



# HAROON ZAKARIA & COMPANY

## CHARTERED ACCOUNTANTS

For Clients Only

Comments on  
Finance Bill  
**2013**

## **COMMENTS ON FINANCE BILL – 2013**

The information contained in this booklet has been prepared on the basis of Finance Bill 2013 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 2013 unless specified otherwise after having been enacted as Finance Act 2013 with or without modification.

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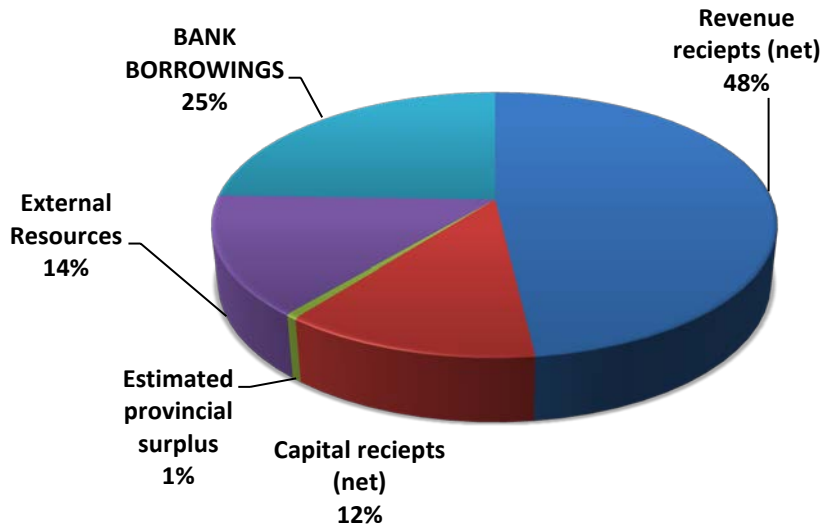
**HAROON ZAKARIA & COMPANY**  
**CHARTERED ACCOUNTANTS**

Dated: June 12, 2013

## BUDGET 2013-14 AT A GLANCE

=== Rupees in Million ===

	<u>2012-13</u>	<u>2013-14</u>
	<u>Revised</u>	
<b><u>RESOURCES</u></b>		
<b>Internal Resources</b>		
Revenue receipts (net)		
Direct tax	779	976
Indirect tax	1,345	1,622
Non tax revenue	712	822
Less: Provincial share	(1,221)	(1,502)
Capital receipts (net)	106	493
Estimated provincial surplus	(62)	23
	<b>1,659</b>	<b>2,434</b>
External Resources	243	576
	<b>1,902</b>	<b>3,010</b>
Bank Borrowings	1,576	975
	<b>3,478</b>	<b>3,985</b>



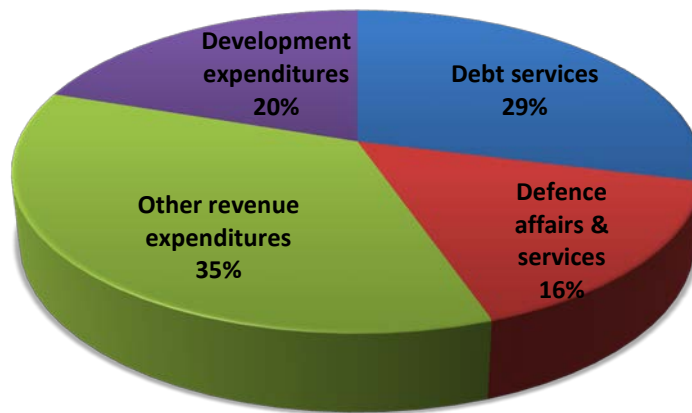
### **EXPENDITURES**

Current expenditures	2,907	3,196
Development expenditures (PSDP)	571	789
	<b>3,478</b>	<b>3,985</b>

=== Rupees in Million ===

	<u>2012-13</u>	<u>2013-14</u>
	<u>Revised</u>	
<b><u>Revenue Receipts (Gross)</u></b>		
Direct Tax	779	976
Indirect tax		
Customs	241	279
Sales Tax	865	1,053
Federal Excise	122	166
Others	118	123
	<b><u>2,124</u></b>	<b><u>2,597</u></b>
<b><u>EXPENDITURES</u></b>		
Debt services	1,028	1,154
Defence affairs & services	570	627
Other revenue expenditures	1,309	1,415
	<b><u>2,907</u></b>	<b><u>3,196</u></b>
Development expenditures	571	789
	<b><u>3,478</u></b>	<b><u>3,985</u></b>

### Expenditures



# Finance Bill 2013

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## SALIENT FEATURES BUDGET 2013-14

### SALES TAX ACT, 1990

- Proposed enhanced standard rate of sales tax from 16% to 17% effective from 13<sup>th</sup> June, 2013.
- Proposed to charge further tax at the rate of 2% on value of supply made to unregistered person effective from 13<sup>th</sup> June, 2013.
- Proposed to charge extra tax at the rate of 5% of the total bill in respect of electric power and natural gas to person having industrial commercial connections whose bill in any month exceeds Rs. Fifteen thousand but who is not registered person effective from June 13, 2013.
- Proposed to change definition of time of supply whereby tax is payable at the time of payment received or delivery of good whichever is earlier.
- Proposed to introduce collection of tax on capacity and fixed basis.
- Proposed to enhance scope of rectification of mistake.
- Proposed to include various finished goods in the list of the Third Schedule.
- Proposed to transfer various items from zero rated to exempt list.

## SALIENT FEATURES

- Proposed to disallow input tax adjustment in cases where discrepancies indicated by CREST on input tax of purchase is not verifiable in the supply chain effective from June 13, 2013.
- Proposed to exclude finished consumer goods from the list of items chargeable to sales tax at the rate of 2%.
- Proposed to expand scope of withholding regime for withholding of whole of amount of tax by withholding agents on purchases made from unregistered persons effective from 13<sup>th</sup> June, 2013.
- Proposed to maintain record relating to gate passes and transport receipts in order to claim input tax.
- Proposed to introduce concept of reward to inland revenue officers/officials in detection of cases involving concealment or evasion of duty and taxes effective from 13<sup>th</sup> June, 2013.
- Proposed to empower Commissioner Inland Revenue appeal to grant stay from recovery of disputed demand.
- Proposed to 100% withholding sales tax in case of purchase from unregistered person.

## INCOME TAX

*The amendments are applicable from July 1, 2013 specified otherwise.*

- Proposed to remove the discrimination against the non corporate sector & the facility of carry forward of unadjusted minimum tax is to be extended to Individuals and AOPs also which was restricted to the corporate sector earlier.
- Proposed to insert new tax slab enhancing tax rate from 25% to 35% in case of AOPs and individuals tax payers having taxable income exceeding six million.
- Proposed to treat tax collected **u/s. 234** on motor vehicles as adjustable against the liability of transporter which is presently considered as final tax liability.
- Advance Tax **u/s. 236A** is proposed to be enhanced from 5% to 10% to be collected at the time of sale by auction.
- To facilitate the manufacturing sector, the facility of exemption certificate on import of raw material is proposed to be reintroduced subject to the payment of tax liability determined for any of the preceding two years, whichever is higher.
- Proposed to provide relief to the corporate sector, the rate of tax for non banking companies is being reduced from 35% to 34%.



## **SALIENT FEATURES**

- The existing three slabs for property income are proposed to increase to six which will bring progressivity in the rates of tax.
- Proposed to promote documentation of economy an adjustable withholding tax is being introduced which shall be collected by the Hotels/Clubs/Marriage Halls/Restaurants etc. from persons arranging functions.
- Proposed to encourage filing of returns and broadening of tax base adjustable WHT to be levied on renewal and license fee of cable operators and other electronic media which shall be collected by Pakistan Electronic Media Regulatory Authority.
- Proposed to ensure proper taxation of business income/profits of the builders and developers, payment of minimum tax at a rate of Rs.25 per sq ft of the constructed area sold and Rs. 50 per square yard of the area sold of the developed land respectively is being introduced.
- Proposed to enhance minimum tax from 0.5% to 1%.
- Withholding tax on cash withdrawal enhance from 0.2% to 0.3%.
- Proposed to withholding tax by manufacturers for distributors, dealers & wholesalers.
- Proposed to adjustable withholding tax on foreign-produced films, TV serials and plays etc to be collected by the authority responsible for their censoring/certification at the rate of Rs. 1 Million for films and Rs. 100,000 per episode for TV plays.

- Proposed to An adjustable advance tax @ 5% of fee of all educational institutions where annual fee is above Rs.200,000 to be collected by educational institutions at the time of receipt of fee from the person paying the fee.
- Proposed to Rate of deduction of withholding tax, which is final tax on payment of prize on prize bond to be enhanced from 10% to 15%.
- Proposed to rationalize the taxation of the companies, the rate of initial depreciation to be reduced from 50% to 25% for Plant and Machinery.
- Proposed to the exemption limit of withholding tax for investment in National Saving scheme to be withdrawn.
- Proposed to following exemptions provided in the 2<sup>nd</sup> schedule to the Income Tax Ordinance 2001 are also to be withdrawn for being discriminatory, prone to misuse and causing loss of revenue:-
- Proposed to make dividend here subject to FTR in case of Company.
- Proposed to include sales tax registered person in the list of prescribe person for the purpose of withholding tax.
- Proposed to enhance penalty amount in case of non-compliance.
- Proposed to enhance withholding tax rate of supply of goods from 3.5% to 4% in case of person other than company.
- Proposed to enhance withholding tax rate on providing/ rendering services from 6% to 7% in case of person other than company.

## **INCOME SUPPORT LEVY ACT, 2013**

- Proposed to levy at the rate of 0.5% on net moveable wealth exceeding one million rupees in case of individuals effective from tax year 2013.

**FEDERAL EXCISE ACT, 2005**

- Proposed to charge further tax at the rate of 2% on the supply made to unregistered person
- Proposed to empower Commissioner Inland Revenue appeal to grant stay from recovery of disputed demand.
- Proposed to enhance federal excise duty on aerated beverages from 6% to 9% on capacity based effective from June 13, 2013.
- Proposed to charge duty at the rate Re. 1/Kg on locally produced oil purchased by manufacturer of vegetable ghee and cooking oil in lieu of duty at the rate of 16% on the production
- Proposed to charge duty at the rate Rs. 0.40/Kg on import of oil seeds.

**CUSTOMS ACT, 1969**

- Duty free import of “bio re-absorbable vascular scaffold” (heart stents) to decrease their cost for heart patients
- Seeks to omit requirement of furnishing postdated cheque for the purpose of provisional determination of liability.
- Exemption of duty and sales tax on energy saving tubes presently @ 20% duty to encourage use of energy efficient electrical equipment.
- Streamlining and deregulation of the procedure for exempt import of renewable energy resources compatible equipment to promote their use and incentive investment in this field.
- Reduction of customs duty on office or school supplies from 25% to 20% to lower their price and reduce classification disputes.
- Duty & sales tax free import of solar submersible pumps presently @ 20% duty to encourage use of energy efficient electrical equipment.
- Reduction of duty on water treatment & purifying machinery and equipment from 20% to 15% to make them accessible to general public.
- Streamlining the procedure for re-import of machinery & equipment sent abroad for repair etc by industrial importers.
- Reduction of customs duty on Medium Density Fiber (MDF) Board.

- Proposed to grant exemption on custom duty, sales tax & withholding tax on import of hybrid Electric vehicle to the extent as specified below:

Upto 1200 CC	100%
From 1201 CC to 1800 CC	50%
From 1801 CC to 2500 CC	25%

## SALES TAX

*The amendments are applicable from July 1, 2013 specified otherwise.*

SECTION	PRESENT POSITION AS ON 30 <sup>TH</sup> JUNE, 2013	PROPOSED AMENDMENT THROUGH FINANCE BILL 2013
2 (5AB)	<p><b>Definitions:-</b></p> <p><i>Non Existent:</i></p>	<p><i>The following new definition has been proposed to be inserted:</i></p> <p>“CREST” means the computerized program for analyzing and cross-matching of sales tax returns, also referred to as Computerized Risk-based Evaluation of Sales Tax;”;</p>
2 (22A)	<p>“Provincial sales tax” means tax levied under.–</p> <p>(a) the Balochistan Sales Tax Ordinance, 2000 (I of 2000);</p> <p>(b) Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (XLII of 2001);</p> <p>(c) the Punjab Sales Tax Ordinance , 2000 (Pb. Ord. II of 2000);</p> <p>(d) the North West Frontier Province Sales Tax Ordinance, 2000 (III of 2000); and</p> <p>(e) the Sindh Sales Tax Ordinance, 2000 (VIII of 2000);</p>	<p><i>The definition has been substituted as under:</i></p> <p>“Provincial Sales Tax” means tax levied under provincial laws or laws relating to Islamabad Capital Territory, which are declared by the Federal Government through notification in the official Gazette, to be provincial sales tax for the purpose of input tax;”;</p>
2 (33A)	<p><i>Non-Existent:</i></p>	<p>“supply chain” means the series of transactions between buyers and sellers from the stage of first purchase or import to the stage of final supply;”;</p>

