON 30 TH JUNE, 2012	PROPOSED AMENDMENT THROUGH FINANCE BILL 2012
11	<p>Assessment of Tax.—</p> <p>(1) Where a person who is required to file a tax return fails to file the return for a tax period by the due date or pays an amount which, for some miscalculation is less than the amount of tax actually payable, an officer of Inland Revenue shall, after a notice to show cause to such person, make an order for assessment of tax, including imposition of penalty and default surcharge in accordance with section 33 and 34:</p> <p>Provided that where a person required to file a tax return files the return after the due date and pays the amount of tax payable in accordance with the tax return along with default surcharge and penalty, the notice to show cause and the order of assessment shall abate.</p>	<p>Assessment of Tax and recovery of tax not levied or short-levied or erroneously refunded.—</p> <p>(1) Where a person who is required to file a tax return fails to file the return for a tax period by the due date or pays an amount which, for some miscalculation is less than the amount of tax actually payable, an Officer of Inland Revenue shall, after a notice to show cause to such person, make an order for assessment of tax, including imposition of penalty and default surcharge in accordance with section 33 and 34:</p> <p>Provided that where a person required to file a tax return files the return after the due date and pays the amount of tax payable in accordance with the tax return along with default surcharge and penalty, the notice to show cause and the order of assessment shall abate.</p>

<p>(2) Where a person has not paid the tax due on supplies made by him or has made short payment or has claimed input tax credit or refund which is not admissible under this Act for reasons other than those specified in sub-section (1), an officer of Inland Revenue shall make an assessment of sales tax actually payable by that person or determine the amount of tax credit or tax refund which he has unlawfully claimed and shall impose a penalty and charge default surcharge in accordance with section 33 and 34.</p> <p>(3) (* * *)</p>	<p>(2) Where a person has not paid the tax due on supplies made by him or has made short payment or has claimed input tax credit or refund which is not admissible under this Act for reasons other than those specified in sub-section (1), an Officer of Inland Revenue shall, after a notice to show cause to such person, make an order for assessment of tax actually payable by that person or determine the amount of tax credit or tax refund which he has unlawfully claimed and shall impose a penalty and charge default surcharge in accordance with section 33 and 34.</p> <p>(3) Where by reason of some collusion or a deliberate act any tax or charge has not been levied or made or has been short-levied or has been erroneously refunded, the person liable to pay any amount of tax or charge or the amount of refund erroneously made shall be served with a notice requiring him to show cause for payment of the amount specified in the notice.</p>
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<p>(4) No order under this section shall be made by an officer of Inland Revenue 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: 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 Commissioner may, for reasons to be recorded in writing, fix provided that such extended period shall in no case exceed sixty days: 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 period specified in the first proviso.</p>	<p>(4) Where, by reason of any inadvertence, error or misconstruction, any tax or charge has not been levied or made or has been short-levied or has been erroneously refunded, the person liable to pay the amount of tax or charge or the amount of refund erroneously made shall be served with a notice requiring him to show cause for payment of the amount specified in the notice: Provided that, where a tax or charge has not been levied under this sub-section, the amount of tax shall be recovered as tax fraction of the value of supply.</p>
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<p>(5) Notwithstanding anything in sub-section (1), where a registered person fails to file a return, an officer of Inland Revenue, not below the rank of Assistant Commissioner, shall subject to such conditions as specified by the Central Board of Revenue, determine the minimum tax liability of the registered person</p>	<p>(5) No order under this section shall be made by an Officer of Inland Revenue unless a notice to show cause is given within five years, of the relevant date, 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 one hundred and twenty days of issuance of show cause notice or within such extended period as the Commissioner may, for reasons to be recorded in writing, fix provided that such extended period shall in no case exceed ninety days:</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 sixty days shall be excluded from the computation of the period specified in the first proviso.</p>
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		<p>(6) Notwithstanding anything in sub-section (1), where a registered person fails to file a return, an officer of Inland Revenue not below the rank of Assistant Commissioner shall subject to such conditions as specified by the Federal Board of Revenue, determine the minimum tax liability of the registered person.</p> <p>(7) For the purpose of this section, the expression "relevant date" means--</p> <p>(a) the time of payment of tax or charge as provided under section 6; and</p> <p>(b) in a case where tax or charge has been erroneously refunded, the date of its refund. ;</p> <p><i>There has always been confusion to issue show cause notice in case of recovery of tax i.e. Section 11 and 36 of the Sales Tax Act, 1990, now in order to have one Section to issue show cause notice in case of recovery, the Section 11 has been substituted and Section 36 has been omitted, all provisions of Section 36 have been inserted in proposed amended Section 11 except the time limit of five years has been fixed as against three years available in omitted Section 36 in case of inadvertence error or misconstruction.</i></p>
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36	Recovery of tax not levied or short-levied or erroneously refunded.--	<i>Proposed to be omitted.</i>
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Fifth Schedule:

	Supply against international tenders subject to zero-rated	<i>Proposed to be omitted.</i>
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Sixth Schedule:**Table-I:**

1	Live Animal and live poultry 0101.1000, 0101.9000, 0102.1010, 0102.1020, 0102.1030, 0102.1040, 0102.1090, 0102.9010, 0102.9020, 0102.9030, 0102.9040, 0102.9090, 0104.1000, 0104.2000, 0105.1100, 0105.1200, 0105.1900, 0105.9400, 0105.9900, 0106.1100, 0106.1200, 0106.1900, 0106.2000, 0106.3110, 0106.3190, 0106.3200, 0106.3900 and 0106.9000	0101.2100, 0101.3100, 0101.9000, 0102.1010, 0102.2110, 0102.2120, 0102.2130, 0102.2190, 0102.3900, 0102.2910, 0102.2920, 0102.2930, 0102.2990, 0102.9000, 0104.1000, 0104.2000, 0105.1100, 0105.1200, 0105.1900, 0105.9400, 0105.9900, 0106.1100, 0106.1200, 0106.1900, 0106.2000, 0106.3110, 0106.3190, 0106.3200, 0106.3900 and 0106.9000
11	Eggs including eggs for hatching 0407.0010 and 0407.0090	0407.1100, 0407.1900, 0407.2100 and 0407.2900

15	<p>Edible fruits excluding imported fruits (except fruits imported from Afghanistan) whether fresh, frozen or otherwise preserved but excluding those bottled or canned</p> <p>0803.0000, 0804.1010, 0804.1020, 0804.2000, 0804.3000, 0804.4000, 0804.5010, 0804.5020, 0804.5030, 0805.1000, 0805.2010, 0805.2090, 0805.4000, 0805.5000, 0805.9000, 0806.1000, 0806.2000, 0807.1100, 0807.1900, 0807.2000, 0808.1000, 0808.2000, 0809.1000, 0809.2000, 0809.3000, 0809.4000, 0810.1000, 0810.2000, 0810.4000, 0810.5000, 0810.6000, 0810.9010, 0810.9090, 0811.1000, 0811.2000, 0811.9000, 0813.1000, 0813.2000, 0813.3000, 0813.4010, 0813.4020 and 0813.4090.</p>	<p>0803.0000, 0804.1010, 0804.1020, 0804.2000, 0804.3000, 0804.4000, 0804.5010, 0804.5020, 0804.5030, 0805.1000, 0805.2010, 0805.2090, 0805.4000, 0805.5000, 0805.9000, 0806.1000, 0806.2000, 0807.1100, 0807.1900, 0807.2000, 0808.1000, 0808.3000, 0808.4000, 0809.1000, 0809.2000, 0809.3000, 0809.4000, 0810.1000, 0810.2000, 0810.4000, 0810.5000, 0810.6000, 0810.9010, 0810.9090, 0811.1000, 0811.2000, 0811.9000, 0813.1000, 0813.2000, 0813.3000, 0813.4010, 0813.4020 and 0813.4090.</p>
16	<p>Red chillies excluding those sold in retail packing bearing brand names and trademarks.</p> <p>0904.2010 and 0904.2020</p>	<p>0904.2110 and 0904.2210</p>
31	<p>Holy Quran, complete or in parts, with or without translation; Quranic Verses recorded on any analogue or digital media; other Holy books</p> <p>4901.9910, 8523.2100, 8523.2910, 8523.2990, 8523.4010, 8523.4030, 8523.4090, 8523.5100, 8523.5200, 8523.5910, 8523.5990, 8523.8010, 8523.8020 and 8523.8090</p>	<p>4901.9910, 8523.2100, 8523.2910, 8523.2990, 8523.4910, 8523.4920, 8523.4190, 8523.5100, 8523.5200, 8523.5910, 8523.5990, 8523.8010, 8523.8020 and 8523.8090</p>

Table-II:

2	Supply of locally produced crude vegetable oil obtained from the locally produced seeds, except cooking oil, without having undergone any process except the process of washing.	<p><i>It has been proposed to take away exemption in case of crude vegetable oil obtained from cotton seed, accordingly, the description has been proposed to be amended as under:</i></p> <p>Supply of locally produced crude vegetable oil obtained from the locally produced seeds other than cotton seed, except cooking oil, without having undergone any process except the process of washing.</p>
12	<i>Non-existent</i>	<p>Supplies against Respective headings. international tender</p> <p><i>Earlier supply against international tender was subject to zero-rated under Fifth Schedule, now it has been proposed to declare exempt supply.</i></p>

NOTIFICATIONS

The following SROs have been notified dated: June 1, 2012 effective from June 2, 2012; specified otherwise.

SRO	Brief						
589(I)/2012	Through this SRO, various sales tax rules in Sales Tax Rules, 2006 have been amended.						
590(I)/2012	Through this SRO, minimum value addition in case of commercial importer has been done away.						
591(I)/2012	Through this SRO, amendment has been in original SRO 811(I)/2009, dated: 19.09.2009, whereby items mentioned were declared zero-rated sales tax declared as exempt u/s. 13 of the Sales Tax Act, 1990, which is related to greenhouse farming.						
592(I)/2012	Through this SRO, Special procedure for payment of sales tax by; <ul style="list-style-type: none"> i) steel-melters, rerollers and ship breakers, have been amended whereby 58F, 58G, 58H, 58Ha, 58I, 58J, 58K, 58L, 58M, 58MA, 58MB, substituted. ii) commercial importers whereby Rule 58E, stands omitted, now importers paying value added tax are subjected to audit. 						
593(I)/2012	In original SRO 1125(I)/2011, dated: 21.12.2011, whereby certain items declared zero-rated, through this SRO, items mentioned in S. No. 2, the item "Monofilament of more than 67 decitex" shall be inserted instead of "monofilament".						
594(I)/2012	Through this SRO, the following SROs have been rescinded: <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 50%;">555(I)/1996 dated: 01.07.1996</td> <td style="width: 50%;">Power of adjudication.</td> </tr> <tr> <td>849(I)/1997 dated: 25.09.1997</td> <td>Exemption on supply of imported raw material by manufacturer subject to minimum tax.</td> </tr> <tr> <td>103(I)/2005 dated: 03.02.2005</td> <td>Value of supply in case of sulphate of potash (SOP) and muriate of potash (MOP).</td> </tr> </tbody> </table>	555(I)/1996 dated: 01.07.1996	Power of adjudication.	849(I)/1997 dated: 25.09.1997	Exemption on supply of imported raw material by manufacturer subject to minimum tax.	103(I)/2005 dated: 03.02.2005	Value of supply in case of sulphate of potash (SOP) and muriate of potash (MOP).
555(I)/1996 dated: 01.07.1996	Power of adjudication.						
849(I)/1997 dated: 25.09.1997	Exemption on supply of imported raw material by manufacturer subject to minimum tax.						
103(I)/2005 dated: 03.02.2005	Value of supply in case of sulphate of potash (SOP) and muriate of potash (MOP).						