2 (44)	<p><b>“time of supply,” in relation to,—</b></p> <p>(a) a supply of goods, other than under hire purchase agreement, means the time at which the goods are delivered or made available to the recipient of the supply;</p> <p>(b) a supply of goods under a hire purchase agreement, means the time at which the agreement is entered into; and</p> <p>(c) services, means the time at which the services are rendered or provided;</p>	<p><i>The following has been added in sub-section (a) namely:</i></p> <p>“or the time when any payment is received by the supplier in respect of that supply, whichever is earlier”</p> <p><i>After the proposed amendment the time of supply shall be delivery of goods or payment received, whichever is earlier.</i></p> <p><i>The new proviso has been proposed to add namely:</i></p> <p>“Provided that in respect of sub-clause (a), (b) or (c), where any part payment is received,—</p> <p>(i) for the supply in a tax period, it shall be accounted for in the return for that tax period; and</p> <p>(ii) in respect of exempt supply, it shall be accounted for in the return for the tax period during which the exemption is withdrawn from such supply;”;</p> <p><i>In case of payment received before delivery of goods, the same should be reflected in relevant tax period and sales tax shall be paid accordingly in such period.</i></p>
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3	<p><b>3. Scope of tax.—</b></p> <p>(1) Subject to the provisions of this Act, there shall be charged, levied and paid a tax known as sales tax at the rate of sixteen per cent of the value of—</p> <p>(a) taxable supplies made by a registered person in the course or furtherance of any taxable activity carried on by him; and</p> <p>(b) goods imported into Pakistan.</p> <p>(2) Notwithstanding the provisions of sub-section (1):--</p> <p>(a) taxable supplies specified in the Third Schedule shall be charged to tax at the rate of sixteen per cent of the retail price which alongwith the amount of sales tax shall be legibly, prominently and indelibly printed or embossed by the manufacturer on each article, packet, container, package, cover or label, as the case may be:</p> <p>Provided that the Federal Government, may, by notification in the official Gazette, exclude any taxable supply from the said Schedule or include any taxable supply therein; and .....</p>	<p><i>It has been proposed to substitute word sixteen with word seventeen, meaning thereby <b>sales tax rate has been increased from 16% to 17%.</b></i></p> <p><i>Effective from June 13, 2013.</i></p>
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3 (1A)	<p><i>Non-Existent;</i></p>	<p><i>New sub-section has been proposed to add namely:</i></p> <p><i>“(1A) Subject to the provision of sub-section (6) of section 8 or any notification issued thereunder, where taxable supplies are made to a person who has not obtained registration number, there shall be charged, levied and paid a further tax at the rate of two per cent of the value in addition to the rate specified in sub-sections (1), (1B), (2), (5) and (6) of this section: Provided that the Federal Government may, by notification in the official Gazette, specify the taxable supplies in respect of which the further tax shall not be charged, levied and paid.</i></p> <p><i>Further sales tax @ 2% is not applicable in case of class of goods prohibited to supply other than registered person. However, further tax is applicable on value of supply in all other cases including sales tax subject to special procedure and Third Schedule of the Sales Tax Act, 1990, if supply is made to unregistered person. We believe that appropriate amendment is required to be made to exclude items under Third Schedule for the purpose of further tax.</i></p> <p><i>Effective from June 13, 2013.</i></p>
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<p>3 (1B)</p>	<p><i>Non-Existent;</i></p>	<p>(1B) The Board may, by notification in the official Gazette, in lieu of levying and collecting tax under sub-section (1) on taxable supplies, levy and collect tax--                      (a) on the production capacity of plants, machinery, undertaking, establishments or installations producing or manufacturing such goods; or                      (b) on fixed basis, as it may deem fit, from any person who is in a position to collect such tax due to the nature of the business.”; and   <i>The SRO is awaited for list of goods subject to this subsection.</i></p>
<p>3 (5)</p>	<p>The Federal Government may, in addition to the tax levied under sub-section (1), sub-section (2) and sub-section (4), levy and collect such extra amount of tax not exceeding fifteen per cent of the value of such goods or class of goods and on such persons or class of persons, in such mode, manner and at time, and subject to such conditions and limitations as it may, by rules, prescribe.</p>	<p><i>The words “tax at such extra rate or amount” have been proposed to be replaced with words “such extra amount of tax”. The proposed amendment is to correct appropriate terminology.</i></p>

8 (1)(caa)	<p><b>Adjustable input tax.—</b></p> <p><i>Non-Existent;</i></p>	<p><i>New subclause has been proposed to be inserted namely:</i></p> <p>“purchases, in respect of which a discrepancy is indicated by CREST or input tax of which is not verifiable in the supply chain;”;</p> <p><i>The amendment is made to give legal cover to CREST.</i></p>
21 (3)	<p><b>De-registration, blacklisting and suspension of registration.—</b></p> <p>During the period of suspension of registration, the invoices issued by such person shall not be entertained for the purposes of sales tax refund or input tax credit, and once such person is blacklisted, the refund or input tax credit claimed against the invoices issued by him, whether prior or after such blacklisting, shall unless the registered buyer has fulfilled his responsibilities under section 73 be rejected through a self-speaking appealable order and after affording an opportunity of being heard to such person.</p>	<p><i>Seeks to omit the word and figure namely:</i></p> <p>“unless the registered buyer has fulfilled his responsibilities under section 73”</p> <p><i>The amendment is effective prospectively being substantive law.</i></p>

<p>21 (4)</p>	<p><b>Non-existent;</b></p>	<p><i>New subsection has been proposed to add namely:</i></p> <p>Notwithstanding anything contained in this Act, where the Board, the Commissioner or any officer authorized by the Board in this behalf has reasons to believe that a registered person is engaged in issuing fake or flying invoices, claiming fraudulent input tax or refunds, does not physically exist or conduct actual business, or is committing any other fraudulent activity, the Board, Commissioner or such officer may after recording reasons in writing, block the refunds or input tax adjustments of such person and direct the concerned Commissioner having jurisdiction for further investigation and appropriate legal action.”;</p>
<p>22 (1)(ea)</p>	<p><b>Records-</b></p> <p><i>Non-Existent;</i></p>	<p>“record relating to gate passes, inward or outward, and transport receipts.”;</p> <p><i>Now gate passes inwards or outwards and transport receipt have been made part of Record, before there was no legal cover to such Records. This will help to discourage issuance of fake and flying invoices.</i></p>

25	<p><b>Access to record, documents, etc.-</b></p>	<p><i>New explanation has been proposed to be inserted namely;</i></p> <p><b>Explanation.-</b> For the purpose of sections 25, 38, 38A, 38B and 45A and for removal of doubt, it is declared that the powers of the Board, Commissioner or officer of Inland Revenue under these sections are independent of the powers of the Board under section 72B and nothing contained in section 72B restricts the powers of the Board, Commissioner or officer of Inland Revenue to have access to premises, stocks, accounts, records, etc. under these sections or to conduct audit under these sections.”;</p> <p><i>The explanation has been added to undo judgment of Hon’ble High Court, Lahore, in case of Chen One, wherein selection of cases u/s. 25 was declared unlawful, since explanation always given retrospective in effect, therefore, this will cover also pending cases.</i></p>
40B	<p><b>40B. Posting of Sales Tax Officer.--</b> Subject to such conditions and restrictions, as deemed fit to impose, the Board, may post Officer of Sales Tax to the premises of registered person or records, etc. under these sections or to conduct audit under these sections.”;</p>	<p><i>The word “Chief Commissioner” has also been proposed to be included to exercise power under this Section.</i></p>

40C	<p><i>Non-Existent;</i></p>	<p><i>New subsection has been proposed to be inserted namely;</i></p> <p><b>Monitoring or tracking by electronic or other means.— (1)</b> Subject to such conditions, restrictions and procedures, as it may deem fit to impose or specify, the Board may, by notification in the official Gazette, specify any registered person or class of registered persons or any good or class of goods in respect of which monitoring or tracking of production, sales, clearances, stocks or any other related activity may be implemented through electronic or other means as may be prescribed.</p> <p>(2) From such date as may be prescribed by the Board, no taxable goods shall be removed or sold by the manufacturer or any other person without affixing tax stamp, banderole, stickers, labels, etc. in any such form, style and manner as may be prescribed by the Board in this behalf.”;</p>
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<p><b>45B (1A)</b></p>	<p><b>Power of Adjudication.–</b>  <i>Non-Existent;</i></p>	<p>“(1A) Where in a particular case, the Commissioner (Appeals) is of the opinion that the recovery of tax levied under this Act, shall cause undue hardship to the taxpayer, he, after affording opportunity of being heard to the Commissioner or officer of Inland Revenue against whose order appeal has been made, may stay the recovery of such tax for a period not exceeding thirty days in aggregate.”;</p> <p><i>Now specifically power vested with Commissioner Inland Revenue (Appeals) to grant stay the recovery of disputed tax, this is inline with already amendment made in Section 128(1A) Income Tax Ordinance, 2001.</i></p>
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57	<p><b>Correction of clerical errors, etc.--</b> Clerical or arithmetical errors in any assessment, adjudication, order or decision may, at any time, be corrected by the officer of Sales Tax who made the assessment or adjudication or passed such order or decision or by his successor in office :</p> <p>Provided that before such correction, a notice shall be given to the registered person or to a person affected by such correction.</p>	<p><i>The Section shall be substituted namely;</i></p> <p><b>Rectification of mistake.— (1)</b> The Commissioner, the Commissioner (Appeals) or the Appellate Tribunal may, by an order in writing, amend any order passed by him to rectify any mistake apparent from the record on his or its own motion or any mistake brought to his or its notice by a taxpayer or, in the case of the Commissioner (Appeals) or the Appellate Tribunal, the Commissioner.</p> <p>(2) No order under sub-section (1) which has the effect of increasing an assessment, reducing a refund or otherwise applying adversely to the taxpayer shall be made unless the taxpayer has been given a reasonable opportunity of being heard.</p> <p>(3) Where a mistake apparent on the record is brought to the notice of the Commissioner or Commissioner (Appeals), as the case may be, and no order has been made under sub-section (1), before the expiration of the financial year next following the date on which the mistake was brought to their notice, the mistake shall be treated as rectified and all the provisions of this Act shall have effect accordingly.</p>
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		<p>(4) No order under sub-section (1) shall be made after five years from the date of the order sought to be rectified.";</p> <p>The scope of the provision has been widen and brought in the line of Section 221 of the Income Tax Ordinance, 2001.</p>
72C	<i>Non-Existent;</i>	<p><b>Reward to Inland Revenue officers and officials.- (1)</b> In cases involving concealment or evasion of sales tax and other taxes, cash reward shall be sanctioned to the officers and officials of Inland Revenue for their meritorious conduct in such cases and to the informer providing credible information leading to such detection, as may be prescribed by the Board, only after realization of part or whole of the taxes involved in such cases.</p> <p>(2) The Board may, by 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 officers and officials of Inland Revenue.";</p>

23	<p><b>Certain transactions not admissible.—</b></p> <p><b>Explanation—</b> For the purpose of this section, the term “business bank account” shall mean a bank account utilized by the registered person for business transactions, declared to the Collector in whose jurisdiction he is registered.</p>	<p><b>Explanation—</b> For the purpose of this section, the term “business bank account” shall mean a bank account utilized by the registered person for business transactions, declared to the Collector in whose jurisdiction he is registered <b>through Form STR 1 or change of particulars in registration database.</b></p>
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### THIRD SCHEDULE:

*The following Items shall be added:*

22.	Finished or made-up articles of textile and leather, including garments, footwear, and bed ware, sold in retail packing.	Respective headings
23.	Household electrical goods, including air conditioners, refrigerators, deep freezers, televisions, recorders and players, electric bulbs, tube-lights, fans, electric irons, washing machines and telephone sets.	Respective headings
24.	Household gas appliances, including cooking range, ovens, geysers and gas heaters	Respective headings
25.	Foam or spring mattresses, and other foam products for household use	Respective headings
26.	Auto parts and accessories sold in retail packing	Respective headings
27.	Lubricating oils, brake fluid, transmission fluid, and other vehicular fluids and maintenance products in retail packing	Respective headings
28.	Tyres and tubes	Respective headings
29.	Storage batteries	Respective headings

30.	Arms and ammunition	Respective headings
31.	Paints, distempers, enamels, pigments, colours, varnishes, gums, resins, dyes, glazes, thinners, blacks, cellulose lacquers and polishes sold in retail packing	Respective headings
32.	Fertilizers	Respective headings
33.	Cement sold in retail packing	Respective headings
34.	Tiles sold in retail packing	Respective headings
35.	Biscuits, confectionary, chocolates, toffees and candies	Respective headings
36.	Other goods and products sold in retail packing	Respective headings

*As per Third Schedule tax shall be charged @ 17% of the retail price printed by the manufacturer.*

#### **SIXTH SCHEDULE:**

*The exemption has been withdrawn on the following items:*

- “Milk preparations obtained by replacing one or more of the constituents of milk by another substance, whether or not packed for retail sale.”
- “Supplies against international tender.”

*However International tender shall be subject to zero rated.*

*The following items have been inserted, declaring its supply is exempt through SRO 501(I)/2013:*

1.	Uncooked poultry meat (PCT Heading 02.07).
2.	Milk and cream (PCT headings 04.01 and 04.02).
3.	Flavored Milk (PCT Headings 0402.9900 and 22.02).
4.	Yogurt (PCT Heading 0403.1000).
5.	Whey (PCT Heading 04.04).
6.	Butter (PCT Heading 0405.1000).