	15(I)/2006 dated: 06.01.2006	Related to value of supply fixed in case of Calcium Ammonium Nitrate (CAN).									
	644(I)/2007 dated: 27.06.2007	Levy of sales tax at higher rate at 22%.									
595(I)/2012	<p>This SRO is related to exemption originally given vide SRO 551(I)/2008, dated: 11.06.2008, the following proposed amendments shall be made:</p> <ul style="list-style-type: none"> - Raw material, sub-components, if imported against international tenders, has been omitted, however, supply against international tenders has been included under Sixth Schedule being exempt supply. - Further items have been included given exemption on certain conditions as under: <table border="1" style="margin-left: 20px;"> <tr> <td>30.</td> <td>Waste paper</td> <td>Supplies thereof.</td> </tr> <tr> <td>31.</td> <td>Remeltable scrap (PCT Heading 72.04)</td> <td>Import and supplies thereof.</td> </tr> <tr> <td>31.</td> <td>(i) Sprinkler equipment (ii) Drip equipment (iii) Spray pumps and nozzles</td> <td>Supplies thereof.</td> </tr> </table>		30.	Waste paper	Supplies thereof.	31.	Remeltable scrap (PCT Heading 72.04)	Import and supplies thereof.	31.	(i) Sprinkler equipment (ii) Drip equipment (iii) Spray pumps and nozzles	Supplies thereof.
30.	Waste paper	Supplies thereof.									
31.	Remeltable scrap (PCT Heading 72.04)	Import and supplies thereof.									
31.	(i) Sprinkler equipment (ii) Drip equipment (iii) Spray pumps and nozzles	Supplies thereof.									
596(I)/2012	<p>Sales tax drawback notified through SRO 308(I)/2008, dated: 24.03.2008 has been amended as per fixed value of sales tax in case of steel melter, steel re-roller as under:</p> <table border="1" style="margin-left: 20px;"> <tr> <td>1.</td> <td>Ingots or billets other than imported or of Pakistan Steel Mills or Peoples Steel Mills</td> <td>Rs. 7,349 per metric ton.</td> </tr> <tr> <td>2.</td> <td>Mild steel re-rolled products manufactured from ingots and billets other than imported or Pakistan Steel Mills or of People Steel Mills.</td> <td>Rs. 8,387 per metric ton.</td> </tr> </table>		1.	Ingots or billets other than imported or of Pakistan Steel Mills or Peoples Steel Mills	Rs. 7,349 per metric ton.	2.	Mild steel re-rolled products manufactured from ingots and billets other than imported or Pakistan Steel Mills or of People Steel Mills.	Rs. 8,387 per metric ton.			
1.	Ingots or billets other than imported or of Pakistan Steel Mills or Peoples Steel Mills	Rs. 7,349 per metric ton.									
2.	Mild steel re-rolled products manufactured from ingots and billets other than imported or Pakistan Steel Mills or of People Steel Mills.	Rs. 8,387 per metric ton.									

	3.	Mild steel re-rolled products manufactured from imported billets or billets of Pakistan Steel Mills or Peoples Steel Mills.	Rs. 9,651 per metric ton.
597(I)/2012		In case of supply of Billets and Ingots value was fixed at Rs. 55,000/MT and 50,000/MT respectively, now through this SRO the value of supply has been revised at Rs. 65,000/MT and Rs. 60,000/MT respectively, and further the value shall be considered minimum value.	
602(I)/2012		Zero-rated sales tax items notified originally through SRO 549(I)/2008, dated: 11.06.2008, through this SRO, the following amendments have been proposed: <ul style="list-style-type: none"> - Remeltable scrap PCT Heading 72.04 stands omitted. - Sprinkler equipment, drip equipment, spray pumps and nozzles shall be omitted. - Supply of cotton seed oil subject to registered manufacturer of vegetable ghee and cooking oil shall be inserted. 	
604(I)/2012		In case of solvent unit, whereby sales tax on soybean seed at import stage was 7% which has been proposed to reduce to 6%, therefore, earlier SRO 313(I)/2006, dated: 31.03.2006 stands amended.	
605(I)/2012		In case of solvent unit, whereby sales tax on rape-seed, sunflower seed and canola seed, at import stage was 15% which has been proposed to reduce to 14%, therefore, earlier SRO 69(I)/2006, dated: 28.01.2006 stands amended.	

INCOME TAX

The amendments are applicable from July 01, 2012 specified otherwise.

SECTION	PRESENT POSITION AS ON 30 TH JUNE, 2012	PROPOSED AMENDMENT THROUGH FINANCE BILL 2012
2(35AA)	<i>Non-existent</i>	<p><i>The new sub-section has been inserted namely;</i></p> <p>(35AA) —NCCPL means National Clearing Company of Pakistan Limited, which is a company incorporated under the Companies Ordinance, 1984 (XLVII of 1984) and licensed as—Clearing House by the Securities and Exchange Commission of Pakistan.</p>
9	<p>Taxable income The taxable income of a person for a tax year shall be the total income of the person for the year reduced (but not below zero) by the total of any deductible allowances under Part IX of this Chapter of the person for the year.</p>	<p><i>Concept of taxable income and total income has been introduced through proposed amendment whereby definition of taxable income has been substituted as under;</i></p> <p>Taxable income— The taxable income of a person for a tax year shall be the total income under clause (a) of Section 10 of the person for the year reduced (but not below zero) by the total of any deductible allowances under Part IX of this Chapter of the person for the year.</p>

<p>10</p>	<p>Total Income— The total income of a person for a tax year shall be the sum of the person’s income under each of the heads of income for the year.</p>	<p><i>Proposed amendment has been made to define total income consisting of taxable income and exempt income namely.</i></p> <p>Total Income— The total income of a person for a tax year shall be the sum of the person’s income under each of the heads of income for the year;</p> <p>(a) Person’s income under all heads of income for the year; and (b) person’s income exempt from tax under any of the provisions of this Ordinance.;</p>
<p>13(7)</p>	<p><i>Non-existent</i></p>	<p><i>New proviso has been inserted namely.</i></p> <p>Provided further that the above sub-section shall not apply to loans not exceeding five hundred thousand rupees.; and</p> <p><i>Through amendment the loan upto Rs. 500,000/- shall not be considered for the purpose perquisite under this section.</i></p>
<p>13(14)(a)(ii)</p>	<p>Value of perquisite For the tax years next following the tax year referred to in sub-clause (i), the rate for each successive year taken at one percent above the rate applicable for the immediately preceding tax year, but not exceeding such rate, if any, as the Federal Government may, by notification, specify in respect of any tax year;</p>	<p><i>The maximum rate to be applied on interest free loan is proposed to be ten percent.</i></p> <p><i>The amended provision reads as under;</i></p> <p>For the tax years next following the tax year referred to in sub-clause (i), the rate for each successive year taken at one percent above the rate applicable for the immediately preceding tax year, but not exceeding ten percent per annum.</p>

<p>37(1A)& 5(b)&(c)</p>	<p>Non-existent</p>	<p><i>The proposed amendment has been made namely;</i></p> <ul style="list-style-type: none"> • Immovable property has been included in the definition of capital assets. • Gain arising on the disposal of immovable property, held for a period up to two years, by a person in a tax year, shall be chargeable to tax in that year under the head Capital Gains. • The following rate on capital gain shall be applicable <p style="margin-left: 40px;">Where holding period of Immovable property is up to one year 10%</p> <p style="margin-left: 40px;">Where holding period of Immovable property is more than one year but not more than two years. 05%</p> <p><i>In our opinion the amendment is effective prospectively i.e transaction taken place after 01-07-2012.</i></p>
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37A(1)	<p>Capital gain on disposal of securities.— (1) The capital gain arising on or after the first day of July 2010, from disposal of securities held for a period of less than a year, shall be chargeable to tax at the rates specified in Division VII of Part I of the First Schedule:</p>	<p><i>The securities otherwise exempt, have been excluded specifically in amended provision, the amended provision reads as under:</i></p> <p>(1) The capital gain arising on or after the first day of July 2010, from disposal of securities held for a period of less than a year other than a gain that is exempt from tax under this Ordinance, shall be chargeable to tax at the rates specified in Division VII of Part I of the First Schedule:</p>
39(1)(cc)	<p><i>Non-existent</i></p>	<p>New subsection inserted whereby compensation on delayed refund brought into taxable income under head of income from other sources u/s 39.</p> <p>(cc) additional payment on delayed refund under any tax law;;</p> <p>It is pertinent to note that it has been settled issue by Superior court whereby compensation in case of delayed refund by the Government was declared exempt being capital receipt, in our opinion now legal cover has been provided to tax such receipt which will discourage taxpayer to claim compensation on delayed refund.</p>

<p>53(1A)</p>	<p>Exemptions and tax concession in the Second Schedule</p> <p>(1A) Where any income which is exempt from tax under any provision of the Second Schedule, such income, as may be specified in the said Schedule and subject to such conditions as may be specified therein, shall be included in the total income, however the tax shall not be payable in respect of such income.</p>	<p><i>In our opinion since concept of exempt income has been introduce in proposed amended section 10 therefore existing provision becomes irrelevant therefore it has been Omitted.</i></p>
<p>59A(1)(2)</p>	<p>Limitations on set off and carry forward of losses</p> <p>(1) In case of an association of persons to which sub-section (3) of section 92 applies, any loss which cannot be set off against any other income of the association of persons in accordance with section 56, shall be dealt with as provided under sub-section (2) of section 93.</p> <p>(2) Nothing contained in section 57, section 58 or section 59 shall entitle an association of persons, to which sub-section (3) of section 92 applies to have its loss carried forward and set off there under.</p>	<p><i>Omitted</i></p> <p><i>Omitted</i></p>

59A(3)	In case of association of persons, to which sub-section (3) of section 92 does not apply, any loss of such association shall be set off or carried forward and set off only against the income of the association.	<i>The proposed amended provision is namely; In case of association of persons, any loss of such association shall be set off or carried forward and set off only against the income of the association.</i>
59A(4)(a)	(a) any member of an association of persons to which sub-section (3) of section 92 does not apply , to set off any loss sustained by such association of persons, as the case may be, or have it carried forward and set off, against his income; or	<i>The proposed amended provision read as under; any member of an association of persons, to set off any loss sustained by such association of persons, as the case may be, or have it carried forward and set off, against his income; or</i>

62(2) & (3)	<p>Tax credit fro investment in shares and insurance</p> <p>(2) The amount of a person’s tax credit allowed under sub-section (1) for a tax year shall be computed according to the following formula, namely: —</p> <p>(A/B) x C where—</p> <p>A is the amount of tax assessed to the person for the tax year before allowance of any tax credit under this Part;</p> <p>B is the person’s taxable income for the tax year; and</p> <p>C is the lesser of —</p> <p>(a) the total cost of acquiring the shares, or the total contribution or premium paid by the person referred to in sub-section (1) in the year;</p> <p>(b) fifteen per cent of the person’s taxable income for the year; or</p> <p>(c) five hundred thousand rupees.</p> <p>(b) the person has made a disposal of the share within thirty six months of the date of acquisition, the amount of tax payable by the person for the tax year in which the shares were disposed of shall be increased by the amount of the credit allowed.</p>	<p><i>It has been proposed to amend Section, to the extent namely:</i></p> <ul style="list-style-type: none"> - <i>Limit of Investment amount has been enhanced to 20% of taxable income or Rs. 1 million, whichever is lower.</i> - <i>Holding period has been reduced to 24 months from the date of acquisition against 36 months earlier.</i>
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65B(1)	<p>Tax Credit for investment</p> <p>(1) Where a taxpayer being a company invests any amount in the purchase of plant and machinery, for the purposes of balancing, modernization and replacement of the plant and machinery, already installed therein, in an industrial undertaking set up in Pakistan and owned by it, credit equal to ten per cent of the amount so invested shall be allowed against the tax payable by it in the manner hereinafter provided.</p>	<p><i>Through amendment it has been clarified that tax credit available in this section can be adjusted against minimum tax and final tax payable under this ordinance, accordingly, section has been substituted namely:</i></p> <p>(1) Where a taxpayer being a company invests any amount in the purchase of plant and machinery, for the purposes of balancing, modernization and replacement of the plant and machinery, already installed therein, in an industrial undertaking set up in Pakistan and owned by it, credit equal to ten per cent of the amount so invested shall be allowed against the tax payable, including on account of minimum tax and final tax payable under any of the provisions of this Ordinance by it in the manner hereinafter provided.</p>
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<p>65B(4)</p>	<p>(4) Where no tax is payable by the taxpayer in respect of the tax year in which such plant or machinery is installed, or where the tax payable is less than the amount of credit, the amount of the credit or so much of it as is in excess thereof, as the case may be, shall be carried forward and deducted from the tax payable by the taxpayer in respect of the following tax year, and so on, but no such amount shall be carried forward for more than two tax years, however, the deduction made under sub-section (2) and this sub-section shall not exceed in aggregate the limit specified in sub-section (1).</p>	<p><i>It has been proposed to substitute sub-sections namely:</i></p> <p>(4) The provisions of this section shall apply mutatis mutandis to a company setup in Pakistan before the first day of July, 2011, which makes investment during first day of July, 2011 and 30th day of June, 2016, for the purposes of balancing, modernization and replacement of the plant and machinery already installed in an industrial undertaking owned by the company. However, credit equal to twenty per cent of the amount so invested shall be allowed against the tax payable, including on account of minimum tax and final taxes payable under any of the provisions of this Ordinance. The credit shall be allowed in the year in which the plant and machinery in the purchase of which the investment as aforesaid is made, is installed therein.</p>
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65B(5)	<p>(5) Where any credit is allowed under this section and subsequently it is discovered by the Commissioner Inland Revenue that any one or more of the conditions specified in this section was, or were, not fulfilled, as the case may be, the credit originally allowed shall be deemed to have been wrongly allowed and the Commissioner Inland Revenue may, notwithstanding anything contained in this Ordinance, recompute the tax payable by the taxpayer for the relevant year and the provisions of this Ordinance shall, so far as may be, apply accordingly.]</p>	<p><i>The section has been proposed to substitute as under;</i></p> <p>Where no tax is payable by the taxpayer in respect of the tax year in which such plant or machinery is installed, or where the tax payable is less than the amount of credit as aforesaid, the amount of the credit or so much of it as is in excess thereof, as the case may be, shall be carried forward and deducted from the tax payable by the taxpayer in respect of the following tax year and so on, but no such amount shall be carried forward for more than two tax years in the case of investment referred to in sub-section (1) and for more than five tax years in respect of investment referred to in sub-section (4), however, the deduction made under this section shall not exceed in aggregate the limit specified in sub-section (1) or sub-section (4), as the case may be.</p>
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<p>65B(6)</p>	<p><i>Non -Existent</i></p>	<p><i>New subsection has been proposed to insert namely;</i></p> <p>Where any credit is allowed under this section and subsequently it is discovered by the Commissioner Inland Revenue that any one or more of the conditions specified in this section was, or were, not fulfilled, as the case may be, the credit originally allowed shall be deemed to have been wrongly allowed and the Commissioner, notwithstanding anything contained in this Ordinance, shall re-compute the tax payable by the taxpayer for the relevant year and the provisions of this Ordinance shall, so far as may be, apply accordingly.</p>
<p>65D(1)</p>	<p>Tax credit for newly established industrial undertakings</p> <p>(1) Where a taxpayer being a company formed for establishing and operating a new industrial undertaking for manufacturing in Pakistan sets up a new industrial undertaking, it shall be given a tax credit equal to hundred per cent of the tax payable on the taxable income arising from such industrial undertaking for a period of five years beginning from the date of setting up or commencement of commercial production, whichever is later.</p>	<p><i>It has been proposed to amend the provision as under:</i></p> <ul style="list-style-type: none"> - <i>Corporate dairy farming has been included.</i> - <i>Tax credit under this Section shall be adjustable against minimum and final tax liability.</i> - <i>Equity shall be raised through cash consideration.</i>

<p>65D(2)(d)</p>	<p>(d) the industrial undertaking is set up with hundred per cent equity owned by the company.</p> <p><i>Non Existent</i></p>	<p><i>In order to clear ambiguity it has been clarified that short-term borrowing for the purpose of meeting working capital requirement shall not disqualify the taxpayer from claiming tax credit under this Section.</i></p> <p><i>Amended provision reads as under;</i></p> <p>(d) the industrial undertaking is set up with hundred per cent equity raised through issuance of new shares for cash consideration;</p> <p>—Provided that short term loans and finances obtained from banking companies or non-banking financial institutions for the purposes of meeting working capital requirements shall not disqualify the taxpayer from claiming tax credit under this section;</p>
<p>65D(3)</p>	<p>(3) The amount of credit admissible under this section shall be deducted from the tax payable by the taxpayer in respect of the tax year in which the plant or machinery referred in sub-section (1) is purchased and installed.</p>	<p><i>Omitted.</i></p>

65D(5)	<i>Non-Existent</i>	<p><i>New subsection has been inserted to define setup which is as under;</i></p> <ul style="list-style-type: none"> - <i>For the purposes of this section and sections 65B and 65E an industrial undertaking shall be treated to have been setup on the date on which the industrial undertaking is ready to go into production, whether trial production or commercial production.</i>
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65E(1)	<p>Tax credit for industrial undertaking established before the first day of July, 2011.</p> <p>(1) Where a taxpayer being a company invests any amount, with hundred per cent equity investment, in the purchase and installation of plant and machinery for the purposes of balancing, modernization, replacement, or for expansion of the plant and machinery already installed in an industrial undertaking setup in Pakistan before the first day of July 2011, a tax credit shall be allowed against the tax payable in the manner provided hereinafter, in the same proportion, which exists between the total investment and such equity investment made by the industrial undertaking</p>	<p><i>It has been proposed to allow adjustment of minimum tax and final tax liability against tax credit under this Section. The amended provision is as under;</i></p> <p>—(1) Where a taxpayer being a company, setup in Pakistan before the first day of July, 2011, invests any amount, with hundred per cent new equity raised through issuance of new shares, in the purchase and installation of plant and machinery for an industrial undertaking, including corporate dairy farming, for the purposes of-</p> <p>(i) expansion of the plant and machinery already installed therein; or</p> <p>(ii) undertaking a new project,</p> <p>a tax credit shall be allowed against the tax payable in the manner provided in sub-section (2) and sub-section (3), as the case maybe, for a period of five years beginning from the date of setting up or commencement of commercial production from the new plant or expansion project, whichever is later.</p>
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<p>65E(2)(3) & (4)</p>	<p>(2) The provisions of sub-section (1) shall apply if the plant and machinery is purchased and installed at any time between the first day of July, 2011, and the 30th day of June, 2016.</p> <p>(3) The amount of credit admissible under this section shall be deducted from the tax payable by the taxpayer in respect of the tax year in which the plant or machinery referred in sub-section (1) is purchased and installed and for the subsequent four years.</p> <p>(4) Where no tax is payable by the taxpayer in respect of the tax year in which such plant or machinery is installed, or where the tax payable is less than the amount of tax credit, the amount of such credit or so much of it as is in excess thereof, shall be carried forward and deducted from the tax payable by the taxpayer in respect of the following tax year: Provided that no such amount shall be carried forward for more than four tax years: Provided further that deduction made under sub-section (1) and under this sub-section shall not exceed in aggregate the limit of the tax credit specified in sub-section (1).</p>	<p><i>The subsections have been substituted namely;</i></p> <p>(2) Where a taxpayer maintains separate accounts of an expansion project or a new project, as the case may be, the taxpayer shall be allowed a tax credit equal to one hundred percent of the tax payable, including minimum tax and final taxes payable under any of the provisions of this Ordinance, attributable to such expansion project or new project.</p> <p>(3) In all other cases, the credit under this section shall be such proportion of the tax payable, including minimum tax and final taxes payable under any of the provisions of this Ordinance, as is the proportion between the new equity and the total equity including new equity.</p> <p>(4) The provisions of sub-section (1) shall apply if the plant and machinery is installed at any time between the first day of July, 2011 and the 30th day of June, 2016.</p> <p>(5) The amount of credit admissible under this section shall be deducted from the tax payable, including minimum tax and final taxes payable under any of the provisions of this Ordinance, by the taxpayer in respect of the tax year in which the plant or machinery referred to in sub-section (1) is installed and for the</p>
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		subsequent four years.; and the existing sub-section (5), shall be re-numbered as sub-section (6) of that section.
65E (7)	<i>Non-existent</i>	<p><i>New subsection has been inserted to define new equity which means equity to be raised through cash only which is as under;</i></p> <p>For the purposes of this section, “new equity” means equity raised through fresh issue of shares against cash by the company and shall not include loans obtained from shareholders or directors:</p> <p>Provided that short term loans and finances obtained from banking companies or non-banking financial institutions for the purposes of meeting working capital requirements shall not disqualify the taxpayer from claiming tax credit under this section.</p>
76(11)	<i>Non-existent</i>	<p><i>It has been proposed to insert new sub-section namely:</i></p> <p>(11) Notwithstanding anything contained in this section, the Board may prescribe rules for determination of cost for any asset.</p>

77(6)	<i>Non-existent</i>	<p><i>It has been proposed to insert new sub-section namely:</i></p> <p>(6) Notwithstanding anything contained in this section, the Board may prescribe rules for determination of consideration received for any asset.</p>
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100(B)	<i>Non-existent</i>	<p><i>It has been proposed to insert new sub-section namely:</i></p> <p>Special provision relating to capital gain tax.- (1) Capital gains on disposal of listed securities and tax thereon, subject to section 37A, shall be computed, determined, collected and deposited in accordance with the rules laid down in the Eighth Schedule.</p> <p>(2) The provisions of sub-section (1) shall not apply to the following persons or class of persons, namely:-</p> <ul style="list-style-type: none"> (a) a mutual fund; (b) a banking company, a non-banking finance company, and an insurance company subject to tax under the Fourth Schedule; (c) a modaraba; (d) a —foreign institutional investor being a person registered with NCCPL as a foreign institutional investor; and (e) any other person or class of persons notified by the Board.;
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101(6)	<p>GEOGRAPHICAL SOURCE OF INCOME</p> <p>(6) A dividend shall be Pakistan-source income if it is paid by a resident company.</p>	<p><i>Now through this proposed amendment, remittance after tax profit of a branch or foreign company operating in Pakistan treated as dividend u/s. 2(19)(f) of the Income Tax Ordinance, 2001 has been included in this Section, the amended Section reads as under:</i></p> <p>(6) A dividend shall be Pakistan-source income if it is</p> <p>(a) paid by a resident company; or</p> <p>(b) Dividend as per provisions of sub-clause (f) of clause (19) of section 2.</p>
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<p>113(1)</p>	<p>Tax On Income Of Certain Persons</p> <p><i>Non-existent</i></p>	<p><i>There has been anomaly in sub-section(1) of Section 113 i.e. payment of tax under FTR was not excluded to work out minimum tax liability u/s. 113 of the Income Tax Ordinance, 2001, where as sales subject to FTR was excluded from definition of turnover now through newly added explanation the anomaly has been removed in order to give retrospective in effect.</i></p> <p>Explanation.- For the purpose of this sub-section, the expression tax payable or paid does not include tax already paid or payable in respect of deemed income which is assessed as final discharge of the tax liability under section 169 or under any other provision of this Ordinance.</p>
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114(6) (c)	<p>Revised return of Income</p> <p><i>Non-existent</i></p>	<p><i>New sub-section has been inserted namely:</i></p> <p>(c) taxable income declared is not less than and loss declared is not more than income or loss, as the case may be, determined by an order issued under sections 121, 122, 122A, 122C, 129, 132, 133 or 221:</p> <p>Provided that if any of the above conditions is not fulfilled, the return furnished shall be treated as an invalid return as if it had not been furnished.</p> <p><i>In our opinion, by filing of revised return under amended provision, the right of appeal is questionable which requires consideration.</i></p>
120(6)	<p>Assessment</p> <p>(6) No notice under sub-section (3) shall be issued after the end of the financial year in which return was furnished, and the provisions of sub-section (1) shall apply accordingly.</p>	<p><i>Time period to call for short documents with reference to filing of return of income u/s. 114 has been substituted the word "within expiry of 180 days from the end of financial year...."</i></p> <p><i>The amended provision is under;</i></p> <p>(6) No notice under sub-section (3) shall be issued after the expiry of one hundred and eighty days from the end of the financial year in which return was furnished, and the provisions of sub-section (1) shall apply accordingly.</p>