7.	Desi ghee (PCT Heading 0405.9000).
8.	Cheese (PCT Heading 0406.1010).
9.	Processed cheese not grated or powdered (PCT Heading 0406.3000).
10.	Cotton seed (PCT heading 1207.2000).
11.	Frozen, prepared or preserved sausages and similar products of poultry meat or meat offal (PCT Heading 1601.0000).
12.	Meat and similar products of prepared frozen or preserved meat or meat offal of all types including poultry meat and fish (PCT Headings 1602.3200, 1602.3900, 1602.5000, 1604.1100, 1604.1200, 1604.1300, 1604.1400, 1604.1500, 1604.1600, 1604.1900, 1604.2010, 1604.2020, 1604.2090, 1604.3000).
13.	Preparations for infant use, put up for retail sale (PCT Heading 1901.1000).
14.	Fat filled milk (PCT Heading 1901.9090).
15.	Soyabean meal (PCT Heading 2304.0000).
16.	Oil cake and other solid residues, whether or not ground or in the form of pellets (PCT heading 2306.1000)
17.	Colours in sets (Poster colours) (PCT Heading 3213.1000).
18.	Writing, drawing and marking inks (PCT Headings 3215.9010 and 3215.9090).
19.	Erasers (PCT Headings 4016.9210 and 4016.9290).
20.	Exercise books (PCT Heading 4820.2000).
21.	Directly reduced iron (PCT heading 72.03).
22.	Pencil sharpeners (PCT Heading 8214.1000).
23.	Energy saver lamps (PCT heading 8539.3910).
24.	Sewing machines of the household type (PCT Headings 8452.1010 and 8452.1090).
25.	Purpose built taxis, whether in CBU or CKD condition (PCT Headings 8703.3226 and 8703.3227) which are built on girder chassis and having following features, namely:-
	(a) Attack resistance central division along with payment tray;
	(b) Wheelchair compartment with folding ramp; and
	(c) Taximeter and two-way radio system.
26.	Bicycles (PCT Heading 87.12).
27.	Wheelchairs (PCT headings 8713.1000 and 8713.9000).
28.	Vessels for breaking up (PCT heading 89.08)
29.	Other drawing, marking out or mathematical calculating instruments

	(geometry box) (PCT Heading 9017.2000).
30.	Pens and ball pens (PCT Heading 96.08).
31.	Pencils including colour pencils (PCT Heading 96.09).
32.	Compost (non-chemical fertilizer) produced and supplied locally
33.	Construction materials to Gawadar Export Processing Zone's investors and to Export Processing Zone Gawadar for development of Zone's infrastructure.

## NOTIFICATIONS

The following SROs have been notified dated: June 12, 2013 effective from June 13, 2013; specified otherwise.

SRO	Brief
<b>500(I)/2013</b>	Through this SRO the following SROs have been rescinded: (i) No. S.R.O. 646(I)/2005, dated the 30th June, 2005; (ii) No. S.R.O. 172(I)/2006, dated the 24th February, 2006; (iii) No. S.R.O. 863(I)/2007, dated the 24th August, 2007; (iv) No. S.R.O. 160(I)/2010, dated the 10th March, 2010; (v) No. S.R.O. 161(I)/2010, dated the 10th March, 2010; (vi) No. S.R.O. 162(I)/2010, dated the 10th March, 2010; (vii) No. S.R.O. 163(I)/2010, dated the 10th March, 2010; (viii) No. S.R.O. 164(I)/2010, dated the 10th March, 2010; (ix) No. S.R.O. 117(I)/2011, dated the 10th February, 2011; (x) No. S.R.O. 180(I)/2011, dated the 5th March, 2011; (xi) No. S.R.O. 200(I)/2011, dated the 14th March, 2011; and (xii) No. S.R.O. 201(I)/2011, dated the 14th March, 2011;
<b>501(I)/2013</b>	Various items shall be included under Sixth Schedule subject to exempt from sales tax.
<b>502(I)/2013</b>	The following amendment has been made in SRO 549(I)/2008, 11.06.2008, whereby various items shall be omitted which were subject to zero-rated, now included in Sixth Schedule subject to exemption from sales tax.
<b>503(I)/2013</b>	Through this SRO, SRO 993(I)/2006, dated: 21.09.2006 related to repayment cum drawback or sales tax shall be omitted.
<b>504(I)/2013</b>	Through this SRO, amendment shall be made in SRO 1125(I)/2011, dated: 31.12.2011, related to five sectors subject to reduce rate, now finished articles have been excluded and made sales tax subject to normal rate at 17%.
<b>505(I)/2013</b>	The SRO is related to Sales Tax Special Procedure (Withholding) Rules, 2007, whereby supply made by unregistered person shall be subject to 100% withholding tax by registered buyer.
<b>506(I)/2013</b>	The Board shall be empowered to decide jurisdiction in case of multiple business premises or single premises.
<b>509(I)/2013</b>	Person having industrial or commercial connection in respect

	of electric power and natural gas whose bill exceeds Rs. 15,000/- but not registered shall pay extra tax @ 5%.
<b>510(I)/2013</b>	Special procedure for collection and payment of extra tax on supplies of electric power and natural gas consumed by unregistered and inactive persons.



## INCOME TAX

*The amendments are applicable from July 1, 2013 specified otherwise.*

SECTION	PRESENT POSITION AS ON 30 <sup>TH</sup> JUNE, 2013	PROPOSED AMENDMENT THROUGH FINANCE BILL 2013
8(e)(ii)	<p><b>General provision related to taxes imposed under section-5, 6&amp;7;</b> in any other case, the tax payable has been deducted at source under Division III of Part V of Chapter X [Provided that the provision of this section shall not apply to dividend received by a company]</p>	<p><i>Proviso shall be omitted.</i></p> <p><i>By virtue of amendment, dividend income in the hand of company is subject to final tax regime.</i></p>
56(1)	<p><b>Set off losses;</b> Subject to sections 58 and 59, where a person sustains a loss for any tax year under any head of income specified in section 11, the person shall be entitled to have the amount of the loss set off against the person's income, if any, chargeable to tax under any other head of income for the year.</p>	<p>Subject to sections 58 and 59, seeks to insert the work "except income under the head "salary amended proviso shall be namely where a person sustains a loss for any tax year under any head of income specified in section 11, the person shall be entitled to have the amount of the loss set off against the person's <b>except income under the head salary</b>, if any, chargeable to tax under any other head of income for the year.</p> <p><i>Salary income cannot be set off against any other losses for the year.</i></p>

<p>59AA(5)</p>	<p><b>Limitation of set off and carry forward on losses;</b>                  (5) The option of group taxation shall be available to those group companies which comply with such corporate governance requirements as may be specified by the Securities and Exchange Commission of Pakistan from time to time and are designated as companies entitled to avail group taxation</p>	<p>The option of group taxation shall be available to those group companies which comply with such corporate governance requirements <b>and group designation rules or regulations</b> as may be specified by the Securities and Exchange Commission of Pakistan from time to time and are designated as companies entitled to avail group taxation</p> <p><i>Clarification in nature</i></p>
<p>59B(2)(g)</p>	<p><b>Group Relief;</b>                  (g) all the companies in the group shall comply with such corporate governance requirements as may be specified by the Securities and Exchange Commission of Pakistan from time to time, and are designated as companies entitled to avail group relief; and</p>	<p>(g) all the companies in the group shall comply with such corporate governance requirements <b>and group designation rules or regulations</b> as may be specified by the Securities and Exchange Commission of Pakistan from time to time, and are designated as companies entitled to avail group relief; and</p> <p><i>Clarification in nature</i></p>
<p>80(2)(b)(v)</p>	<p><b>Person;</b>                  (v) a trust, a co-operative society or a finance society or any other society established or constituted by or under any law for the time being in force;</p>	<p><i>The sub-clause rephrase as under;</i></p> <p><b>(v) a co-operative society, a finance society or any other society;</b>  <i>This definition has been broken in two separate parts.</i></p>

		<p><i>New clause inserted:</i></p> <p>(va) a non-profit organization;</p> <p>(vb) a trust, an entity or a body of persons established or constituted by or under any law for the time being in force;</p>
<p><b>111(1)</b></p>	<p><i>Non-existent</i></p>	<p><b>Un-explained income or assets;</b></p> <p>Provided that where a taxpayer explains the nature and source of the amount credited or the investment made, money or valuable article owned or funds from which the expenditure was made, by way of agricultural income, such explanation shall be accepted to the extent of agricultural income worked back on the basis of agricultural income tax paid under the relevant provincial law.</p> <p><i>Credit of agriculture income to the extent of tax paid as per provincial law.</i></p>

113(1)(e), 2(b) & 2(c)	<p><b>Minimum Tax on income of certain person</b></p> <p><b>1(e)</b> the claiming of allowances or deductions (including depreciation and amortization deductions) no tax is payable or paid by the person for a tax year or the tax payable or paid by the person for a tax year is less than one-half percent of the amount representing the person’s turnover from all sources for that year;</p>	<p><i>Minimum tax u/s.113 of the Income Tax Ordinance, 2001 shall be enhanced from 0.55 to 1% newly amended shall read as under;</i></p>
	<p><b>2(b)</b>the person shall pay as income tax for the tax year (instead of the actual tax payable under this Ordinance), an amount equal to one-half percent of the person’s turnover for the year;</p>	<p>the person shall pay as income tax for the tax year (instead of the actual tax payable under this Ordinance), an amount equal to <b>one</b> percent of the person’s turnover for the year;</p>
	<p><b>2(c)</b>where tax paid under sub-section (1) exceeds the actual tax payable under Part I, Division II of the First Schedule, the excess amount of tax paid shall be carried forward for adjustment against tax liability under the aforesaid Part of the subsequent tax year</p>	<p>where tax paid under sub-section (1) exceeds the actual tax payable under Part I, <b>clause (1) of Division I</b> Division II of the First Schedule, the excess amount of tax paid shall be carried forward for adjustment against tax liability under the aforesaid Part of the subsequent tax year</p> <p><i>1% minimum tax on turnover resorted.</i></p>

113A	<p><b>Tax on income of certain person;</b>                  (1) Subject to this Ordinance, where a retailer being an individual or an association of persons has turnover upto rupees five million for any tax year, such person may opt for payment of tax as a final tax at the rates specified in Division IA of Part I of the First Schedule.</p> <p>(2) For the purposes of this section, —</p> <p>(a) “retailer” means a person selling goods to general public for the purpose of consumption;</p> <p>(b) “turnover” shall have the same meaning as assigned to it in sub-section (3) of section 113.</p> <p>(3) The tax paid under this section shall be a final tax on the income arising from the turnover as specified in sub-section (1). The retailer shall not be entitled to claim any adjustment of withholding tax collected or deducted under any head during the year.</p>	<p><i>The proviso shall be substituted namely.</i></p> <p><b>Minimum tax on builders.- (1)</b>                  Subject to this Ordinance, where a person derives income from the business of construction and sale of residential, commercial or other buildings, he shall pay minimum tax at the rate of rupees twenty five per square foot as per the construction or site plan approved by the relevant regulatory authority.</p> <p>(2) The minimum tax to be paid under this section shall be computed on the basis of total number of square feet sold or booked for sale during the year.</p> <p>(3) The tax paid under this section shall be minimum tax on the income of the builder from the sale of such residential, commercial or other building</p> <p><i>Minimum tax on retailer earlier has been done away.</i></p>
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113B	<p><b>Taxation of income of certain retailer;</b></p> <p>Subject to this Ordinance, a retailer being an individual or association of persons,-</p> <p>(a) whose turnover exceeds five million rupees; and</p> <p>(b) who is subject to special procedure for payment of sales tax under [Chapter II of the Sales Tax Special Procedures Rules, 2007],</p> <p>shall pay final tax at the [following rates] which shall form part of single stage sales tax as envisaged in the aforesaid rules;</p> <p>-----</p> <p>The retailer shall not be entitled to claim any adjustment of withholding tax collected or deducted under any head during the year.</p> <p>Provided that turnover chargeable to tax under this section shall not include the sale of goods on which tax is deducted or deductible under clause (a) of sub-section (1) of section 153</p>	<p><i>The proviso shall be substituted namely.</i></p> <p><b>Minimum tax on land developers.-</b></p> <p>(1) Subject to this Ordinance, where a person derives income from the business of 15 development and sale of residential, commercial or other plots, he shall pay minimum tax at the rate of rupees fifty per square yard as per the lay out or site plan approved by the relevant regulatory authority.</p> <p>(2) The tax computed under sub-section (1) shall be paid on the basis of total number of square yards sold or booked for sale during the year.</p> <p>(3) The tax paid under this section shall be minimum tax on the income of the developer from the sale of such residential, commercial or other plots sold or booked.</p> <p><i>Minimum tax regime for builders and property developers has been introduced</i></p>
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<p>114(1)(b)(viii)</p>	<p><b>Return of income;</b> (viii) is the holder of commercial or industrial connection of electricity where the amount of annual bill exceeds rupees one million.</p>	<p><i>The limit has been reduced to 500,000/- to filing of return of income the newly amended proviso is as under;</i></p> <p>viii) is the holder of commercial or industrial connection of electricity where the amount of annual bill exceeds rupees <b>five hundred thousand;</b></p>
<p>114(1)(b)(xi)</p>	<p><i>Non-existent</i></p>	<p>(ix) is registered with any Chamber of Commerce and Industry or any trade or business association or any market committee or any professional body including Pakistan Engineering Council, Pakistan Medical and Dental Council, Pakistan Bar Council or any Provincial Bar Council, Institute of Chartered Accountants of Pakistan or Institute of Cost and Management Accountants of Pakistan.</p> <p><i>Broadening tax base measures</i></p>
<p>114(1A)</p>	<p>Every individual whose income under the head 'Income from business' exceeds rupees three hundred thousand but does not exceed rupees three hundred and fifty thousand in a tax year is also required to furnish return of income from the tax year.</p>	<p>Every individual whose income under the head 'Income from business' exceeds rupees three hundred thousand but does not exceed rupees <b>four hundred thousand</b> in a tax year is also required to furnish return of income from the tax year.</p> <p><i>Threshold limit has been enhanced from Rs.350,000/- to Rs.400,000/-.</i></p>