<p>121(1)</p>	<p>Best judgment assessment</p> <p>(1) Where a person fails to</p> <p>(d) produce before the Commissioner, or any person employed by a firm of chartered accountants or a firm of cost and management accountants under section 177, accounts, documents and records required to be maintained under section 174, or any other relevant document or evidence that may be required by him for the purpose of making assessment of income and determination of tax due thereon, the Commissioner may, based on any available information or material and to the best of his judgment, make an assessment of the taxable income or income of the person and the tax due thereon.</p>	<p><i>Proposed amendment has been made to undo settled principle at the level of Appellate Tribunal Inland Revenue wherein it was held that there cannot be two assessment orders for the same year, accordingly the Section has been amended as under:</i></p> <p>(d) produce before the Commissioner, or any person employed by a firm of chartered accountants or a firm of cost and management accountants under section 177, accounts, documents and records required to be maintained under section 174, or any other relevant document or evidence that may be required by him for the purpose of making assessment of income and determination of tax due thereon, the Commissioner may, based on any available information or material and to the best of his judgment, make an assessment of the taxable income or income of the person and the tax due thereon and the assessment, if any, treated to have been made on the basis of return or revised return filed by the taxpayer shall be of no legal effect.</p>
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<p>122(1)</p>	<p>Amendment of assessments</p> <p>(1) Subject to this section, the Commissioner may amend an assessment order treated as issued under section 120 or issued under section 121, or issued under section 59, 59A, 62, 63 or 65 of the repealed Ordinance, by making such alterations or additions as the Commissioner considers necessary</p>	<p><i>In order to rationalize the section, the provisions of repealed Income Tax Ordinance, 1979 have been omitted and further power to amend order passed u/s. 122C has also been granted through amendment, the amended provision reads as under:</i></p> <p>(1) Subject to this section, the Commissioner may amend an assessment order treated as issued under section 120 or issued under section 121, or issued under section 122C by making such alterations or additions as the Commissioner considers necessary</p>
<p>122(5A)</p>	<p>(5A) Subject to sub-section (9), the Commissioner may amend, or further amend, an assessment order, if he considers that the assessment order is erroneous in so far it is prejudicial to the interest of revenue.</p>	<p><i>Through the amendment, power of Additional Commissioner Inland Revenue has been enhanced to invoke Section 122(5A) namely:</i></p> <p>(5A) Subject to sub-section (9), the Commissioner may, after making, or causing to be made, such enquiries as he deems necessary, amend, or further amend, an assessment order, if he considers that the assessment order is erroneous in so far it is prejudicial to the interest of revenue.</p>

<p>122C(2)</p>	<p>Provisional assessments</p> <p>(2) Notwithstanding anything contained in this Ordinance, the provisional assessment order completed under sub-section (1) shall be treated as the final assessment order after the expiry of sixty days from the date of service of order of provisional assessment and the provisions of this Ordinance shall apply accordingly:</p> <p>Provided that the provisions of sub-section (2) shall not apply if return of income alongwith wealth statement, wealth reconciliation statement and other documents required under sub-section (2A) of section 116 are filed by the person for the relevant tax year during the said period of sixty days.</p>	<p><i>In order to rationalize the provision of this section, requirement in case of company has been specified, amended provision reads as under:</i></p> <p>(2) Notwithstanding anything contained in this Ordinance, the provisional assessment order completed under sub-section (1) shall be treated as the final assessment order after the expiry of sixty days from the date of service of order of provisional assessment and the provisions of this Ordinance shall apply accordingly:</p> <p>Provided that the provisions of sub-section (2) shall not apply if return of income alongwith wealth statement, wealth reconciliation statement and other documents required under sub-section (2A) of section 116 are filed by the person being an individual or an association of persons for the relevant tax year during the said period of sixty days.</p> <p>Provided further that the provisions of sub-section (2) shall not apply to a company if return of income tax alongwith audited accounts or final accounts, as the case may be, for the relevant tax year are filed by the company electronically during the said period of sixty days.</p>
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128(1A)	<p>Procedure In Appeal</p> <p><i>Non-existent</i></p>	<p><i>Now the Commissioner Appeal has been empowered to grant stay from recovery of stay of tax demand against order subject to appeal; the new sub-section has been inserted namely:</i></p> <p>(1A) Where in a particular case, the Commissioner (Appeals) is of the opinion that the recovery of tax levied under this Ordinance, shall cause undue hardship to the taxpayer, he, after affording opportunity of being heard to the Commissioner against whose order appeal has been made, may stay the recovery of such tax for a period not exceeding thirty days in aggregate.</p>
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<p>129 (5) (6) & (7)</p>	<p>Decision in Appeal</p> <p>(5) Where the Commissioner (Appeals) has not made an order on an appeal before the expiration of four months from the end of the month in which the appeal was lodged, the relief sought by the appellant in the appeal shall be treated as having been given and all the provisions of this Ordinance shall have effect accordingly.</p> <p>(6) For the purposes of sub-section (5), any period during which the hearing of an appeal is adjourned on the request of the appellant shall be excluded in the computation of the period of four months referred to in that sub-section.</p> <p>(7) The provisions of sub-section (5) shall not apply unless a notice by the appellant stating that no order under sub-section (1) has been made is personally served by the appellant on the Commissioner (Appeals) not less than thirty days before the expiration of the period of four months.</p>	<p><i>Omitted.</i></p>
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130 (4) & (5)	<p>Appointment of the Appellate Tribunal</p> <p>(4) A person may be appointed as an accountant member of an appellate tribunal if,—</p> <p>(a) he is an officer of Inland Revenue equivalent to the rank of Regional Commissioner; or</p> <p>(b) a Commissioner Inland Revenue or Commissioner Inland Revenue (Appeals) having at least five years experience as Commissioner or Collector.</p> <p>(5) The Federal Government shall appoint a member of the Appellate Tribunal as Chairperson of the Tribunal and, except in special circumstances, the person appointed should be a judicial member.</p>	<p><i>It has been proposed to amend the section as under:</i></p> <p>(4) A person may be appointed as an accountant member of an appellate tribunal if,—</p> <p>(a) he is an officer of Inland Revenue service equivalent to the rank of Regional Commissioner; or</p> <p>(b) a Commissioner Inland Revenue or Commissioner Inland Revenue (Appeals) having at least three years experience as Commissioner or Collector.</p> <p>(5) The Federal Government shall appoint a member of the Appellate Tribunal as Chairperson of the Tribunal.</p>
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<p>131 (5)</p>	<p>Appeal to the Appellate Tribunal</p> <p>(5) 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>Provided further that the Appellate Tribunal may stay the recovery of the tax on filing 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>	<p><i>In order to rationalize, the provisions have been amended as under:</i></p> <p>Provided that if on filing of application in a particular case, the Appellate Tribunal is of the opinion that the recovery of tax levied under this Ordinance and upheld by the Commissioner (Appeals), shall cause undue hardship to the taxpayer, the Tribunal, after affording opportunity of being heard to the Commissioner, may stay the recovery of such tax for a period not exceeding one hundred and eighty days in aggregate:</p> <p>Provided further that in computing the aforesaid period of one hundred and eighty days, the period, if any, for which the recovery of tax was stayed by a High Court, shall be excluded.</p> <p>The ITAT proposed to be empowered to grant stay under the Income Tax Ordinance, 2001 upto 180 days in aggregate after affording opportunity of being heard to the concerned Commissioner.</p>
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137 (2)	<p>Due date for payment of tax</p> <p><i>Non-existent</i></p>	<p><i>A new proviso has been proposed to insert namely:</i></p> <p>Provided further that the taxpayer may pay the tax payable prior to expiry of the period of sixty days specified in the first proviso.</p>
148 (7) & (8)	<p>Advance Tax on imports</p> <p>(7) The tax collected under this section shall be a final tax except as provided under sub-section (8) on the income of the importer arising from the imports subject to sub-section (1) and this sub-section shall not apply in the case of import:</p> <p>(8) 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><i>It has been proposed to amend word “tax collected” as “tax required to be collected”, through this amend escaped tax / short collected tax u/s. 148 can be recovered. The amended sub-section reads as under:</i></p> <p>(7) The tax required to be collected under this section shall be a final tax except as provided under sub-section (8) on the income of the importer arising from the imports subject to sub-section (1) and this sub-section shall not apply in the case of import:</p> <p>(8) The tax required to be 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>
151(3)	<p>Profit on debt</p> <p>Tax deducted under this section shall be a final tax on the profit on debt arising to a taxpayer other than a company.</p>	<p><i>The word “deductible” has been substituted, the amended sub-section reads as under:</i></p> <p>Tax deductible under this section shall be a final tax on the profit on debt arising to a taxpayer other than a company.</p>

<p>152 (1AAA), (2) & (2A)</p>	<p>Payments to non residents</p> <p><i>Non-existent</i></p> <p>(2) Subject to sub-section (3), every person paying an amount to a non-resident person (other than an amount to which sub-section (1) or sub-section (1A) , (1AA) applies shall deduct tax from the gross amount paid at the rate specified in Division II of Part III of the First Schedule.</p> <p><i>Non-existent</i></p>	<p><i>It has been proposed to amend this section as under:</i></p> <p><i>(1AAA) new sub-section has been inserted i.e. "Every person making a payment for advertisement services to a non-resident media person relaying from outside Pakistan shall deduct tax from the gross amount paid at the rate specified in Division IIIA of Part III of the First Schedule."</i></p> <p>(2) Subject to sub-section (3), every person paying an amount to a non-resident person (other than an amount to which sub-section (1) or sub-section (1A) , (1AA), (1AAA) or (2A) applies shall deduct tax from the gross amount paid at the rate specified in Division II of Part III of the First Schedule.</p> <p>(2A) Sub-section (1AA) shall not apply to an amount, with the written approval of the Commissioner, that is taxable to a permanent establishment in Pakistan of the non-resident person.</p>
<p>152 (1B) & (1BB)</p>	<p>(1B) The tax deducted under sub-section (1A) shall be a final tax on the income of a non-resident person arising from a contract.</p> <p>(1BB) The tax deducted under sub-section (1AA) shall be a final tax on the income of the non-resident person arising out of such payment.</p>	<p><i>The word "tax deductible" has been substituted in place of word "tax deducted".</i></p>

152 (3) (a)	Sub-section (2) does not apply to an amount — (a) that is subject to deduction of tax under section 149, 150, 153 , 155, 156 or 233;	Sub-section (2) does not apply to an amount — (a) that is subject to deduction of tax under section 149, 150, 155, 156 or 233;
153 (1)	Payments for goods, services and contracts (1) Every prescribed person making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person.	<i>In order to rationalize the provision, the word “permanent establishment in Pakistan of a non-resident person” has been omitted; further word “tax deducted” has been substituted by word “tax deductible”.</i> (1) Every prescribed person making a payment in full or part including a payment by way of advance to a resident person.
153 (3)	The tax deducted under clauses (a) and (c) of sub-section (1) and under sub-section (2) of this section, on the income of a resident person or permanent establishment of a non-resident person , shall be final tax.	The tax deductible under clauses (a) and (c) of sub-section (1) and under sub-section (2) of this section, on the income of a resident person or , shall be final tax. [or is redundant]
153 (3)	(b) tax deducted shall be a minimum tax on transactions referred to in clause (b) of sub-section (1); and	(b) tax deductible shall be a minimum tax on transactions referred to in clause (b) of sub-section (1); and

<p>153A</p>	<p>153A. Payments to non-resident media persons.</p> <p>Every person making a payment for advertisement services to a non-resident media person relaying from outside Pakistan shall deduct tax from the gross amount paid at the rate specified in Division IIIA of Part III of the First Schedule.]</p>	<p><i>Manufacturer in case of sale to distributor, dealers and wholesaler has been saddled with burden of collecting tax @ 1% of sales value on behalf of such person to whom tax credit shall be allowed, the substituted provision reads as under:</i></p> <p>153A. Payment to Traders and Distributors.-</p> <p>(1) Every manufacturer, at the time of sale to distributors, dealers and wholesalers, shall collect tax at the rate specified in Part IIA of the First Schedule, from the aforesaid persons, to whom such sales have been made.</p> <p>(2) Tax credit for the tax collected under sub-section (1) shall be allowed in computing the tax due by the person on the taxable income for the tax year in which the tax was collected.</p>
<p>154 (4)</p>	<p>Advance Tax on Export</p> <p>The tax deducted under this section shall be a final tax on the income arising from the transactions referred to in this section.</p>	<p><i>The word “tax deductible” has been substituted in place of word “tax deducted”.</i></p>

<p>156 (3)</p>	<p>(3) The tax deducted under sub-section (1) or collected under section (2) shall be final tax on the income from prizes or winnings referred to in the said sub-sections.</p>	<p><i>The word “tax deductible” has been substituted in place of word “tax deducted”.</i></p>
<p>156A (2)</p>	<p>(2) The tax deducted under sub-section (1) shall be a final tax on the income arising from the sale of petroleum products to which sub-section (1) applies.</p>	
<p>169 (1)</p>	<p>Tax collected or deducted as a final tax</p> <p>(1) This section shall apply where –</p> <p>(a) the collection of advance tax is a final tax under sub-section (7) of section 148 or sub-section (5) of section 234 or section 234A on the income to which it relates; or</p> <p>(b) the deduction of tax is a final tax under sub-section (3) of section 151, sub-section (1B) or sub-section (1BB) of section 152, clauses (a), (c) and (d) of sub-section (3) of section 153, section 153A, sub-section (4) of section 154, sub-section (3) of section 156, sub-section (2) of section 156A or sub-section (1) and (3) of section 233 on the income from which it has been deducted.</p>	<p>Corresponding amendment has been made as regard to word “tax deductible”.</p>

<p>169 (2) (f)</p>	<p>Non-existent</p>	<p><i>It is pertinent to note that the amendment regarding tax deductible is in line with erstwhile provision of Section 80C of the repealed Income Tax Ordinance, 1979, by virtue of amendment, if prescribed person fails to deduct or collect tax and the income of recipient is subject to FTR, recipient shall deposit tax amount not deducted by payer being prescribed person, considering this situation, the corresponding amendment made by insertion of new Section namely:</i></p> <p>(f) tax deductible has not been deducted, or short deducted, the said non deduction or short deduction may be recovered under section 162, and all the provisions of this Ordinance shall apply accordingly.</p>
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171 (1)	<p>Additional payment for delayed refunds</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 KIBOR 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><i>Rate of compensation has been proposed to fix at the rate of 15% per annum at flat rate.</i></p>
176 (1) (c)	<p>Notice to obtain information or evidence</p> <p>(c) the firm of chartered accountants, as appointed by the Board or the Commissioner, to conduct audit under section 177, for any tax year, may with the prior approval of the Commissioner concerned, enter the business premises of a taxpayer, selected for audit, to obtain any information, require 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>	<p><i>Section 177 was amended through Finance Act, 2010, whereby word "selected for audit" was omitted in order to bring at par sub-clause (c) has also been amended accordingly.</i></p>

181B	<i>Non-existent</i>	<p><i>New section has been inserted namely;</i></p> <p>181B. Taxpayer Card.- Subject to this Ordinance, the Board may make a scheme for introduction of a tax payer honour card for individual taxpayers, who fulfill a minimum criterion to be eligible for the benefits as contained in the scheme.</p>
182 (2)	<i>Non-existent</i>	<p><i>Through insertion of proviso, in case of payment voluntarily by taxpayer, no penalty shall be levied.</i></p> <p>Provided that where the taxpayer admits his default he may voluntarily pay the amount of penalty due under this section.</p>
202	<p>202. Power to compound offences. —</p> <p>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 along with default surcharge and penalty as is determined under the provisions of this Ordinance.</p>	<p>202. Power to compound offences. —</p> <p>Notwithstanding any provisions of this Ordinance, where any person has committed any offence, the Chief Commissioner 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 along with default surcharge and penalty as is determined under the provisions of this Ordinance.</p>

205 (1)	<p>Default Surcharge</p> <p>(1) A person who fails to pay –</p> <p>(a) any tax, excluding the advance tax under section 147 and default surcharge under this section;</p> <p>(b) any penalty; or</p> <p>(c) any amount referred to in section 140 or 141, on or before the due date for payment shall be liable for default surcharge at a rate equal to KIBOR plus three per cent per quarter on the tax, penalty or other amount unpaid computed for the period commencing on the date on which the tax, penalty or other amount was due and ending on the date on which it was paid.</p> <p><i>Non-existent</i></p>	<p>(1) A person who fails to pay –</p> <p>(a) any tax, excluding the advance tax under section 147 and default surcharge under this section;</p> <p>(b) any penalty; or</p> <p>(c) any amount referred to in section 140 or 141, on or before the due date for payment shall be liable for default surcharge at a rate equal to 18 per cent per annum on the tax, penalty or other amount unpaid computed for the period commencing on the date on which the tax, penalty or other amount was due and ending on the date on which it was paid;</p> <p>Provided that if the person opts to pay the tax due on the basis of an order under section 129 on or before the due date given in the notice under sub-section (2) of section 137 issued in consequence of the said order, and does not file an appeal under section 131, he shall not be liable to pay default surcharge for the period beginning from the due date of payment in consequence of an order appealed against to the date of payment in consequence of notice under sub-section (2) of section 137.;</p>
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<p>205 (1A) & (1B)</p>	<p>Default Surcharge</p> <p>(1A) A person who fails to pay advance tax under section 147 shall be liable for default surcharge at a rate equal to KIBOR plus three per cent per quarter on the amount of tax unpaid computed for the period commencing on the date on which it was due and ending on the date on which it was paid or date on which the return of income for the relevant tax year was due, whichever is earlier.]</p> <p>(1B) Where, in respect of any tax year, any taxpayer fails to pay tax under sub-section (4A), or (6) of section 147 or the tax so paid is less than ninety per cent of the tax chargeable for the relevant tax year, he shall be liable to pay default surcharge at the rate of KIBOR plus three per cent per quarter on the amount of tax so chargeable or the amount by which the tax paid by him falls short of the ninety per cent, as the case may be; and such default surcharge shall be calculated from the first day of April in that year to the date on which assessment is made or the thirtieth day of June of the financial year next following, whichever is the earlier.</p>	<p>(1A) A person who fails to pay advance tax under section 147 shall be liable for default surcharge at a rate equal to 18 per cent per annum on the amount of tax unpaid computed for the period commencing on the date on which it was due and ending on the date on which it was paid or date on which the return of income for the relevant tax year was due, whichever is earlier.</p> <p>(1B) Where, in respect of any tax year, any taxpayer fails to pay tax under sub-section (4A), or (6) of section 147 or the tax so paid is less than ninety per cent of the tax chargeable for the relevant tax year, he shall be liable to pay default surcharge at the rate of 18 per cent per annum on the amount of tax so chargeable or the amount by which the tax paid by him falls short of the ninety per cent, as the case may be; and such default surcharge shall be calculated from the first day of April in that year to the date on which assessment is made or the thirtieth day of June of the financial year next following, whichever is the earlier.</p>
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205 (3)	<p>Default Surcharge</p> <p>A person who fails to collect tax, as required under Division II of Part V of this Chapter or Chapter XII or deduct tax as required under Division III of Part V of this Chapter or Chapter XII or fails to pay an amount of tax collected or deducted as required under section 160 on or before the due date for payment shall be liable for default surcharge at a rate equal to KIBOR plus three per cent per quarter on the amount unpaid computed for the period commencing on the date the amount was required to be collected or deducted and ending on the date on which it was paid to the Commissioner.</p> <p>Non-existent</p>	<p>A person who fails to collect tax, as required under Division II of Part V of this Chapter or Chapter XII or deduct tax as required under Division III of Part V of this Chapter or Chapter XII or fails to pay an amount of tax collected or deducted as required under section 160 on or before the due date for payment shall be liable for default surcharge at a rate equal to 18 per cent per annum on the amount unpaid computed for the period commencing on the date the amount was required to be collected or deducted and ending on the date on which it was paid to the Commissioner.</p> <p>Provided that if the person opts to pay the tax due on the basis of an order under section 129 on or before the due date given in the notice under sub-section (2) of section 137 issued in consequence of the said order and does not file an appeal under section 131, he shall not be liable to pay default surcharge for the period beginning from the date of order under section 161 to the date of payment.</p>
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207 (3)	<p>Income Tax Authorities</p> <p>(3) The Chief Commissioners Inland Revenue and Commissioners Inland Revenue (Appeals) shall be subordinate to the Board and Commissioners Inland Revenue, shall be subordinate to the Chief Commissioner Inland Revenue.</p>	<p><i>The following authorities shall be subordinate to the Board.</i></p> <ul style="list-style-type: none"> <i>i) Chief Commissioner</i> <i>ii) Commissioners Inland Revenue</i> <i>iii) Additional Commissioners Inland Revenue</i> <i>iv) Deputy Commissioners Inland Revenue</i> <i>v) Assistant Commissioners Inland Revenue</i> <i>vi) Inland Revenue Officers</i> <i>vii) Inland Revenue Audit Officer</i> <i>viii) Superintendents Inland Revenue</i> <i>ix) Auditors Inland Revenue and Inspectors Inland Revenue.</i>
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207 (3A)	<p><i>Non-existent</i></p>	<p><i>The following authorities shall be subordinate to the Chief Commissioner Inland Revenue.</i></p> <ul style="list-style-type: none"> <i>i) Commissioners Inland Revenue</i> <i>ii) Additional Commissioners Inland Revenue</i> <i>iii) Deputy Commissioners Inland Revenue</i> <i>iv) Assistant Commissioners Inland Revenue</i> <i>v) Inland Revenue Officers</i> <i>vi) Inland Revenue Audit Officer</i> <i>vii) Superintendents Inland Revenue</i> <i>viii) Auditors Inland Revenue and Inspectors Inland Revenue.</i>
210 (1B)	<p>Delegation</p> <p>(1B) The Commissioner may delegate the powers to a firm of chartered accountants or a firm of Cost and Management Accountants appointed by the Board or the Commissioner to conduct the audit of persons selected for audit under section 177.</p>	<p>(1B) The Commissioner may delegate the powers to a firm of chartered accountants or a firm of Cost and Management Accountants appointed by the Board or the Commissioner to conduct the audit of persons for audit under section 177.</p>