<p>114(4)</p>	<p>(4) Subject to sub-section (5), the Commissioner may, by notice in writing, require any person who, in the Commissioner’s opinion, is required to file a return of income under this section for a tax year or assessment year but who has failed to do so to furnish a return of income for that year within thirty days from the date of service of such notice or such longer period as may be specified in such notice or as the Commissioner may allow.</p>	<p>4) Subject to sub-section (5), the Commissioner may, by notice in writing, require any person who, in the Commissioner’s opinion, is required to file a return of income under this section for a tax year or assessment year but who has failed to do so to furnish a return of income for that year within thirty days from the date of service of such notice or such longer <b>or shorter</b> period as may be specified in such notice or as the Commissioner may allow.</p> <p><i>Statutory time limit of thirty days has been done away.</i></p>
<p>114(6)(ba)</p>	<p><b>Revision of Return;</b> Non-existent</p>	<p>(ba) it is accompanied by approval of the Commissioner in writing for revision of return; and”</p> <p><i>Prior written approval of Commissioner made mandatory for revision of income tax return.</i></p>



<p><b>115(1)</b></p>	<p>Where the entire income of a taxpayer in a tax year consists of income chargeable under the head “Salary”, Annual Statement of Deduction of Income Tax from Salary, filed by the employer of such taxpayer, in prescribed form, the same shall, for the purposes of this Ordinance, be treated as a return of income furnished by the taxpayer under section 114;</p> <p>[Provided that where salary income, for the tax year is five hundred thousand rupees or more, the taxpayer shall file return of income electronically in the prescribed form and it shall be accompanied by the proof of deduction or payment of tax and wealth statement as required under section 116.</p>	<p><i>Omitted</i></p> <p><i>Salaried individual are now obliged to file return of income regardless of taxable income.</i></p>
<p><b>116(1)</b></p>	<p><b>Wealth Statement;</b></p> <p>(1) The Commissioner may, by notice in writing, require any person to furnish, on the date specified in the notice, a statement (hereinafter referred to as the "wealth statement") in the prescribed form and verified in the prescribed manner giving particulars of —</p>	<p>(1) The Commissioner may, by notice in writing, require any person <b>being an individual</b> to furnish, on the date specified in the notice, a statement (hereinafter referred to as the "wealth statement") in the prescribed form and verified in the prescribed manner giving particulars of —</p>

<p>116(2)</p>	<p>(2) Every resident taxpayer being an individual] filing a return of income for any tax year whose last declared or assessed income or the declared income for the year, is one million rupees or more shall furnish a wealth statement and wealth reconciliation statement for that year along with such return :</p> <p>Provided that every member of an association of persons whose share from the income of such association of persons, before tax, for the year is one million rupees or more shall also furnish wealth statement and wealth reconciliation statement for the year alongwith return of income of the association.</p>	<p>(2) Every resident taxpayer being an individual] filing a return of income for any tax shall furnish a wealth statement and wealth reconciliation statement for that year along with such return :</p> <p>Provided that every member of an association of persons shall also furnish wealth statement and wealth reconciliation statement for the year alongwith return of income of the association.</p> <p><i>All individual taxpayers are obliged to file wealth statement regardless of quantum of income.</i></p>
<p>116(3)</p>	<p>(3) Where a person, who has furnished a wealth statement, discovers any omission or wrong statement therein, he may, without prejudice to any liability incurred by him under any provision of this Ordinance, furnish a revised wealth statement at any time before an assessment, for the tax year to which it relates, is made under sub-section (1) or sub-section (4) of section 122.</p>	<p>(3) Where a person, who has furnished a wealth statement, discovers any omission or wrong statement therein, he may, without prejudice to any liability incurred by him under any provision of this Ordinance, furnish a revised wealth statement <b>along with the revised wealth reconciliation and reasons for filing revised wealth statement</b> at any time before an assessment, for the tax year to which it relates, is made under sub-section (1) or sub-section (4) of section 122.</p>

116(4)	(4) Every person (other than a company) filing statement under sub-section (4) of section 115, falling under final tax regime (FTR) and has paid tax amounting to thirty-five thousand rupees or more for the tax year, shall file a wealth statement alongwith reconciliation of wealth statement.	(4) Every person (other than a company) <b>or an Association of Person</b> filing statement under sub-section (4) of section 115, falling under final tax regime (FTR), shall file a wealth statement alongwith reconciliation of wealth statement.  <i>No threshold limit is required.</i>
118(1)	<b>Method of furnishing returns and other documents;</b>  (1) A return of income under section 114, an employer's certificate under section 115, a statement required under sub-section (4) of section 115 or a wealth statement under section 116 shall be furnished in the prescribed manner.	(1) A return of income under section 114, a statement required under sub-section (4) of section 115 or a wealth statement under section 116 shall be furnished in the prescribed manner.
118(2A)	Non-existent	(2A) Where salary income for the tax year is five hundred thousand rupees or more, the taxpayer shall file return of income electronically in the prescribed form and it shall be accompanied by the proof of deduction or payment of tax and wealth statement as required under section 116.

<p><b>118(3)</b></p>	<p>A return of income for any person (other than a company), an Annual Statement of deduction of income tax from salary, filed by the employer of an individual or a statement required under sub-section (4) of section 115 shall be furnished as per the following schedule, namely.</p>	<p>A return of income for any person (other than a company), or a statement required under sub-section (4) of section 115 shall be furnished as per the following schedule, namely.</p>
<p><b>118(3)(a)</b></p>	<p>In the case of an Annual statement of deduction of income tax from salary, filed by the employer of an individual, return of income through e-portal in the case of a salaried person or a statement required under sub-section (4) of section 115, on or before the 31st day of August next following the end of the tax year to which the return, Annual Statement of deduction of income tax from salary, filed by the employer or statement relates</p>	<p>(a) In the case of a statement required under sub-section(4) of section 115 or a return required to be filed through e-portal in the case of a salaried individual, on or before the 31st day of August next following the end of the tax year to which the statement or return relates; or</p>
<p><b>118(6)</b></p>	<p>Where a taxpayer is not borne on the National Tax Number Register and fails to file an application in the prescribed form and manner with the taxpayer's return of income or employer's certificate, such return or certificate shall not be treated as a return or certificate furnished under this section</p>	<p>Where a taxpayer is not borne on the National Tax Number Register and fails to file an application in the prescribed form and manner with the taxpayer's return of income, such return shall not be treated as a return or certificate furnished under this section</p>

<p><b>119(1)</b></p>	<p><b>Extension of time for furnishing of returns and other documents;</b></p> <p>A person required to furnish —</p> <p>(a) a return of income under section 114 or 117;</p> <p>(b) an employer’s certificate under section 115;</p> <p>(c) a statement required under sub-section (4) of section 115; or</p> <p>(d) a wealth statement under section 116,</p> <p>may apply, in writing, to the Commissioner for an extension of time to furnish the return, certificate, or statement, as the case may be</p>	<p>A person required to furnish —</p> <p>(a) a return of income under section 114 or 117;</p> <p>(c) a statement required under sub-section (4) of section 115; or</p> <p>(d) a wealth statement under section 116,</p> <p>may apply, in writing, to the Commissioner for an extension of time to furnish the return or statement, as the case may be.</p>
<p><b>119(2)</b></p>	<p>An application under sub-section (1) shall be made by the due date for furnishing the return of income, employer’s certificate, or statement to which the application relates.</p>	<p>An application under sub-section (1) shall be made by the due date for furnishing the return of income, or statement to which the application relates.</p>
<p><b>119(3)</b></p>	<p>Where an application has been made under sub-section (1) and the Commissioner is satisfied that the applicant is unable to furnish the return of income, employer’s certificate, or statement to which the application relates by the due date because of.-</p>	<p>Where an application has been made under sub-section (1) and the Commissioner is satisfied that the applicant is unable to furnish the return of income, or statement to which the application relates by the due date because of.-</p>

	<p>(a) absence from Pakistan;</p> <p>(b) sickness or other misadventure; or</p> <p>(c) any other reasonable cause,</p> <p>the Commissioner may, by order, in writing, grant the applicant an extension of time for furnishing the return, or statement, as the case may be</p>	<p>(a) absence from Pakistan;</p> <p>(b) sickness or other misadventure; or</p> <p>(c) any other reasonable cause,</p> <p>the Commissioner may, by order, in writing, grant the applicant an extension of time for furnishing the return, or statement, as the case may be</p>
<p>120A</p>	<p><b>Investment tax on income;</b>(1) Subject to this Ordinance, the Board may make a scheme of payment of investment tax in respect of undisclosed income, representing any amount or investment made in movable or immovable assets.</p> <p>(2) Where any person declares undisclosed income under subsection (1) in accordance with the scheme and the rules, the tax on such income called investment tax shall be charged at such rate as may be prescribed.</p> <p>(3) Where a person has paid tax on his undisclosed income in accordance with the scheme and the rules, he shall –</p>	<p><i>Omitted</i></p> <p><i>Power of FBR to issue investment scheme (Amnesty) regarding undisclosed income stand with drawn.</i></p>

<p>(a) be entitled to incorporate in his books of account such undisclosed income in tangible form; and</p> <p>(b) not be liable to pay any tax, charge, levy, penalty or prosecution in respect of such income under this Ordinance.(4) For the purposes of this section —</p> <p>(i) “undisclosed income” means any income, including any investment to be deemed as income under section 111 or any other deemed income, for any year or years, which was chargeable to tax but was not so charged; and</p> <p>“investment tax” means tax chargeable on the undisclosed income under the scheme under sub-section (1) and shall have the same meaning as given in clause (63) of section 2 of the Income Tax Ordinance, 2001.</p>	
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122C	<p><b>Provisional assessment;</b> (1) Where in response to a notice under sub-section (3) or sub-section (4) of section 114 a person fails to furnish return of income for any tax year, the Commissioner may, based on any available information or material and to the best of his judgment, make a provisional assessment of the taxable income or income of the person and issue a provisional assessment order specifying the taxable income or income assessed and the tax due thereon.</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>Where in response to a notice under sub-section (3) or sub-section (4) of section 114 a person fails to furnish return of income for any tax year, the Commissioner may, based on any available information or material and to the best of his judgment, make a provisional assessment of the taxable income or income of the person and issue a provisional assessment order specifying the taxable income or income assessed and the tax due thereon.</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 <b>forty five days</b> 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 <b>forty five days</b>.</p>
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	<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 day</p>	<p><i>The statutory time limit of 60 days to file return of income has been reduced to 45 days.</i></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 forty five day.</p> <p><i>Duration of provisional status of assessment u/s.122C reduced from sixty to forty five days.</i></p>
<p><b>130(3)(c)</b></p>	<p><i>Non-Existent</i></p>	<p>(c) is an officer of Inland Revenue Service and a law graduate having at least fifteen years of service in BS-17 and above</p> <p><i>Such officer can be appointed as Member Judicial of Appellate Tribunal Inland Revenue.</i></p>

<p style="text-align: center;">149(1)</p>	<p><b>Salary;</b>                  (1) Every employer paying salary to an employee shall, at the time of payment, deduct tax from the amount paid at the employee's average rate of tax computed at the rates specified in Division I of Part I of the First Schedule on the estimated income of the employee chargeable under the head "salary" for the tax year in which the payment is made after making adjustment of tax withheld from employee under other heads and tax credit admissible under section 61, 62, 63 and 64 during the tax year after obtaining documentary evidence, as may be necessary, for</p> <p style="margin-left: 40px;">(i) tax withheld from the employee under this Ordinance during the tax year;</p> <p style="margin-left: 40px;">(ii) any excess deduction or deficiency arising out of any previous deduction; or</p> <p style="margin-left: 40px;">(iii) failure to make deduction during the year;]</p>	<p>1) <b>The person responsible for</b> paying salary to an employee shall, at the time of payment, deduct tax from the amount paid at the employee's average rate of tax computed at the rates specified in Division I of Part I of the First Schedule on the estimated income of the employee chargeable under the head "salary" for the tax year in which the payment is made after making adjustment for</p> <p style="margin-left: 40px;">(i) <i>omitted.</i></p> <p style="margin-left: 40px;">(ii) any excess deduction or deficiency arising out of any previous deduction; or</p> <p style="margin-left: 40px;">(iii) failure to make deduction during the year;]</p>
<p style="text-align: center;">152(8)</p>	<p>Non-Existent</p>	<p>(8) In this section "prescribed person" means a prescribed person as defined in sub-section (7) of section 153.</p> <p><i>Clarification in nature.</i></p>

<p><b>153(7)(i)(j)</b></p>	<p>Non-Existent</p>	<p>(j) a person registered under the Sales Tax Act, 1990</p> <p><i>Every person registered under sales tax is now withholding agent for the purpose of section 153 being prescribed person.</i></p>
<p><b>153A</b></p>	<p><b>153A. Payment to traders and distributors.-</b> (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><i>Shall be omitted</i></p>

155(3)	<p><b>Income from property;</b></p> <p>(3) In this section, “prescribed person” means –</p> <p>(i) the Federal Government;</p> <p>(ii) a Provincial Government;</p> <p>(iii) Local Government;</p> <p>(iv) a company;</p> <p>(v) a non-profit organization;</p> <p>(vi) a diplomatic mission of a foreign state; or</p> <p>(vii) any other person notified by the Board for the purpose of this section</p>	<p>(3) In this section, “prescribed person” means –</p> <p>(i) the Federal Government;</p> <p>(ii) a Provincial Government;</p> <p>(iii) Local Government;</p> <p>(iv) a company;</p> <p>(v) a non-profit organization <b>or charitable institution.</b></p> <p>(vi) a diplomatic mission of a foreign state;</p> <p>(via) <b>a private educational institution, a boutique, a beauty parlour, a hospital, a clinic or a maternity home;</b></p> <p>(vib) <b>individuals or association of persons paying gross rent of rupees one and a half million and above in a year; or</b></p> <p>(vii) any other person notified by the Board for the purpose of this section.</p>
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<p style="text-align: center;"><b>164(2)</b></p>	<p><b>Certificate of collection or deduction of tax;</b>                  2) A person required to furnish a return of taxable income for a tax year shall attach to the return copies of the challan of payment on the basis of which a certificate is provided to the person under this section in respect of tax collected or deducted in that year and such certificate shall be treated as sufficient evidence of the collection or deduction for the purposes of section 168.</p>	<p>2) A person required to furnish a return of taxable income for a tax year shall attach to the return copies of the challan of payment on the basis of which a certificate is provided to the person under this section in respect of tax collected or deducted in that year.</p> <p><i>By virtue of the amended earlier requirement of certificate done away.</i></p>
<p style="text-align: center;"><b>165(1)</b></p>	<p>Non-Existent</p>	<p>Explanation.- For the removal of doubt, it is clarified that this sub-section overrides all conflicting provisions contained in the Protection of Economic Reforms Act, 1992 (XII of 1992), the Banking Companies Ordinance, 1962 (LVII of 1962), the Foreign Exchange Regulation Act, 1947 (VII of 1947) and the regulations 22 made under the State Bank of Pakistan Act,1956 (XXXIII of 1956) , if any, on the subject, in so far as divulgence of information under section 165 is concerned.”; and</p> <p><i>Prescribed requirement as per section -165 has to be filed with the department.</i></p>

165(6)	<p><b>Statements;</b> Provided that annual statement shall also be filed where the income exceeds three hundred thousand rupees but does not exceed three hundred and fifty thousand rupees in a tax year</p>	<p>Omitted. <i>Employer no longer require to file annual statement.</i></p>
165A	<p><i>Non-Existent</i></p>	<p>“165A. Furnishing of information by banks.- (1) Notwithstanding anything contained in any law for the time being in force including but not limited to the Banking Companies Ordinance, 1962 (LVII of 1962), the Protection of Economic Reforms Act, 1992 (XII of 1992), the Foreign Exchange Regulation Act, 1947 (VII of 1947) and the regulations made under the State Bank of Pakistan Act, 1956 (XXXIII of 1956), if any, on the subject, every banking company shall make arrangements to provide to the Board in the prescribed form and manner,-</p> <p>(a) online access to its central database containing details of its account holders and all transactions made in their accounts;</p> <p>(b) a list containing particulars of deposits aggregating rupees one million or more made during the preceding calendar month;</p>

		<p>(c) a list of payments made by any person against bills raised in respect of a credit card issued to that person, aggregating to rupees one hundred thousand or more during the preceding calendar month;</p> <p>This provision gives unbridle power to access information of the taxpayer with banks.</p> <p>(d) a consolidated list of loans written off exceeding rupees one million during a calendar year; and</p> <p>(e) a copy of each Currency Transactions Report and Suspicious Transactions Report generated and submitted by it to the Financial Monitoring Unit under the Anti-Money Laundering Act, 2010 (VII of 2010).</p> <p>(2) Each banking company shall also make arrangements to nominate a senior officer at the head office to coordinate with the Board for provision of any information and documents in addition to those listed in sub-section (1), as may be required by the Board.</p> <p>(3) The banking companies and their officers shall not be liable to any civil, criminal or disciplinary proceedings against them for furnishing information required under this Ordinance.</p>
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		(4) Subject to section 216, all information received under this section shall be used only for tax purposes and kept confidential.
169(3)	(3) Where all the income derived by a person in a tax year is subject to final taxation under the provisions referred to in sub-section (1) or under sections 5, 6 7 and 15, (other than dividend received by a company an assessment shall be treated to have been made under section 120 and] the person shall not be required to furnish a return of income under section 114 for the year.	(3) Where all the income derived by a person in a tax year is subject to final taxation under the provisions referred to in sub-section (1) or under sections 5, 6, 7 and 15, and assessment shall be treated to have been made under section 120 and the person shall not be required to furnish a return of income under section 114 for the year.  <i>Now dividend income in the hand of company is subject to FTR.</i>
171(2)(c)	<i>Non-Existent</i>	Explanation.- For the removal of doubt, it is clarified that where a refund order is made on an application under sub-section (1) of section 170, for the purpose of compensation, the refund becomes due from the date refund order is made and not from the date the assessment of income treated to have been made by the Commissioner under section 120.  <i>The amendment made to undo earlier judgment of the learned Appellate Tribunal Inland Revenue.</i>



172(3)(b)	<i>Non-Existent</i>	<p>Explanation.- In this clause the expression “business connection” includes transfer of an asset or business in Pakistan by a non-resident;</p> <p><i>Consequently scope of business connection stand widen.</i></p>
177(10)	<i>Non-Existent</i>	<p>Explanation.- For the removal of doubt, it is declared that the powers of the Commissioner under this section are independent of the powers of the Board under section 214C and nothing contained in section 214C restricts the powers of the Commissioner to call for the record or documents including books of accounts of a taxpayer for audit and to conduct audit under this section.”</p> <p><i>The explanation inserted to reverse the judgment of Honourble high court.</i></p>
178(1)	<p><b>Assistance to Commissioner;</b> Every Officer of Customs, Federal Excise, Sales Tax, Provincial Excise and Taxation, District Coordination Officer, District Officers including District Officer – Revenue, the Police and the Civil Armed Forces is empowered and required to assist the Commissioner in the discharge of the Commissioner’s functions under this Ordinance</p>	<p>Every Officer of Customs, Provincial Excise and Taxation, District Coordination Officer, District Officers including District Officer – Revenue, the Police and the Civil Armed Forces is empowered and required to assist the Commissioner in the discharge of the Commissioner’s functions under this Ordinance</p>

181(3)	<i>Non-Existent</i>	Provided that the Board may in case of individuals allow, in place of National Tax Number use of Computerized National Identity Card issued by the National Database and Registration Authority.
181C	<i>Non-Existent</i>	181C. Displaying of National Tax Number.- Every person deriving income from business chargeable to tax, who has been issued a National Tax Number, shall display his National Tax Number at a conspicuous place at every place of his business.

182(1)	<p><b>Offences &amp; Penalties;</b></p> <p>Serial No.1, Colum-2</p> <p>Where any person fails to furnish a return of income or a statement as required under section 115 or wealth statement or wealth reconciliation statement or statement under section 165 within the due date.</p> <p>Serial No.1, Colum-3</p> <p>Such person shall pay a penalty equal to 0.1% of the tax payable for each day of default subject to a minimum penalty of five thousand rupees and maximum penalty of 25% of the tax payable in respect of that tax year.</p> <p>[<i>Explanation.</i>— For the purposes of this entry, it is declared that the expression “tax payable.</p> <p>Serial No.1, Colum-4</p> <p>114, 115, 116 and 165</p>	<p><i>It has been proposed to enhanced penalty amount.</i></p> <p>Where any person fails to furnish a return of income as required under section 114 within the due date”</p> <p>Such person shall pay a penalty equal to 0.1% of the tax payable in respect of that tax year for each day of default subject to a maximum penalty of 50% of the tax payable provided that if the penalty worked out as aforesaid is less than twenty thousand rupees or no tax is payable for that tax year such person shall pay a penalty of twenty thousand rupees” shall be substituted.</p> <p>114 and 118</p>
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182(1)(1A)	Non-Existent	Where any person fails to furnish a statement as required under section 115, 165 or 165A within the due date.	Such person shall pay a penalty of Rs.2500 for each day of default subject to a minimum penalty of fifty thousand rupees	115, 165 & 165A	
182(1)(1AA)		Where any person fails to furnish wealth statement or wealth reconciliati on statement.	Such person shall pay a penalty of Rs.100 for each day of default.	114, 115 & 116	
182(1)(8)	<p>Serial No.8, Colum-3 (Non-compliance of section-177)</p> <p>Such person shall pay a penalty of five thousand rupees;</p> <p>such person shall pay a penalty of ten thousand rupees; and</p> <p>such person shall pay a penalty of fifty thousand rupees</p>	<p>Such person shall pay a penalty of <b>twenty</b> thousand rupees;</p> <p>such person shall pay a penalty of <b>fifty</b> thousand rupees; and</p> <p>such person shall pay a penalty of <b>one hundred</b> thousand rupees</p>			

182(1)(9)	<p>Serial No.9, Colum-3 (Non-compliance of section-176)</p> <p>Such person shall pay a penalty of five thousand rupees for the first default and ten thousand rupees for each subsequent default.</p>	<p>Such person shall pay a penalty of <b>twenty</b> thousand rupees for the first default and <b>fifty</b> thousand rupees for each subsequent default</p>		
182(1)(16)	<p><i>Non-Existent</i></p>	<p>Any person who fails to display NTN Certificate at the place of business as required under this Ordinance or the rules made thereunder</p>	<p>Such person shall pay a penalty of five thousand rupees</p>	181C
210(1)	<p>The Commissioner [subject to sub-section (1A),] may, by an order in writing, delegate to any [Officer of Inland Revenue, subordinate to the Commissioner] all or any of the powers or functions conferred upon or assigned to the Commissioner under this Ordinance, other than the power of delegation</p>	<p>The Commissioner [subject to sub-section (1A),] may, by an order in writing, delegate to any [<b>Additional Commissioner, Deputy Commissioner, Assistant Commissioner or Inland Revenue Officer</b>] all or any of the powers or functions conferred upon or assigned to the Commissioner under this Ordinance, other than the power of delegation</p>		

214C(1A)	<i>Non-Existent</i>	(1A) Notwithstanding anything contained in this Ordinance or any other law, for the time being in force, the Board shall keep the parameters confidential.
214C(3)	<i>Non-Existent</i>	Explanation.- For the removal of doubt, it is declared that the powers of the Commissioner under section 177 are independent of the powers of the Board under this section and nothing contained in this section restricts the powers of the Commissioner to call for the record or documents including books of accounts of a taxpayer for audit and to conduct audit under section 177.
227A	<i>Non-Existent</i>	<b>227A.- Reward to Inland Revenue officers and officials.</b> (1) In cases involving concealment or evasion of income tax and other taxes, cash reward shall be sanctioned to the officers and officials of Inland Revenue for their meritorious conduct in such cases and to the informer providing credible information leading to such detection, as may be prescribed by the Board, only after realization of part or whole of the taxes involved in such cases.

		(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 officers and officials of Inland Revenue.
230B	<i>Non-Existent</i>	<p><b>230B. Directorate-General of Law.</b> — (1) The Directorate-General of Law shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors, Law Officers 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, specify the functions, jurisdiction and powers of the Directorate- General of Law</p>
230C	<i>Non-Existent</i>	<p><b>230C. Directorate-General of Research and Development.</b>-(1) The Directorate-General of Research and Development 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>

		(2) The Board may, by notification in the official Gazette, specify the functions, jurisdiction and powers of the Directorate-General of Research and Development
233AA	<b>Collection of tax by NCCPL.—</b> 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.	<b>Collection of tax by NCCPL.—</b> NCCPL shall collect advance tax from the members of Stock Exchange registered in Pakistan, <b>margin financier, trading financiers and lenders after the word business are providing of any margin financing, margin trading or securities lending under Securities (Leveraged Markets and Pledging) Rules, 2011 in share business</b> in respect of margin financing in share business at the rate specified in Division IIB of Part IV of First Schedule.
234(1)	(1) Any person [at the time of] collecting motor vehicle tax shall also collect advance tax at the rates specified in Part IV of the First Schedule.	(1) Any person [at the time of] collecting motor vehicle tax shall also collect advance tax at the rates specified in <b>Division-III</b> of Part IV of the First Schedule.
234(2)	(2) If the motor vehicle tax is collected in installments, the advance tax may also be collected in installments in like manner	(2) If the motor vehicle tax is collected in installments <b>are lump-sum</b> the advance tax may also be collected in installments <b>are lump-sum</b> in like manner
234(5)	(5) Where tax is collected from any person being the owner of goods transport vehicle, the tax so collected shall be the final tax on the income of such person from plying, or hiring out, of such vehicle.	<i>Advance tax collected under this section shall be adjustable.</i>



## INCOME TAX

*The amendments are applicable from July 1, 2013 specified otherwise.*

SECTION	PRESENT POSITION AS ON 30 <sup>TH</sup> JUNE, 2013	PROPOSED AMENDMENT THROUGH FINANCE BILL 2013
236D	Non-Existent	<p><i>The Following new sections inserted introducing new withholding taxes to be collected at source however, the tax collected under all provision shall be adjustable.</i></p> <p><b>“236D. Advance tax on functions and gatherings.-</b> (1) Every prescribed person shall collect advance tax at the rate specified in Division XI of Part IV of the First Schedule <b>(10%)</b> on the total amount of the bill from a person arranging or holding a function in a marriage hall, marquee, hotel, restaurant, commercial lawn, club, a community place or any other place used for such purpose.</p> <p>(2) Where the food, service or any other facility is provided by any other person, the prescribed person shall also collect advance tax on the payment for such food, service or facility at the rate specified in Division XI of Part IV of the First Schedule <b>(10%)</b> from the person arranging or holding the function.</p>