211 (3)	<p>Power or function exercised</p> <p><i>Non-existent</i></p>	<p>(3) the Board or with the approval of the Board an authority appointed under this Ordinance, shall be competent to exercise all powers conferred upon any authority subordinate to it.</p>
214A	<p>Condonation of time limit.</p> <p>Non-existent</p>	<p>Explanation,-</p> <p>For the purpose of this section, the expression —any act or thing is to be done includes any act or thing to be done by the taxpayer or by the authorities specified in section 207.</p>
230		<p>230. Directorate General (Intelligence and Investigation), Inland Revenue.-</p> <p>(1) The Directorate General (Intelligence and Investigation) Inland Revenue shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board, may by notification in the official Gazette, appoint.</p> <p>(2) The Board may, by notification in the official Gazette,-</p> <p>(a) specify the functions and jurisdiction of the Directorate General and its officers; and</p> <p>(b) confer the powers of authorities specified in section 207 upon the Directorate General and its officers.;</p>

231A (1)	<p>Cash withdrawal from a bank</p> <p>(1) Every banking company shall deduct tax at the rate specified in Division VI of Part IV of the First Schedule, if the payment for cash withdrawal, or the sum total of the payments for cash withdrawal in a day, exceeds twenty-five thousand rupees.</p>	<p>(1) Every banking company shall deduct tax at the rate specified in Division VI of Part IV of the First Schedule, if the payment for cash withdrawal, or the sum total of the payments for cash withdrawal in a day, exceeds fifty thousand rupees.</p>
233 (3)	<p>Brokerage and commission</p> <p>Where any tax is collected from a person under sub-section (1), the tax so collected shall be the final tax on the income of such persons.</p>	<p><i>The word “tax deductible” has been substituted in place of word “tax deducted”.</i></p> <p>Where any tax is required to be collected from a person under sub-section (1), such tax shall be the final tax on the income of such persons.</p>

233A (1)	<p>233A. Collection of tax by a stock exchange registered in Pakistan.— (1) A stock exchange registered in Pakistan shall collect advance tax,—</p> <p>(a) at the rates specified in Division IIA of Part IV of First Schedule from its Members on purchase of shares in lieu of tax on the commission earned by such Members;</p> <p>(b) at the rates specified in Division IIA of Part IV of First Schedule from its Members on sale of shares in lieu of tax on the commission earned by such Members;</p> <p>(c) from its Members in respect of trading of shares by the Members at the rates specified in Division IIA of Part IV of First Schedule; and</p> <p>(d) from its Members in respect of financing of carryover trades in share business at the rate specified in Division IIA of Part IV of First schedule.</p>	<p>233A. Collection of tax by a stock exchange registered in Pakistan.— (1) A stock exchange registered in Pakistan shall collect advance tax,—</p> <p>(a) at the rates specified in Division IIA of Part IV of First Schedule from its Members on purchase of shares in lieu of tax on the commission earned by such Members; and</p> <p>(b) at the rates specified in Division IIA of Part IV of First Schedule from its Members on sale of shares in lieu of tax on the commission earned by such Members.</p> <p><i>(c) Omitted</i></p> <p><i>(d) Omitted</i></p>
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233A (2)	(2) The tax collected under clauses (a) to (c) of sub-section (1) shall be adjustable.	(2) The tax collected under clauses (a) to (b) of sub-section (1) shall be adjustable.
233AA	<i>Non-existent</i>	<p>233AA. Collection of tax by NCCPL.-</p> <p>NCCPL shall collect advance tax from the members of Stock Exchange registered in Pakistan, in respect of margin financing in share business at the rate specified in Division IIA of Part IV of First Schedule.</p>

FIRST SCHEDULE

Various amendments have been made as under;

Part-I

Div-1	<p>Rates of Tax for Individuals 1</p> <p>1. Subject to clause (1A), the rates of tax imposed on the taxable income of every individual 5[except a salaried taxpayer shall be as set out in the following table, namely:—.</p>	<p>Rates of Tax for Individuals Association of Person</p> <p>Subject to clause (1A), the rates of tax imposed on the taxable income of every individual and Association of Person except a salaried taxpayer shall be as set out in the following table, namely:—.</p>
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RATE OF TAX FOR INDIVIDUALS & ASSOCIATION OF PERSON - (2012-13)**FIRST SCHEDULE****PART-I Division 1 Sub-Clause (1)**

Income tax rate @ 25% of taxable income in case of AOP has been done away and now AOP has been brought at par with individuals.

TABLE S. No.	Taxable Income.	Rate of tax.
1.	Where taxable income does not exceed Rs.400,000	0%
2.	Where the taxable income exceeds Rs.400,000 but does not exceed Rs.750,000	10% of the amount exceeding Rs.400,000
3.	Where the taxable income exceeds Rs.750,000 but does not exceed Rs.1,500,000	Rs.35,000+15% of the amount exceeding Rs.750,000
4.	Where the taxable income exceeds Rs.1,500,000 but does not exceed Rs.2,500,000	Rs.147,500+20% of the amount exceeding Rs.1,500,000.
5.	Where the taxable income exceeds Rs.2,500,000	Rs.347,500+25% of the amount exceeding Rs.2,500,000

RATE OF TAX FOR INDIVIDUALS-(2011-12)
FIRST SCHEDULE
PART-I Division 1 Sub-Clause (1)

TABLE S. No.	Taxable Income.	Rate of tax.
1.	Where taxable income does not exceed Rs.350,000	0%
2.	Where the taxable income exceeds Rs.350,000 but does not exceed Rs.500,000	7.50%
3.	Where the taxable income exceeds Rs.500,000 but does not exceed Rs.750,000	10.00%
4.	Where the taxable income exceeds Rs.750,000 but does not exceed Rs.1,000,000	15%
5.	Where the taxable income exceeds Rs.1,000,000 but does not exceed Rs.1,500,000	20.00%
6.	Where the taxable income exceeds Rs.1,500,000	25%

RATE OF TAX FOR SALARY INDIVIDUALS (2012-13)
PART-I Division 1 Sub-Clause (1A)

TABLE S.No.	Taxable Income.	Rate of tax.
1.	Where the taxable income does not exceed Rs.400,000	0%
2.	Where the taxable income exceeds Rs.400,000 but does not exceed Rs.750,000	5% of the amount exceeding Rs. 400,000
3.	Where the taxable income exceeds Rs.750,000 but does not exceed Rs.1,500,000	Rs. 17,500+10% of the amount exceeding Rs.750,000
4.	Where the taxable income exceeds Rs.1,500,000 but does not exceed Rs.2,500,000	Rs.92,500+15% of the amount exceeding Rs.1,500,000
5.	Where the taxable income exceeds Rs.2,500,000.	Rs. 242,500+20% of the amount exceeding Rs.2,500,000;

The tax incidence on the salaried individuals will substantially decreased from tax year 2013 as elaborated in below examples

Annual Taxable salary	Tax Liability as per existing rates	Tax Liability as per proposed rates
500,000	17,500	5,000
1,000,000	90,000	42,500
1,500,000	187,500	92,500
2,500,000	400,000	242,500
4,500,000	832,500	642,500

RATE OF TAX FOR SALARY INDIVIDUALS (2011-12)**PART-I Division 1 Sub-Clause (1A)**

TABLE S. No.	Taxable Income.	Rate of tax.
1.	Where the taxable income does not exceed Rs.350,000	0%
2.	Where the taxable income exceeds Rs.350,000 but does not exceed Rs.400,000	1.50%
3.	Where the taxable income exceeds Rs.400,000 but does not exceed Rs.450,000	2.50%
4.	Where the taxable income exceeds Rs.450,000 but does not exceed Rs.550,000	3.50%
5.	Where the taxable income exceeds Rs.550,000 but does not exceed Rs.650,000	4.50%
6.	Where the taxable income exceeds Rs.650,000 but does not exceed Rs.750,000	6.00%
7.	Where the taxable income exceeds Rs.750,000 but does not exceed Rs.900,000	7.50%
8.	Where the taxable income exceeds Rs.900,000 but does not exceed Rs.1,050,000	9.00%
9.	Where the taxable income exceeds Rs.1,050,000 but does not exceed Rs.1,200,000	10.00%
10.	Where the taxable income exceeds Rs.1,200,000 but does not exceed Rs.1,450,000	11.00%

11.	Where the taxable income exceeds Rs.1,450,000 but does not exceed Rs.1,700,000	12.50%
12.	Where the taxable income exceeds Rs.1,700,000 but does not exceed Rs.1,950,000	14.00%
13.	Where the taxable income exceeds Rs.1,950,000 but does not exceed Rs.2,250,000	15.00%
14.	Where the taxable income exceeds Rs.2,250,000 but does not exceed Rs. 2,850,000	16.00%
15.	Where the taxable income exceeds Rs.2,850,000 but does not exceed Rs.3,550,000	17.50%
16.	Where the taxable income exceeds Rs.3,550,000 but does not exceed Rs.4,550,000	18.50%
17.	Where the taxable income exceeds Rs.4,550,000	20.00%

Part-I

Div-1A	The rate of tax to be paid under sub-section (1) of section 113A shall be 3[one per cent] of the turnover.]	The rate of tax to be paid under sub-section (1) of section 113A shall be [0.50%] of the turnover.]																								
Div-1B	The rate of tax imposed on the taxable income of Association of Persons for the tax year 2010 and onward shall be 25%.]	<i>Omitted;</i>																								
Div-VII	<p>Where holding period of a security is less than six months.</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 10%;">2011</td><td style="text-align: right;">10%</td></tr> <tr><td>2012</td><td style="text-align: right;">10%</td></tr> <tr><td>2013</td><td style="text-align: right;">12.5%</td></tr> <tr><td>2014</td><td style="text-align: right;">15%</td></tr> <tr><td>2015</td><td style="text-align: right;">17.5%</td></tr> </table>	2011	10%	2012	10%	2013	12.5%	2014	15%	2015	17.5%	<p>Where holding period of a security is less than six months</p> <table style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 10%;">2011</td><td style="text-align: right;">10%</td></tr> <tr><td>2012</td><td style="text-align: right;">10%</td></tr> <tr><td>2013</td><td style="text-align: right;">10%</td></tr> <tr><td>2014</td><td style="text-align: right;">10%</td></tr> <tr><td>2015</td><td style="text-align: right;">17.5%</td></tr> </table>	2011	10%	2012	10%	2013	10%	2014	10%	2015	17.5%				
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Div-VII	Where holding period of a security is one year or more	Where holding period of a security is twelve months or more for the words —one year or more the words — twelve months or more shall be substituted
Div-VIII	Non-existent	Capital Gains on disposal of Immovable Property The rate of tax to be paid under sub-section (1A) of section 37 shall be as follows Where holding period of Immovable property is up to one year. 10% Where holding period of Immovable property is more than one year but not more than two years. 05%

Part-IIA

Div-II	Non-existent	COLLECTION OF TAX FROM DISTRIBUTORS, DEALERS AND WHOLESALERS The rate of tax to be collected under section 153A, shall be 1% of the gross amount of sales. ;
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Part-III

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Div-II</p>	<p><i>Non-existent</i></p>	<p>(3) The rate of tax to be deducted under sub-section (1AAA) of section 152, shall be 10% of the gross amount paid.</p> <p>(4) The rate of tax to be deducted from a payment referred to in clause (a) of sub-section (2A) of section 152 shall be 3.5% of the gross amount payable.</p> <p>(5) The rate of tax to be deducted from a payment referred to in clause (b) of sub-section (2A) of section 152 shall be—</p> <p>(i) in the case of transport services, two per cent of the gross amount payable; or</p> <p>(ii) in any other case, six percent of the gross amount payable.</p> <p>(6) The rate of tax to be deducted from a payment referred to in clause (c) of sub-section (2A) of section 152 shall be six percent of the gross amount payable</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">IIIA</p>	<p>The rate of tax to be deducted under section 153A, shall be 10% of the gross amount paid.</p>	<p><i>Omitted;</i></p>

Part-IV

Div-III	In case of goods transport vehicles, tax of one rupee per kilogram of kilogram of the laden weight shall be charged.	In case of goods transport vehicles, tax of five rupees per kilogram of kilogram of the laden weight shall be charged.
	Twenty persons or more. Rs. 100 per seat per annum	Twenty persons or more Rs. 500 per seat per annum
Div-VII	The rate of payment of tax under section 231B shall be as follows:– <u>Engine Capacity</u> <u>Amount of Tax</u> 1001cc to 1300cc Rs.16,875	The rate of payment of tax under section 231B shall be as follows:– <u>Engine Capacity</u> <u>Amount of Tax</u> 1001cc to 1300cc Rs.25,000

SECOND SCHEDULE

EXEMPTION AND TAX CONCESSION

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

PART-I

Following Clauses are proposed to be inserted;

- In clause (23B)

(23B) The amounts received as monthly installment from an income payment plan invested out of the accumulated balance of an individual pension accounts with a pension fund manager or an approved annuity plan or another individual pension account of eligible person or the survivors pension account maintained with any other pension fund manager as specified in the Voluntary Pension System Rules 2005 shall be exempt from tax provided accumulated balance is invested for a period of ten years:

Provided that where any amount is exempted under this clause and subsequently it is discovered, on the basis of documents or otherwise, by the Commissioner that any of the conditions specified in this clause were not fulfilled, the exemption originally allowed shall be deemed to have been wrongly allowed and the Commissioner may, notwithstanding anything contained in this Ordinance, re-compute the tax payable by the taxpayer for the relevant years and the provisions of this Ordinance shall, so far as may be, apply accordingly.