		<p>(3) The advance tax collected under sub-section (1) and sub-section (2) shall be adjustable.</p> <p>(4) In this section</p> <p>(a) the “function” includes, any wedding related event, a seminar, a workshop, a session and exhibition, a concert, a show, a party or any other gathering held for such purpose and</p> <p>(b) prescribed person” includes the owner, a leaseholder, an operator or a manager of a marriage hall, marquee, hotel, restaurant, commercial lawn, club, a community place or any other place used for such purpose.</p>
236E	<i>Non-Existent</i>	<p><b>“236E. Advance tax on foreign-produced films, TV plays and serials.-</b></p> <p>(1) Any person responsible for censoring or certifying a foreign-produced film, a TV drama serial or a play, for screening and viewing, shall, at the time of censoring or certifying, collect advance tax at the rates specified in Division XII of Part IV of the First Schedule.</p> <p>(2) The advance tax collected under sub-section (1) shall be adjustable.</p>

236F	Non-Existent	<p><b>236F. Advance tax on cable operators and other electronic media.-</b></p> <p>(1) Pakistan Electronic Media Regulatory Authority, at the time of issuance of license for distribution services or renewal of the license to a licensee, shall collect advance tax at the rates specified in Division XIII of Part IV of the First Schedule (<b>refer table at _____</b>).</p> <p>(2) The tax collected under subsection (1) shall be adjustable. (3) For the purpose of this section, "cable television operator", "DTH", "Distribution Service", "electronic media", "IPTV", "loop holder", "MMDS", "mobile TV", shall have the same meanings as defined in Pakistan Electronic Media Regulatory Authority Ordinance, 2002 (XIII of 2002) and Pakistan Electronic Media Regulatory Authority Rules, 2009.</p>
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236G	<i>Non-Existent</i>	<p><b>236G. Advance tax on sales to distributors, dealers and wholesalers.-</b></p> <p>(1) Every manufacturer or commercial importer of electronics, sugar, cement, iron and steel products, fertilizer, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector, at the time of sale to distributors, dealers and wholesalers, shall collect advance tax at the rate specified in Division XIV of Part IV of the First Schedule (<b>0.1% of gross amount of sale</b>), from the aforesaid person to whom such sales have been made.</p> <p>(2) Credit for the tax collected under sub-section (1) shall be allowed in computing the tax due by the distributor, dealer or wholesaler on the taxable income for the tax year in which the tax was collected.</p>
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<p style="text-align: center;"><b>236H</b></p>	<p><i>Non-Existent</i></p>	<p><b>236H. Advance tax on sales to retailers.-</b>                  (1) Every manufacturer, distributor, dealer, wholesaler or commercial importer of electronics, sugar, cement, iron and steel products, fertilizer, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector, at the time of sale to retailers, shall collect advance tax at the rate specified in Division XV of Part IV of the First Schedule(<b>0.5% on gross amount of sale</b>), from the aforesaid person to whom such sales have been made.</p>
<p style="text-align: center;"><b>236I</b></p>	<p><i>Non-Existent</i></p>	<p><b>236I. Collection of advance tax by educational institutions.-</b>                  (1) There shall be collected advance tax at the rate specified in Division XVI of Part-IV of the First Schedule(<b>5% on gross fee</b>) on the amount of fee paid to an educational institution.                   (2) The person preparing fee voucher or challan shall charge advance tax under sub-section (1) in the manner the fee is charged.                   (3) Advance tax under this section shall not be collected from a person where annual fee does not exceed two hundred thousand rupees.</p>

		<p>(4) The term “fee” includes, tuition fee and all charges received by the educational institution, by whatever name called, excluding the amount which is refundable.</p> <p>(5) Tax collected under this section shall be adjustable against the tax liability of either of the parents or guardian making payment of the fee.</p>
<p>236J</p>	<p>Non-Existent</p>	<p><b>236J. Advance tax on dealers, commission agents and arhatis etc.-</b></p> <p>(1) Every market committee shall collect advance tax from dealers, commission agents or arhatis, etc. at the rates specified in Division XVII of Part-IV of the First Schedule (<b>refer at table _____</b>) at the time of issuance or renewal of licenses.</p> <p>(2) The advance tax collected under sub-section (1) shall be adjustable.</p>

		<p>(3) In this section “market committee” includes any committee or body formed under any provincial or local law made for the purposes of establishing, regulating or organizing agricultural, livestock and other commodity markets.”; and (42) in section 239B, after the word “there under”, the words “and in any other law in force at the time of promulgation of this Ordinance” shall be inserted.</p>
<p>239 B</p>	<p><b>239B. Reference to authorities.</b>                  (1) Any reference to the Regional Commissioner of Income Tax, Commissioner of Income Tax, Commissioner of Income Tax (Appeals) and Taxation Officer, wherever occurring, in this Ordinance and the rules made there under and notifications, orders, circulars or clarifications or any instrument issued there under shall be construed as reference to the Chief Commissioner Inland Revenue, Commissioner Inland Revenue, Commissioner Inland Revenue (Appeals) and officer of Inland Revenue, respectively.]</p>	<p><i>(1) Any reference to the Regional Commissioner of Income Tax, Commissioner of Income Tax, Commissioner of Income Tax (Appeals) and Taxation Officer, wherever occurring, in this Ordinance and the rules made there under and notifications, orders, circulars or clarifications or any instrument issued there under and in any other law enforce at the time of promulgation of this ordinance shall be construed as reference to the Chief Commissioner Inland Revenue, Commissioner Inland Revenue, Commissioner Inland Revenue (Appeals) and officer of Inland Revenue, respectively.]</i></p>

**RATE OF TAX FOR INDIVIDUALS & ASSOCIATION OF PERSON - (2012-13)****FIRST SCHEDULE****PART-I Division 1 Sub-Clause (1)**

<b>S.No.</b>	<b>Taxable Income.</b>	<b>Rate of tax.</b>
(1)	(2)	(3)
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 & ASSOCIATION OF PERSON - (2013-14)**  
**FIRST SCHEDULE**  
**PART-I Division 1 Sub-Clause (1)**

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	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 but does not exceed Rs. 4,000,000	Rs. 347,500+25% of the amount exceeding Rs.2,500,000;
6.	Where the taxable income exceeds Rs. 4,000,000 but does not exceeds Rs. 6,000,000.	Rs. 722,500+30% of the amount exceeding Rs. 4,000,000
7.	Where the taxable income exceeds Rs. 6,000,000.	Rs. 1,322,500+35% of the amount exceeding Rs. 6,000,000

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

<b>TABLE S.No.</b>	<b>Taxable Income.</b>	<b>Rate of tax.</b>
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;

**RATE OF TAX FOR SALARY INDIVIDUALS - (2013-14)****FIRST SCHEDULE****PART-I Division 1 Sub-Clause (1A)**

<b>TABLE S.No.</b>	<b>Taxable Income.</b>	<b>Rate of tax.</b>
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.500,000	5 % of the amount exceeding Rs. 400,000
3.	Where the taxable income exceeds Rs. 500,000 but does not exceed Rs.800,000	Rs. 5000 + 7.5% of the amount exceeding Rs.500,000
4.	Where the taxable income exceeds Rs.800,000 but does not exceed Rs.13,00,000	Rs.27,500+10% of the amount exceeding Rs.800,000
5.	Where the taxable income exceeds Rs.13,00,000 but does not exceeds Rs. 18,00,000	Rs. 77,500+12.5% of the amount exceeding Rs.13,00,000;
6.	Where the taxable income exceeds Rs.18,00,000 but does not exceeds Rs. 2,200,000	Rs. 140,000+15% of the amount exceeding Rs.18,00,000;
7.	Where the taxable income exceeds Rs.2,200,000 but does not exceeds Rs. 2,600,000	Rs. 200,000+17.5% of the amount exceeding Rs.2,200,000;
8.	Where the taxable income exceeds Rs.2,600,000 but does not exceeds Rs.3,000,000	Rs. 270,000+20% of the amount exceeding Rs.2,600,000;

9.	Where the taxable income exceeds Rs.3,000,000 but does not exceeds Rs.3,500,000	Rs. 350,000+22.5% of the amount exceeding Rs.3,000,000;
10.	Where the taxable income exceeds Rs.3,500,000 but does not exceeds Rs.4,000,000	Rs. 462,500+25% of the amount exceeding Rs.3,500,000;
11.	Where the taxable income exceeds Rs.4,000,000 but does not exceeds Rs.7,000,000	Rs. 587,500+27.5% of the amount exceeding Rs.4,000,000;
11.	Where the taxable income exceeds Rs.7,000,000	Rs. 1,412,500+30% of the amount exceeding Rs.7,000,000;

The first proviso in respect of marginal relief has been omitted.

## FIRST SCHEDULE

## Part-I

Div-IA	The rate of tax to be paid under sub-section (1) of section 113A shall be <b>[0.50%]</b> of the turnover.]	Omitted
Div-II(i)	Non-Existent	Provided that the rate of tax imposed on the taxable income of a company other than a banking company, shall be 34% for the tax year 2014

**RATE OF TAX INCOME FROM PROPERTY (2012-13)**  
**INDIVIDUAL & ASSOCIATE OF PERSON**  
**FIRST SCHEDULE**

**PART-I Division-VI**

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

Sr. No.	Taxable Income.	Rate of tax.
1	Where the gross amount of rent does not exceed Rs.150,000.	NIL
2	Where the gross amount of rent exceeds Rs.150,000 but does not exceed Rs.400,000.	5 percent of the gross amount exceeding Rs.150,000
3	Where the gross amount of rent exceeds Rs.400,000 but does not exceed Rs.1,000,000.	Rs.12,500 plus 7.5 percent of the gross amount exceeding Rs.400,000.
4	Where the gross amount of rent exceeds Rs.1,000,000	Rs.57,500 plus 10 percent of the gross amount exceeding Rs.1,000,000

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

Sr. No.	Taxable Income.	Rate of tax.
1	Where the gross amount of rent does not exceed Rs.400,000.	5 percent of the gross amount of rent.
2	Where the gross amount of rent exceeds Rs.400,000 but does not exceed Rs.1,000,000.	Rs.20,000 plus 7.5 percent of the gross amount of rent exceeding Rs.400,000
	Where the gross amount of rent exceeds Rs.1,000,000	Rs.65,000 plus 10 percent of the gross amount of rent exceeding Rs.1,000,000.

**RATE OF TAX INCOME FROM PROPERTY(2013-14)**  
**INDIVIDUAL & ASSOCIATE OF PERSON**  
**FIRST SCHEDULE**

**PART-I Division-VI**

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

Sr. No.	Taxable Income.	Rate of tax.
1	Where the gross amount of rent does not exceed Rs.150,000.	NIL
2	Where the gross amount of rent exceeds Rs.150,000 but does not exceed Rs.400,000.	5 percent of the gross amount exceeding Rs.150,000
3	Where the gross amount of rent exceeds Rs.400,000 but does not exceed Rs.1,000,000.	Rs.12,500 plus 7.5 percent of the gross amount exceeding Rs.400,000.
4	Where the gross amount of rent exceeds Rs.1,000,000 but does not exceed Rs.2,000,000	Rs.57,500 plus 10 percent of the gross amount exceeding Rs.1,000,000
5	Where the gross amount of rent exceeds Rs.2,000,000 but does not exceed Rs.3,000,000	Rs.157, 500 plus 12.5 per cent of the gross amount of rent exceeding Rs.2, 000,000.
6	Where the gross amount of rent exceeds Rs.3,000,000 but does not exceed Rs.4,000,000.	Rs.282, 500 plus 15 per cent of the gross amount of rent exceeding Rs.3, 000,000.
7	Where the gross amount of rent exceeds Rs.4,000,000	Rs.432, 500 plus 17.5 per cent of the gross amount of rent exceeding Rs.4, 000,000

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

Sr. No.	Taxable Income.	Rate of tax.
1	Where the gross amount of rent does not exceed Rs.400,000.	5 percent of the gross amount of rent.
2	Where the gross amount of rent exceeds Rs.400,000 but does not exceed Rs.1,000,000.	Rs.20,000 plus 7.5 percent of the gross amount of rent exceeding Rs.400,000
3	Where the gross amount of rent exceeds Rs.1,000,000 but does not exceed Rs.2,000,000.	Rs.65,000 plus 10 percent of the gross amount of rent exceeding Rs.1,000,000.
4	Where the gross amount of rent exceeds Rs.2,000,000 but does not exceed Rs.3, 000,000.	Rs.165,000 plus 12.5 per cent of the gross amount of rent exceeding Rs.2, 000,000.
5	Where the gross amount of rent exceeds Rs.3,000,000 but does not exceed Rs.4, 000,000.	Rs.290,000 plus 15 per cent of the gross amount of rent exceeding Rs.3,000,000.
6	Where the gross amount of rent exceeds Rs.4,000,000.	Rs.440,000 plus 17.5 per cent of the gross amount of rent exceeding Rs.4,000,000



*The tax incidence on the salaries individuals, will substantially decreased from tax year-2014 as elaborated in below examples.*

<b>Annual Taxable salary</b>	<b>Tax Liability as per existing rated</b>	<b>Tax Liability as per proposed rates</b>
500,000	5,000	5,000
1,000,000	42,500	47,500
1,500,000	92,500	102,500
2,500,000	262,500	252,500
4,500,000	820,000	725,000
5,000,000	920,000	862,500
6,000,000	1,120,000	1,137,500
8,000,000	1,520,000	1,712,500

**FIRST SCHEDULE**

**Part-II**

<b>Part-ii</b>	<p>The rate of advance tax to be collected by the Collector of Customs under section 148 shall be [5] % of the value of the goods</p>	<p>The rate of advance tax to be collected by the Collector of Customs under section 148 shall be;</p> <ul style="list-style-type: none"> <li><b>(a) 5% of the value of goods in the case of industrial undertakings;</b></li> <li><b>(b) 5% in all other cases of companies; and</b></li> <li><b>(c) 5.5% in case of all taxpayers other than those covered at (a) and (b) above.</b></li> </ul>
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**FIRST SCHEDULE**  
**Part-III**

Div-III		<p>The rate of advance tax to be collected by the Collector of Customs under section 148 shall be;</p> <p><b>(a) 5% of the value of goods in the case of industrial undertakings;</b></p> <p><b>(b) 5% in all other cases of companies; and</b></p> <p><b>(c) 5.5% in case of all taxpayers other than those covered at (a) and (b) above.</b></p>
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FIRST SCHEDULE

Part-III

DIVDiv-III	<p>The rate of tax to be deducted from a payment referred to in clause (a) of sub-section (1) of section 153 shall be –</p> <p>(a) in the case of the sale of rice, [ ], cotton seed or edible oils, [1.5]% of the gross amount payable; or</p> <p>(b) in the case of the sale of any other goods, 3.5% of the gross amount payable.</p> <p>(2) The rate of tax to be deducted from a payment referred to in clause (b) of sub-section (1) of section 153 shall be—</p> <p>(i) in the case of transport services, two percent of the gross amount payable;</p> <p>(ii) or in any other case, six percent of the gross amount payable.</p> <p>(3) The rate of tax to be deducted from a payment referred to in clause (c) of sub-section (1) of section 153 shall be 6% of the gross amount payable</p>	<p>The rate of tax to be deducted from a payment referred to in clause (a) of sub-section (1) of section 153 shall be –</p> <p>(a) in the case of the sale of rice, [ ], cotton seed or edible oils, [1.5]% of the gross amount payable; or</p> <p><b>(b) in the case of sale of goods,-</b></p> <p><b>(i) 3.5% of the gross amount payable in the case of companies; and</b></p> <p><b>(ii) 4% of the gross amount payable in the case of other taxpayers.</b></p> <p>(2) The rate of tax to be deducted from a payment referred to in clause (b) of sub-section (1) of section 153 shall be—</p> <p>(i) in the case of transport services, two percent of the gross amount payable;</p> <p><b>(ii) in the case of rendering of or providing of services,-</b></p>
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		<p><b>(a) 6% of the gross amount payable in the case of companies; and</b></p> <p><b>(b) 7% of the gross amount payable in the case of other taxpayers</b></p> <p>(3) The rate of tax to be deducted from a payment referred to in clause (c) of sub-section (1) of section 153 shall be;</p> <p><b>ii) “6% of the gross amount payable in the case of companies; and</b></p> <p><b>(ii) 6.5% of the gross amount payable in the case of other taxpayers</b></p>
Div-v	Not applicable	The tax withholding rates u/s.155 have been aligned with new tax rates u/s.15 (same tax rates are applicable as mentioned in table above for tax on property income).
Div-vi	The rate of tax to be deducted under section 156 on a prize on prize bond or cross-word puzzle shall be 10% of the gross amount paid	The rate of tax to be deducted under section 156 on a prize on prize bond or cross-word puzzle shall be <b>15%</b> of the gross amount paid

Part-IV

Div-IIA	(iv) In case of financing of carry over trades into badla as per clause-(D) of sub-section(1) of section-233A.	10% of the carry over charge.	Omitted																		
Div-IIB	Non-Existent		<p><b>Rates for collection of tax by NCCPL</b></p> <p>The rate of deduction under section 233AA shall be 10% of profit or mark-up or interest earned by the member, margin financier or securities lender.</p>																		
Div-III	Non-Existent		<p>(4) where the motor vehicle tax is collected in lump sum,-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">(a)</td> <td style="text-align: center;">Upto 1000cc</td> <td style="text-align: center;">Rs.7500</td> </tr> <tr> <td style="text-align: center;">(b)</td> <td style="text-align: center;">1001cc to 1199cc</td> <td style="text-align: center;">Rs.1250 0</td> </tr> <tr> <td style="text-align: center;">(c)</td> <td style="text-align: center;">1200cc to 1299cc</td> <td style="text-align: center;">Rs.17,50 0</td> </tr> <tr> <td style="text-align: center;">(d)</td> <td style="text-align: center;">1300cc to 1599cc</td> <td style="text-align: center;">Rs.30,00 0</td> </tr> <tr> <td style="text-align: center;">(e)</td> <td style="text-align: center;">1600cc to 1999cc</td> <td style="text-align: center;">Rs.40,00 0</td> </tr> <tr> <td style="text-align: center;">(f)</td> <td style="text-align: center;">2000cc and above</td> <td style="text-align: center;">Rs.80,00 0</td> </tr> </table>	(a)	Upto 1000cc	Rs.7500	(b)	1001cc to 1199cc	Rs.1250 0	(c)	1200cc to 1299cc	Rs.17,50 0	(d)	1300cc to 1599cc	Rs.30,00 0	(e)	1600cc to 1999cc	Rs.40,00 0	(f)	2000cc and above	Rs.80,00 0
(a)	Upto 1000cc	Rs.7500																			
(b)	1001cc to 1199cc	Rs.1250 0																			
(c)	1200cc to 1299cc	Rs.17,50 0																			
(d)	1300cc to 1599cc	Rs.30,00 0																			
(e)	1600cc to 1999cc	Rs.40,00 0																			
(f)	2000cc and above	Rs.80,00 0																			

<b>Div-vi</b>	The Rate of tax to be deducted under section 231A shall be 0.2% of the cash amount withdrawn.	The Rate of tax to be deducted under section 231A shall be <b>0.3%</b> of the cash amount withdrawn.		
<b>Div-vii</b>	<b>Purchase of motor care and jeeps.</b>			
	<b>Engine Capacity</b>	<b>Amount of Tax</b>	<b>Engine Capacity</b>	<b>Amount of Tax</b>
	upto 850cc	<b>Rs.7,500</b>	upto 850cc	<b>Rs.10,000</b>
	851cc to 1000cc	<b>Rs.10,500</b>	851cc to 1000cc	<b>Rs.20,000</b>
	1001cc to 1300cc	<b>Rs.16,875</b>	1001cc to 1300cc	<b>Rs.30,000</b>
	1301cc to 1600cc	<b>Rs.25,000</b>	1301cc to 1600cc	<b>Rs.50,000</b>
	1601cc to 1800cc	<b>Rs.22,500</b>	1601cc to 1800cc	<b>Rs.75,000</b>
	1801cc to 2000cc	<b>Rs.16,875</b>	1801cc to 2000cc	<b>Rs.100,000</b>
	Above 2000cc	<b>Rs.50,000</b>	Above 2000cc	<b>Rs.150,000</b>
<b>Div-viii</b>	The rate of collection of tax under section 236A shall be 5% of the gross sale price of any property or goods sold by auction.	The rate of collection of tax under section 236A shall be <b>10%</b> of the gross sale price of any property or goods sold by auction.		

*The following new division are proposed to be inserted prescribing rates for reduction of tax under sections-236D, 236E, 236F, 236G, 236H, 236I, 236J are as under;*

**Division-XI**

**Advance tax on functions and gatherings:**

The rate of tax to be collected under each sub-sections (1) and (2) of section 236D shall be 10%.

**Division-XII**

**Advance tax on foreign-produced films and TV plays**

Rate of collection of tax under section 236E shall be as follows:

1	Foreign-produced film	Rs. 1,000,000/-
2	Foreign-produced TV drama serial	Rs.100,000/-per Episode
3	Foreign-produced TV play (single episode)	Rs. 100,000

**Division XIII**

The rate of tax to be collected under section 236F in the case of Cable Television Operator shall be as follows:-

License Category as provided in PEMRA Rules 2009	Tax on License Fee	Tax on Renewal
H	Rs.7,500	Rs.10,000
H-1	Rs.10,000	Rs.15,000
News or Current	Rs.1,000,000	Rs.2,000,000
Sports	Rs.1,000,000	Rs.1,000,000
Regional Language	Rs.700,000	Rs.700,000
Health or Agro	Rs.300,000	Rs.300,000
Education	Rs.300,000	Rs.300,000
Entertainment	Rs.1,000,000	Rs.1,000,000
Specialized subject		
Station	Rs.500,000	Rs.200,000
<b>Landing Rights per channel</b>		
News/Current	Rs.1,000,000	Rs.5,000,000
Affairs		

Sports	Rs.500,000	Rs.2,500,000
Educational	Rs.200,000	Rs.1,000,000
Entertainment	Rs.200,000	Rs.2,000,000
Children	Rs.350,000	Rs.1,500,000

**Division XIV****Advance tax on sale to distributors, dealers or wholesalers**

*The rate of collection of tax under section 236G shall be 0.1% of the gross amount of sales.*

**Division XV****Advance tax on sale to retailers**

*The rate of collection of tax under section 236H shall be 0.5% of the gross amount of sales.*

**Division XVI****Collection of advance tax by educational institutions**

*The rate of collection of tax under section 236I shall be 5% of the amount of fee*

**Division XVII****Advance tax on dealers, commission agents and arhatis, etc.**

*The rate of collection of tax under section 236J shall be as follows:-*

<b>Group</b>	<b>Amount of tax (per annum)</b>
Group or Class-A	Rs.10,000
Group or Class-B	Rs.7,500
Group or Class-C	Rs.5,000
Any other category	Rs.5,000



**SECOND SCHEDULE  
TAX EXEMPTION AND CONCESSION**

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

**Part-I**

*The following clauses are proposed to be omitted/substituted.*

- (i) Clause (53A), sub-clause (i) shall be omitted.
- (ii) Sub-clause (xxviii) shall be re-numbered as (xxviiiia);
- (iii) Sub-clause (xxix) shall be re-numbered as (xxixia)
- (iv) Clauses (92), (98A) and (103B) shall be omitted; and

**Clause (126E), the following shall be substituted, namely:-**

“(126E) income derived by a zone enterprise as defined in Special Economic Zones Act ,2012 (XX of 2012) for a period of ten years starting from the date the developer certifies that the zone enterprise has commenced commercial operation and for a period of ten years to a developer of zone starting from the date of signing of the development agreement in the special economic zone as announced by the Federal Government.

**Part-II**

*The following clauses are proposed to be inserted.*

(28) The rate of tax under section 148 on import of hybrid cars shall be reduced as below;

Engine Capacity	Rates of reduction
Upto 1200cc	100%
1201 to 1800cc	50%
1801 to 2500cc	25%

**Part-III**

*The following clauses are proposed to be omitted/substituted.*

Clauses (1) and (2) shall be omitted.

Clause (7), for the word “company” the word “taxpayer” shall be substituted;

**Part-IV**

*The following clauses are proposed to be inserted/omitted.*

(56A) The provisions of sub-section (7) of section 148 and clause (a) of sub-section (1) of section 169 shall not apply to a person who is liable to withholding tax under section 236E.

Clause (59), in sub-clause (iv), paragraph (a) shall be omitted.

(72A) The provisions of clause (l) of section 21, sections 113 and 152 shall not apply in case of a Hajj Group Operator in respect of Hajj operations provided that the tax has been paid at the rate of Rs.3,500 per Hajji for the tax year 2013 and Rs.5,000 per Hajji for the tax year 2014 in respect of income from Hajj operations.

(72B) the provisions of section 148 shall not apply to an industrial undertaking if the tax liability for the current tax year, on the basis of determined tax liability for any of the preceding two tax years, whichever is the higher, has been paid and a certificate to this effect is issued by the concerned Commissioner.