- In clause (23C)

Any withdrawal of accumulated balance from approved pension fund that represent the transfer of balance of approved provident fund to the said approved pension fund under the Voluntary Pension System Rules , 2005;

- In clause 61, the following new sub-clause inserted;

(ia) The Citizens Foundation.

- In clause 66, the following new sub-clause inserted;

(xxviii) The Citizens Foundation.

- Clause 101 is proposed to be amended as under;

Profits and gains derived between the first day of July, 2000 and the thirtieth day of June, **2024** both days inclusive, by a venture capital company and venture capital fund registered under Venture Capital Companies and Funds Management Rules, 2000 and a Private Equity and Venture Capital Fund.

PART-II

- In Clause (9A), the following proviso has been inserted;

Tax under section 148 shall be collected at the rate of 3% **shall be applicable on production of an exemption certificate issued by the Commissioner.**

PART-IV

- The following clauses inserted;

(11B) The provisions of section 150 shall not apply in respect of inter-corporate dividend within the group companies entitled to group taxation under section 59AA or section 59B.

(11C) The provisions of section 151 shall not apply in respect of inter-corporate profit on debt within the group companies entitled to group taxation under section 59AA or section 59B.

- The following clauses inserted;

(41A) The provisions of sub-section (7) of section 148 and clause (a) of sub-section (1) of section 169 shall not apply in respect of a person if he opts out of presumptive tax regime subject to the condition that minimum tax liability under normal tax regime shall not be less than 60% of tax already collected under sub-section (7) of section 148.

(41AA) The provisions of sub-section (4) of section 154 and clause (b) of sub-section (1) of section 169 shall not apply in respect of a person if he opts out of presumptive tax regime subject to the condition that minimum tax liability under normal tax regime shall not be less than 50% of tax already deducted under sub-section (4) of section 154.

(41AAA) The provisions of clause (a) of sub-section (1) of section 153 and clause (b) of sub-section (1) of section 169 shall not apply in respect of a person if he opts out of presumptive tax regime subject to the condition that minimum tax liability under normal tax regime shall not be less than 70% of tax already deducted under clause (a) of sub-section (1) of section 153.

- Clause (16A) has been proposed to be amended as under;

The provisions of section 153(1)(b) shall not be applicable to the **person making payments to electronic and print media** in respect of the advertising services

- Clause (47B) has been proposed to be amended as under;

The provisions of sections 150, 151, 233 and **Part I, Division VII of the First Schedule** shall not apply to any person making payment to National Investment Unit Trust or a collective investment scheme or a modaraba or Approved Pension Fund or an Approved Income Payment Plan or a REIT Scheme or a Private Equity and Venture Capital Fund or a recognized provident fund or an approved superannuation fund or an approved gratuity fund.

- Sub-clause iii of clause -56 has been proposed to be amended as under;

The provisions of section 148, regarding withholding tax on imports shall not apply in respect of-

.....

(iii) goods temporarily imported into Pakistan for subsequent exportation and which are exempt from customs duty and sales tax under Notification No.492(I)/2009, dated the 13th June, 2009

- Clause 77 has been amended as under;

Provisions of sections 148 and 153 shall not be applicable on import and subsequent supply of items with dedicated use of renewable sources of energy like solar and wind etc., even if locally manufactured, which include induction lamps, SMD, LEDs with or without ballast with fittings and fixtures, wind turbines including alternator and mast, solar torches, lanterns and related instruments, PV modules with or without the related components including invertors, charge controllers and batteries

- Clause 76 has been omitted.

THIRD SCHEDULE

PART-II

The rate of initial allowance u/s.23 of the Income Tax Ordinance, 2001 has been reduced from 50% to 25% on buildings.

FOURTH SCHEDULE

- In Rule-6B the tax rate has been proposed to be changed as under;

S.No.	Tax Year	Where holding period of Securities is less than six months	Where holding period of Securities is more than six months but less than twelve months
(1)	(2)	(3)	(4)
1	2011	10.0%	8.0%
2	2012	10.0%	8.0%
3	2013	12.5%	8.5%
4	2014	15.0%	9.0%
5	2015	17.5%	9.0%

FIFTH SCHEDULE

- Sub-rule-4A has been proposed to be inserted as under;

(4A) Notwithstanding anything contained in this schedule, a person, for tax year 2012 and onward, may opt to pay tax at the rate of forty per cent of the profits and gains, net of royalty, derived by a petroleum exploration and production undertaking:

Provided that this option shall be available subject to withdrawal of pending appeals, references and petitions before appellate fora by the person and payment of whole of the outstanding tax liability created under this Ordinance upto tax year 2011, by the 30th June, 2012:

Provided further that this option is available only for one time and shall be irrevocable.

SEVENTH SCHEDULE

- In Rule-6, the following proviso has been proposed to be inserted as under;

Provided also that the dividend received from Money Market Funds and Income Funds shall be taxed at the rate of 25% for tax year 2013 and at the rate of 35% for tax years 2014 and onwards.

EIGHT SCHEDULE

- A new schedule has been proposed to be inserted;
RULES FOR THE COMPUTATION OF CAPITAL GAINS ON LISTED SECURITIES

1. Manner and basis of computation of capital gains and tax thereon.- (1) Capital gains on disposal of listed securities, subject to tax under section 37A, and to which section 100B apply, shall be computed and determined under this Schedule and tax thereon shall be collected and deposited on behalf of taxpayers by NCCPL in the manner prescribed.

(2) For the purpose of sub-rule (1), NCCPL shall develop an automated system.

(3) Central Depository Company of Pakistan Limited shall furnish information as required by NCCPL for discharging obligations under this Schedule.

(4) NCCPL shall issue an annual certificate to the taxpayer on the prescribed form in respect of capital gains subject to tax under this Schedule for a financial year:

Provided that on the request of a taxpayer or if required by the Commissioner, NCCPL shall issue a certificate for a shorter period within a financial year.

(5) Every taxpayer shall file the certificate referred to in sub-rule (4) along with the return of income and such certificate shall be conclusive evidence in respect of the income under this Schedule.

(6) NCCPL shall furnish to the Board within thirty days of the end of each quarter, a statement of capital gains and tax computed thereon in that quarter in the prescribed manner and format.

(7) Capital gains computed under this Schedule shall be chargeable to tax at the rate applicable in Division VII of Part I of the First Schedule.

2. Sources of Investment.- (1) Where a person has made any investment in the listed securities, enquiries as to the nature and source of the amount invested shall not be made for any investment made prior to the introduction of this Schedule, provided that –

(a) a statement of investments is filed with the Commissioner along with the return of income and wealth statement for tax year 2012 within the due date as provided in section 118 of this Ordinance and in the manners prescribed; and

(b) that the amount remains invested for a period of forty- five days upto 30th of June 2012, in the manner as may be prescribed.

(2) Where a person has made any investment in the shares of a public company traded at a registered stock exchange in Pakistan from the date of coming into force of this Schedule till June 30, 2014, enquiries as to the nature and sources of amount invested shall not be made provided that –

(a) the amount remains invested for a period of one hundred and twenty days in the manner as may be prescribed ;

(b) tax on capital gains, if any, has duly been discharged in the manner laid down in this Schedule; and

(c) a statement of investments is filed with the Commissioner along with the return of income and wealth statement for the relevant tax year within the due date as provided in section 118 of this Ordinance and in the manner prescribed.

(3) For the purpose of this rule, amount of investment shall be calculated in the prescribed manner, excluding market value of net open sale position in futures and derivatives, if such sale is in a security that constitutes the said investment.

3. Certain provisions of this Ordinance not to apply.- The respective provisions for collection and recovery of tax, advance tax and deduction of tax at source laid down in the Parts IV and V of Chapter X shall not apply on the income from capital gains subject to tax under this Schedule and these provisions shall apply in the manner as laid down in the rules made under this Ordinance, except where the recovery of tax is referred by NCCPL to the Board in terms of rule 6(3).

4. Payment of tax collected by NCCPL to the Board.- The amount collected by NCCPL on behalf of the Board as computed in the manner laid down under this Schedule shall be deposited in a separate bank account with National Bank of Pakistan and the said amount shall be paid to the Board along with interest accrued thereon on yearly basis by July 31st next following the financial year in which the amount was collected.

5. Persons to whom this Schedule shall not apply.- If a person intends not to opt for determination and payment of tax as laid down in this Schedule, he shall file an irrevocable option to NCCPL after obtaining prior approval of the Commissioner in the manner prescribed. In such case the provisions of rule 2 shall not apply.

6. Responsibility and obligation of NCCPL.- (1) Pakistan Revenue Automation Limited (PRAL), a company incorporated under the Companies Ordinance, 1984 (XLVII of 1984) or any other company or firm approved by the Board and any authority appointed under section 209 of this Ordinance, not below the level of an Additional Commissioner Inland Revenue, shall conduct regular system and procedural audits of NCCPL on quarterly basis to verify the implementation of this Schedule and rules made under this Ordinance.

(2) NCCPL shall implement the recommendations, if any, of the audit report under sub-rule (1), as approved by the Commissioner, and make adjustments for short or excessive deductions. However, no penal action shall be taken against NCCPL on account of any error, omission or mistake that has occurred from application of the system as audited under sub-rule (1).

(3) NCCPL shall be empowered to refer a particular case for recovery of tax to the Board in case NCCPL is unable to recover the amount of tax.

7. Transitional Provisions.- In respect of tax year 2012, for the period commencing from coming into force of this Schedule till June 30, 2012, the certificate issued by NCCPL under rule 1(4) shall be the basis of capital gains and tax thereon for that period.

FEDERAL EXCISE

The amendments are applicable from July 01, 2012 specified otherwise.