**THIRD SCHEDULE**

**Part-II**

*The clause-1 is proposed to be amended as under;*

“The rate of initial allowance under section 23 shall be [50%] for plant and machinery and 25% for buildings”

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

**SEVENTH SCHEDULE**

*The third proviso of Rule-06 is proposed to be amended 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. “

**FEDERAL EXCISE**

*The amendments are applicable from July 1, 2013 specified otherwise.*

**FEDERAL EXCISE ACT, 2005**

Various amendments have been made as under:

Table-I

Serial	PRESENT POSITION AS ON 30 <sup>TH</sup> JUNE, 2012	PROPOSED AMENDMENT THROUGH FINANCE BILL 2013
3 (A)	<p><b>Duties specified in the First Schedule to be levied:-</b></p> <p><i>Non-existent</i></p>	<p><i>The concept of charging further tax at 2% on the supply made to the un-registered persons has been re-introduced through this proposed amendment by reviving the below section;</i></p> <p>“(3A) Subject to the provision of sub-section (3) of section 6 or any notification issued there under, where excisable goods and services are supplied to a person who has not obtained registration number, the Federal Government may, by notification in the official Gazette, charge, levy and collect, on the excisable goods and services specified in that notification, a further duty at the rate of two per cent of the value in addition to the rate specified in sub-sections (1), (3), (4) and (5) of this section.”;</p> <p>Effective from June 13, 2013.</p>

<p style="text-align: center;">17(1)</p>	<p><b>Records:-</b></p> <p style="text-align: center;"><i>Non existent</i></p>	<p><i>“In order to cover the leakage of revenue and to discourage fake and flying invoices, this proposed amendment has been made by including the further following documents part of record in the definition of record maintained by the registered person”</i></p> <p><i>“(da) record relating to gate passes, inward or outward, and transport receipts”</i></p>
<p style="text-align: center;">33(1A)</p>	<p><b>Appeals to Commissioner (Appeals).—</b></p> <p style="text-align: center;"><i>Non existent</i></p>	<p><i>“(1A) Where in a particular case, the Commissioner (Appeals) is of the opinion that the recovery of tax levied under this Act, shall cause undue hardship to the taxpayer, he, after affording opportunity of being heard to the Commissioner or officer of Inland Revenue against whose order appeal has been made, may stay the recovery of such tax for a Period not exceeding thirty days in aggregate.”</i></p> <p><i>Now specifically power vested with Commissioner Inland Revenue (Appeals) to grant stay the recovery of disputed amount, this is inline with already amendment made in Section 128(1A) Income Tax Ordinance, 2001.</i></p>

35(3)	<p><b>Powers of Board or Commissioner to pass certain orders.—</b></p> <p><i>Non Existent;</i></p>	<p><b>Explanation.</b> For the purpose of sections 35, 45 and 46 and for removal of doubt, it is declared that the powers of the Board, Commissioner or officer of Inland Revenue under these sections are independent of the powers of the Board under section 42B and nothing contained in section 42B restricts the powers of the Board, Commissioner or officer of Inland Revenue under these sections or to conduct audit under these sections.”;</p> <p><i>The explanation has been added to undo judgment of Hon’ble High Court, Lahore, in case of Chen One, wherein selection of cases u/s. 35, 45 &amp; 46 was declared unlawful, since explanation always given retrospective in effect, therefore, this will cover also pending cases.</i></p>
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42(C)	<p><b>Observance of Board's orders, directions and instructions.–</b></p> <p><i>Non Existent;</i></p>	<p><i>The monitory incentives have been offered in shape of reward to tax authorities for fishing out the potential cases involving the mountainous evasion of duties. But this is subjected to the certain rules made under the applicable sections by the Board.</i></p> <p><b>“42C. Reward to Inland Revenue officers and officials. (1)</b> In cases involving concealment or evasion of excise duty and other taxes, cash reward shall be sanctioned to the officers and officials of Inland Revenue for their meritorious conduct in such cases and to the informer providing credible information leading to such detection, as may be prescribed by the Board, only after realization of part or whole of the taxes involved in such cases.</p> <p>(2) The Board may, by 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 officers and officials of Inland Revenue.”</p>
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45(2)	<p><b>Access to records and posting of excise staff, etc.—</b></p> <p>(2) Subject to such conditions and restrictions, as deemed fit to specify, the Board may, post 30Officer of Inland Revenue to the premises of registered person or class of such persons to monitor production, removal or sale of goods and the stock position or the maintenance of records:</p>	<p><i>Through this proposed addition of words “or Chief Commissioner”, the Commissioner is now also empowered to exercise the powers by deputing the subordinates at any premises of the registered person to cover up the avoidance of duty.</i></p>
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45(A)	<p><i>Non Existent</i></p>	<p>“The fresh idea of electronically controlling the business trading activity of registered persons carried by him has been introduced by inserting the below clause. Besides this the no sale/ removal of excisable goods shall be made without having the distinguished visible symbol thereon. From the such dated as maybe prescribed accordingly “.</p> <p>“45A. Monitoring or tracking by electronic or other means.                  (1) Subject to such conditions, restrictions and procedures as it may deem fit to impose or specify, the Board may, by notification in the official Gazette, specify any registered person or class of registered persons or any goods or class of goods in respect of which monitoring or tracking of Production, sales, clearances, stocks or any other related activity may be implemented through electronic or other means as may be prescribed.</p>
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**FIRST SCHEDULE  
TABLE I**

**EXCISABLE GOODS**

4, 5 & 6 (4)	The rate of duty in respect of aerated waters and its different manufacturers goods therefrom subject to rate of duty @ 6%.	“Through this amendment the rate of duty from 6% to 9% on excisable goods has been enhanced from their respective retail price mentioned in the relevant entries”.
9	Locally produced cigarettes if their retail price exceeds Rs. 22.86 per ten cigarettes. @65%.	“Locally produced cigarettes if their retail price exceeds Rs. 2,286 per thousand cigarettes @ Rs. 2,325 per above mentioned same quantity”.
10	Locally produced cigarettes if their retail price exceeds Rs. 13.36 paisa per ten cigarettes but does not exceed Rs. 22.86 paisa per ten cigarettes @ Rs. 7.02/ten cigarettes + 70% per incremental rupee or part thereof. .	“Locally produced cigarettes if their onpack printed retail price does not exceeds Rs. 22.86 per thousand cigarette @ Rs. 880 per thousand cigarettes”.
11	Locally produced cigarettes if their retail price does not exceed Rs. 13.36 paisa per ten cigarettes. @ Rs. 7.02 paisa per ten cigarettes.	“Through this amendment this entry has been deleted by encouraging the low manufacturing units involving in the industries of cigarettes”.

54 & 55	Non Existent	<p><i>“Before this amendment the oils seeds and the certain types of motor cars / vehicle were not liable to Excise Duty. However both stated goods has come under the domain of Excise Act”.</i></p> <p>Oilseeds having respective Headings or subject to duty at Rs. 40 paisa per kg</p> <p>Motor cars, SUVs and other motor vehicles of cylinder capacity of 1800 cc or above, principally designed for the transport of persons (other than those of headings 87.02), including station wagons and racing cars of cylinder capacity of 1800 cc or above at Rate of 10% ad.val.” and</p>
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TABLE II

EXCISABLE SERVICES

Serial No. 7	Specified kind of services rendered by the insurance industries is liable to duty @ 16% of the gross premium paid.	<i>“This entry has been omitted as the Financial services rendered by the Insurance Companies have been united with the services of other industries”.</i>
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<b>Serial No. 8</b>	<p>Services provided by banking companies or non banking Financial companies are chargeable @ 16% of the charges.</p>	<p><i>“By way of this amendment the existing clause has been re-shaped by covering various sectors whose services were out of the ambit of duty. Now the services provided by the below listed companies are required to charge the duty @ 16% on the services rendered by them”.</i></p> <p>Services provided or rendered by banking companies, insurance companies, cooperative financing societies, modarabas, musharikas, leasing companies, foreign exchange dealers, non-banking financial institutions, Assets Management Companies and other persons dealing in any such services @ 16% of the charges.</p>
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### THIRD SCHEDULE

Table-I

#### GOODS

<b>5, 7 &amp; 8</b>	<p>The hydraulic cement, lubricant oil and transformer oil enjoy the exemption from the levy of the duty.</p>	<p><i>“Through this proposed amendment these three goods have been declared as excisable and their supply is no more exempted”.</i></p>
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Table-II

<b>8</b>	<p>The services rendered by the Assets Management Company were not subjected to the levy of the duty.</p>	<p><i>“It is proposed to withdraw the exemption given to Assets Management Company by charging the duty on services as referred in the re-amended clause 8 of Table II of First Schedule”.</i></p>
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## LIST OF SROs

***The following SROs have been notified dated: June 12, 2013  
effective from June 13, 2013; specified otherwise.***

SRO NO.	BRIEF
<b>507(I)/2013</b>	<i>The duty @ Rs 1, per KG on locally produced oil purchase by manufacturer of vegetable ghee and cooking oil in lieu of Duty @ 16% on the production. The said duty shall be paid by the producer or manufacturer alongwith the monthly return. Further all the stocks of locally produced oil purchased before the 12.06.2013 and lying at the premises of producer or manufacturer are subjected to levy of this duty at above specified rate and shall be paid alongwith the return of June, 2013.</i>
<b>508(I)/2013</b>	<i>Through this SRO 40 paisa per KG duty has been imposed on the oil seeds at the import stage by encouraging the local oil seed production.</i>

## CUSTOMS ACT

*The amendments are applicable from July 1, 2013 specified otherwise.*

SECTION	PRESENT POSITION AS ON 30 <sup>TH</sup> JUNE, 2013	PROPOSED AMENDMENT THROUGH FINANCE BILL 2013
2 (1a)	Good Declaration means filed u/s 79, 104, 131, 139 or 144 and includes a goods declaration electronically filed.	<i>By way of this amendment the transshipment of goods without payment of duty made u/s 121 also needs filing of goods declaration.</i>
3-DD	<i>Non Existent</i>	<p><i>Through this proposed insertion of new sub section 3-DDD concept of the Directorate General of Input Output Co-efficient Organization has been introduced. The relevant proposed amendment is as under;</i></p> <p>3DDD Directorate General of Input Output Co-efficient Organization.- The Director General of Input Output Co-Efficient Organization (IOCO) 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>14-A</p>	<p><b>Provision of accommodation at customs port etc.</b></p>	<p><b><i>Provision of security and accommodation at custom ports.</i></b></p> <p><i>This proposed amendment has re-organized the management of custom ports to provide the necessary security and accommodation to the custom staff. In addition to this the new concept of entertaining the cases of delay also been introduced by giving the refund of demurrage charges not due to the fault of the importers or exporters on the basis of relevant certificates issued by not below the rank of Assistant Collector.</i></p>
<p>32 (4)</p>	<p><b>Untrue statements, error, etc</b> The appropriate officer holds power to determine the payable amount after considering the representation filed relating to allegation leveled in sub-section 2 and 3.</p>	<p><i>Through this amendment sub section 3A also proposed to include in sub-section 4, which was ignored before, now it has been corrected.</i></p>
<p>81</p>	<p><b>Provisional determination of liability</b> Provisional assessment was made and the goods were cleared by furnishing the various negotiable instrument including the post dated cheque.</p>	<p><b>Provisional determination of liability</b> Through this amendment the facility of providing / furnishing post dated cheques in cases of provisional assessment has been omitted as the Revenue authority was facing hindrances while getting the post dated cheques encashed but provisional assessment to be determine on furnishing of bank guarantee and pay order only.</p>

<p>179 (1)(IV)</p>	<p><b>Powers of Adjudication</b> Non existent</p>	<p><i>By way of this amendment the new provisio has been inserted whereby monitory limit in case of export has been determine by newly inserted provisio read as under;</i></p> <p>“Provided that in cases of goods to be exported, the above officers of Customs shall have their jurisdiction and powers in terms of FOB value and twice their respective monetary limit.”;</p>
<p>196</p>	<p><b>Reference to High Court</b> The Collector and Director of Intelligence and Investigation are authorized to file the reference before the Hon’ble High Court.</p>	<p><b>Reference to High Court</b> <i>Now it is proposed to empower the Director of Valuation to exercise the powers of filing any reference before the High Court.</i></p>



## LIST OF SROs

*The following SROs have been notified dated: June 12, 2013  
effective from June 13, 2013; specified otherwise.*

SRO NO.	BRIEF						
<b>495(I)/2013</b>	<i>This SRO seeks to amend the earlier notification issued vide SRO No. 655(I)/2006 dated; 22.06.2006</i>						
<b>496(I)/2013</b>	<i>This SRO seeks to amend the earlier notification issued vide SRO No. 656(I)/2006 dated; 22.06.2006</i>						
<b>497(I)/2013</b>	<i>This SRO seeks to amend the earlier notification issued vide SRO No. 567(I)/2006 dated; 05.06.2006</i>						
<b>498(I)/2013</b>	<i>This SRO seeks to amend the earlier notification issued vide SRO No. 575(I)/2006 dated; 05.06.2006</i>						
<b>499(I)/2013</b>	<p><i>Through this SRO the exemption of custom duty / sales tax and withholding tax on import of Hybrid Electric Vehicle to the extend as specified below;</i></p> <table style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td style="text-align: center;"><i>1. Upto 1200 CC</i></td> <td style="text-align: center;"><i>100%</i></td> </tr> <tr> <td style="text-align: center;"><i>2. From 1201 CC to 1800 CC</i></td> <td style="text-align: center;"><i>50%</i></td> </tr> <tr> <td style="text-align: center;"><i>3. From 1801 CC to 2500 CC</i></td> <td style="text-align: center;"><i>25%</i></td> </tr> </tbody> </table>	<i>1. Upto 1200 CC</i>	<i>100%</i>	<i>2. From 1201 CC to 1800 CC</i>	<i>50%</i>	<i>3. From 1801 CC to 2500 CC</i>	<i>25%</i>
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**INCOME SUPPORT LEVY ACT, 2013**

- ❖ An Act “Income Support Levy Act, 2013” has been promulgated whereby a new levy namely “Income Support Levy” has been introduced
- ❖ The levy is applicable on individuals only
- ❖ The levy will be charged @ 0.5% on value of “Net Movable Assets” exceeding One Million Rupees on the basis of declaration made in Wealth Statement of relevant tax year.
- ❖ Levy shall be payable along with filing of wealth statement.
- ❖ In order to work out net movable assets:
  - All assets except land, building and plant & machinery are considered as moveable assets.
  - Liabilities exclusively related to immovable assets shall not be considered while calculating “Net Movable Assets”
  - Liabilities which are related to both immovable assets and movable assets shall be apportioned as per formula under  $A / B \times C =$  liability attributable to movable assets.

Where

**A** is the gross value of moveable assets

**B** is the gross value of both moveable and immovable assets

**C** is the gross value of debts owed;

***Effective from tax year 2013.***