FIRST SCHEDULE

Various amendments have been made as under:

Table-I

Serial	PRESENT POSITION AS ON 30 TH JUNE, 2012	PROPOSED AMENDMENT THROUGH FINANCE BILL 2012
9	Locally produced cigarettes if their retail price exceeds Rs. 21 per ten cigarettes @ 65% of retail price	<i>Locally produced cigarettes if their retail price exceeds Rs. 22.86 paise per ten cigarettes @ 65% of the retail price.</i>
10	Locally produced cigarettes if their retail price exceeds Rs. 11.55 per ten cigarettes but does not exceed Rs. 21 per ten cigarettes @ Rs. 6.04/ten cigarettes + 70% per incremental rupee or part thereof.	<i>Locally produced cigarettes if their retail price exceeds Rs. 13.36 paise per ten cigarettes but does not exceed Rs. 22.86 paise per ten cigarettes.@ Rs. 7.02 paise per ten cigarettes plus 70% per incremental rupee or part thereof.</i>
11	Locally produced cigarettes if their retail price does not exceed Rs. 11 per ten cigarettes @ Rs. 6.04/ten cigarettes.	<i>Locally produced cigarettes if their retail price does not exceed Rs. 13.36 paise per ten cigarettes @ Rs. 7.02 paise per ten cigarettes</i>

Serial 13	Portland cement, aluminous cement, slag cement, super sulphate cement and similar hydraulic cements, whether or not colored or in the form of clinkers @ Rs. 500/MT.	<i>Portland cement, aluminous cement, slag cement, super sulphate cement and similar hydraulic cements, whether or not colored or in the form of clinkers @ Rs. 400/MT.</i>
22 to 27, 42 to 45 & 50	Lubricant oil, base lube oil, perfumes and toilet waters, beauty or make up preparation, preparation for use on the hair pre shave, after shave preparation and filter rods for cigarettes.	<i>Federal Excise Duty on items namely, Lubricant oil, base lube oil, perfumes and toilet waters, beauty or make up preparation, preparation for use on the hair pre shave, after shave preparation and filter rods for cigarettes has been withdrawn.</i>
Interpretation Clause	<p>Restriction</p> <p>1. For the purpose of levy, collection and payment of duty at the rates specified in column (4) against serial numbers 9, 10 and 11, no cigarette manufacturer shall reduce price from the level adopted on the day of announcement of the Budget 2011-12.</p>	<p>Restriction</p> <p><i>1. For the purpose of levy, collection and payment of duty at the rates specified in column (4) against serial numbers 9, 10 and 11, no cigarette manufacturer shall reduce price from the level adopted on the day of announcement of the latest Budget.</i></p>

<p>(2) <i>Non existent</i></p>	<p>(2) Variants at different price points. No manufacturer or importer of cigarette can introduce or sell a new cigarette brand variant of the same existing brand family at a price lower than the lowest actual price of the existing variant of the same brand family. For the purposes of this restriction, current minimum price variant of existing brand means the lowest price of a brand variant on the day of announcement of Budget 2012-13.</p>
<p>(3) <i>Non existent</i></p>	<p>3) Minimum Price of New Brands. Any new brand introduced in the market shall not be priced and sold lower than 5% below the price of the Most Popular price Category (MPPC). MPPC is the price point at which the highest number of excise tax paid cigarettes are sold in the previous fiscal year.</p>

TABLE II

3	<p>(a) Service provided or rendered in respect of travel by air of the passenger within the territorial jurisdiction of Pakistan @16% of charges plus Rs. 20 per ticket.</p> <p>b) services provided or rendered in respect of travel by air of the passengers embarking on international journey to or from Pakistan,—</p> <p>(i) Passenger embarking to or from SAARC region, U.A.E (Middle East), Saudi Arabia, Africa, Afghanistan @Rs. 3240 for economy and economy plus and Rs.4240 for club business in first class.</p> <p>ii) Passenger embarking to or from Europe, Far East, China, USA, Canada, Australia, South America, others e East@ Rs. 4240 for economy and economy plus and Rs. 5740 for club business in first class.</p>	<p><i>It has been proposed to increase duty @16% of charges plus Rs. 60, amended clause reads as under:</i></p> <p>(a) Service provided or rendered in respect of travel by air of the passenger within the territorial jurisdiction of Pakistan @16% of charges plus Rs. 60 per ticket.</p> <p>b) services provided or rendered in respect of travel by air of the passengers embarking on international journey to or from Pakistan,—</p> <p>(i) Economy and economy plus @Rs. 3840</p> <p>ii) Club business and first class @Rs. 6840.</p>
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THIRD SCHEDULE

Table-II

7	<i>Non existent</i>	Livestock insurance 9813.1600
8	<i>Non existent</i>	Services provided by Asset Management Companies with effect from 1st of July, 2007

LIST OF SROs

***The following SROs have been notified dated: June 1, 2012
effective from June 2, 2012; specified otherwise.***

SRO NO.	BRIEF
598(I)/2012	The duty on perfumes, toilet waters, beauty or make-up preparation, preparation for use on the hair, pre-shave, after shave preparation has been withdrawn, by amending the earlier SRO 649(I)/2005 dated; 01.07.2005.
599(I)/2012	The given exemption on viscose staple fiber has been withdrawn by amending the respective SRO 474(I)/2009 dated; 13.06.2009.
600(I)/2012	Through this SRO the certain amendments in the rule 41A have been made whereby the liability to charge, collect and pay the duty has been fixed on the airline operating in Pakistan uplifts the passengers from Pakistan for another airline.
603(I)/2012	Rescinding the following SROs: <ul style="list-style-type: none"> i) 807(I)/2005 (Rebate on FED on Export of Lubricating oil) ii) 671(1)/2006 (Fixation of the minimum price of lubricating price. iii) 777(I)/2006 (Rate of duty on the tickets issued for the service of travel by air on international journey. iv) 949(I)/2006 (Exemption from FED on import and supply of solvent oil. v) 1229(I)/2007 (Exemption from SED on tractor parts. 47(I)/2012 (FED rates on domestic and international passengers.

CUSTOMS ACT

The amendments are applicable from July 01, 2012 specified otherwise.

SECTION	PRESENT POSITION AS ON 30 TH JUNE, 2012	PROPOSED AMENDMENT THROUGH FINANCE BILL 2012
2(s)	Smuggle	<i>Through this amendment the scope of definition of smuggling has been extended by adding the words en route pilferage of transit goods.</i>
3AA	<i>Non existent</i>	<p><i>After section 3B, the following new sections shall be inserted, namely:</i></p> <p>Directorate General of Transit Trade.- The Directorate General of Transit Trade shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.</p>
3BB	<i>Non existent</i>	<p>Directorate General of Reform and Automation.- The Directorate General of Reform and Automation shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.</p>

<p>3BBB</p>	<p><i>Non existent</i></p>	<p>Directorate General of Risk Management.- The Directorate General of Risk Management shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint;</p>
<p>3CC</p>	<p><i>Non existent</i></p>	<p><i>After section 3C, the following new section shall be inserted, namely:-</i></p> <p>Directorate General of Intellectual Property Rights Enforcement.- The Directorate General of Intellectual Property Rights Enforcement shall consist of a Director General and as many Directors Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint;</p>
<p>18E</p>	<p><i>Non existent</i></p>	<p>Pakistan Customs Tariff.- The Board may, by notification in the official Gazette, subject to such conditions, limitations or restrictions as it may deem fit to impose, make such changes in the Pakistan Customs Tariff, specified in the First Schedule to this Act, required only for the purposes of statistical suffix of the Pakistan Customs Tariff (PCT) Code.</p>

81	<p>Provisional determination of liability No provisional assessment if no differential amount of duty and taxes paid or secured against bank guarantee or post dated Cheque.</p>	<p><i>Through this amendment the condition of bank guarantee has been replaced by submitting pay order.</i></p>
156(8,89 & 92)	<p>Punishment for offences:- The punishment of whipping in case of goods smuggled into or out of Pakistan.</p>	<p>The punishment of whipping has been omitted.</p>
156 (64)	<p>Punishment for offences If any person contravene any rules or condition relatable to section 128 or 129 such person shall be liable for penalty.</p>	<p><i>Through this amendment now custodian and inland carrier have been subject to penalty for violation of section 128 or 129.</i></p>
179	<p>Powers of adjudication</p>	<p><i>Through this amendment the monetary powers of adjudicating officers have been substituted as under;-</i></p> <p>(1) Subject to sub-section (2), in cases involving confiscation of goods or recovery of duty and other taxes not levied, short levied or erroneously refunded, imposition of penalty or any other contravention under this Act or the rules made thereunder, the jurisdiction and powers of the Officers of Customs in terms of amount of duties and other taxes involved, excluding the conveyance, shall be as follows:-</p>

		<ul style="list-style-type: none"> i Collector without limit ii Additional Collector not exceeding three million rupees iii Deputy Collector not exceeding one million rupees. iv Assistant Collector not exceeding five hundred thousand rupees. v Superintendent not exceeding fifty thousand rupees. vi Principal Appraiser not exceeding fifty thousand rupees.
<p style="text-align: center;">193</p>	<p>Appeals to Collector (Appeals) Any person other than an officer of Customs aggrieved by any decision may prefer appeal to Collector Appeals.....</p>	<p><i>Through this amendment the department as well any person aggrieved by any decision or order passed under Section 33, 79, 80 & 179 of this Act by an officer of Customs below the rank of Additional Collector, meaning thereby order passed by Additional Collector or Collector is out of purview of this Section, appeal lies against order passed by Additional Collector or Collector before Appellate Tribunal u/s. 194A of the Customs Act, 1984. This amendment is in the line with legislative measures whereby quasi-judicial and administrative functions have been separated.</i></p>

<p>194 – A (1)(a)</p>	<p><i>Non existent</i></p>	<p>Appeals to Appellate Tribunal <i>Through this amendment the following new clause has been inserted:</i></p> <p>“A decision or order passed by an Officer of Customs not below the rank of Additional Collector under section 179.”</p>
<p>202-B</p>	<p><i>Non Existent</i></p>	<p>Reward to Customs Officers and Officials.</p> <p>(1) In cases involving evasion of customs duty and other taxes, and confiscation of goods, cash reward shall be sanctioned to the officers of Pakistan Customs Service and officials for their meritorious conduct in such cases, and to the informer providing credible information leading to such confiscation or detection, as prescribed by rules by the Board, only after realization of part or whole of the duty and taxes involved in such cases.</p> <p>(2) The Board may, by a notification in the official Gazette, prescribe the procedure in this behalf and specify the apportionment of reward sanctioned under this section for individual performance or to collective welfare of the personnel of Pakistan Customs Service.</p>
<p>211</p>	<p>Maintenance of Record</p>	<p>The procedure for maintaining the importers and exporters and other persons carrying on the business under the Customs Act has been rationalized.</p>

Capital Value Tax

(i)	Where the value of immovable property is recorded	2% of the recorded value of the landed area	Whichever is higher
(ii)	Where the value of the	One hundred rupees per	
(iii)	Where the value of immovable property is a constructed property	Rs. 10 per square feet of the constructed area in addition to the value worked out above	

(b) residential flats of any size situated in urban area

(i)	Where the value of immovable property is recorded	2% of the recorded value	Whichever is higher
(ii)	Where the value of the immovable property is not recorded.	One hundred rupees per square feet of the covered areas of the immovable property;	

c) commercial immovable property of any size situated in an urban areas

(i)	Where the value of immovable property is recorded	2% of the recorded value of the landed area	Whichever is higher
(ii)	Where the value of the immovable property is not	One hundred rupees per square feet of the landed area	Whichever is higher
(iii)	Where the immovable property is a constructed property	Ten rupees per square feet of the constructed area in addition to the value worked out above.	
(ii) after clause (E), the following shall be added, namely:			
(f)	purchase of shares of a public company listed on a registered stock exchange in Pakistan	0.01% of the purchase value	



HAROON ZAKARIA & COMPANY

CHARTERED ACCOUNTANTS

Room No 211, 2nd Floor,
Progressive Plaza No. 5-CL-10,
Civil Lines Quarter, Beaumont Road,
Near Dawood Center, Karachi - 75530

Phone : +92-21-35674741-44
Fax : +92-21-35674745
E-mail : info@hzco.com.pk
URL : www.hzco.com.pk