



For Clients Only

**COMMENTS ON
FINANCE BILL
2014**

HAROON ZAKARIA & COMPANY
CHARTERED ACCOUNTANTS

COMMENTS ON FINANCE BILL – 2014

The information contained in this booklet has been prepared on the basis of Finance Bill 2014 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 2014 unless specified otherwise after having been enacted as Finance Act 2014 with or without modification.

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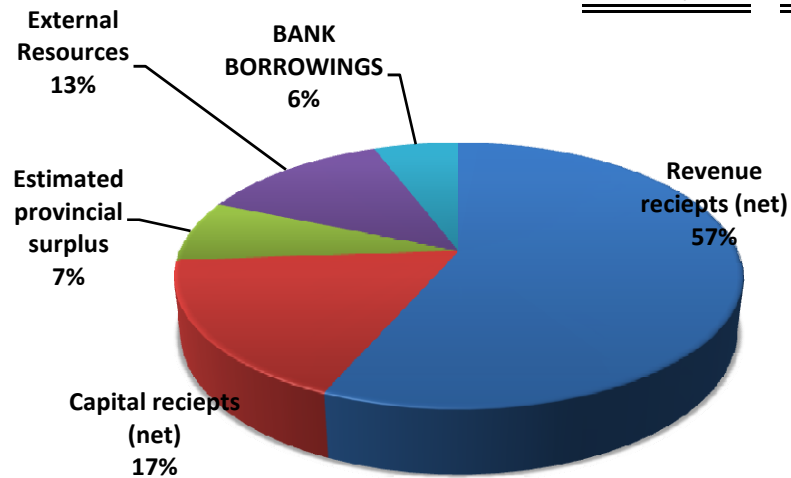
HAROON ZAKARIA & COMPANY
CHARTERED ACCOUNTANTS

Dated: June 03, 2014

BUDGET 2014 AT A GLANCE

=== Rupees in Billion ===

	<u>2014-15</u>	<u>2013-14</u> <u>Revised</u>
<u>RESOURCES</u>		
Internal Resources		
Revenue receipts (net)		
Direct tax	1,180	891
Indirect tax	1,630	1,384
Non tax revenue	1,135	1,322
Less: Provincial share	(1,720)	(1,413)
Capital receipts (net)	686	600
Estimated provincial surplus	289	183
	3,200	2,967
External Resources	508	714
	3,708	3,681
Bank Borrowings	228	376
	3,936	4,057



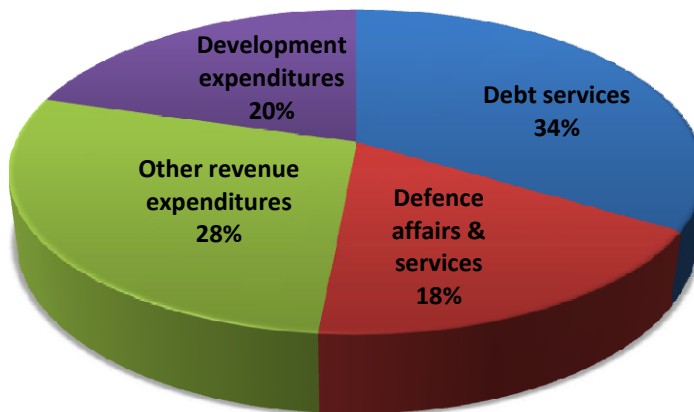
EXPENDITURES

Current expenditures	3,130	3,199
Development expenditures (PSDP)	806	858
	3,936	4,057

=== Rupees in Billion ===

	<u>2014-15</u>	<u>2013-14</u> <u>Revised</u>
<u>Revenue Receipts (Gross)</u>		
Direct Tax	1,180	891
Indirect tax		
Customs	281	241
Sales Tax	1,171	1,005
Federal Excise	178	138
Others	319	239
	<u>3,129</u>	<u>2,514</u>
<u>EXPENDITURES</u>		
Debt services	1,325	1,187
Defence affairs & services	700	630
Other revenue expenditures	1,105	1,382
	<u>3,130</u>	<u>3,199</u>
Development expenditures	806	858
	<u>3,936</u>	<u>4,057</u>

Expenditures



Finance Bill 2014

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SALIENT FEATURES

Finance Bill 2014

INCOME TAX

The amendments are applicable from July 1, 2014 unless specified otherwise.

- Five year income tax exemption is proposed for persons setting up processing plants for locally grown fruits in area namely Gilgit-Baltistan, Balochistan Provinces and Malakand Division and FATA
- It is proposed to tax capital gain @ 12.5% for securities held up to 12 months and 10% for securities held for a period is between 12 to 24 months.
- It is proposed to reduce the corporate tax rate @ 20% in case of new industrial undertaking to be set up by 30.06.2017, and at least 50% of the project cost including working capital is through FDI in equity.
- Non NTN holder/ Non filer of Income Tax Return shall be subject to higher tax rate.
- It is proposed to reduce corporate rate by 1% to 33% for tax year 2015.
- Income Support levy Act, 2013 proposed to be repealed.
- It is proposed to reduce advance tax on functions and gathering from 10 to 5%.
- It is proposed to bring bonus shares into definition of income subject to tax @ 5%.

SALIENT FEATURES

- It is proposed to include debt securities in the definition of securities.
- The new concept of alternate corporate tax @ 17% on accounting income adjustable upto 10 years is to be introduced.
- Proportionate allocation of expenses against different sources of income in the case of banks is to be stipulated in law, as is already the case in non-banking businesses.
- It is proposed to enhance withholding tax on services from 08% and 10% in case of corporate and non corporate respectively.
- Initial depreciation on building is proposed to be reduced to 10%
- It is proposed that Non-profit entities be granted a 100% tax credit instead of exemption subject to terms and conditions.
- To facilitate the steel sector it is proposed that every steel melter, steel re-roller, composite unit of melting, re-rolling and MS cold shall pay tax at the rate of one rupee per unit of electricity consumed with electricity bill and they will be exempted from deduction of tax from their suppliers. They can opt out of this option.
- Reduction in rate of tax withheld on mobile phone charges is reduced from 15% to 14%.
- On Commission rate of tax proposed to be enhanced from 5% to 7.5% in case of advertising agent and 10% to 12% in case of all other agents.

- To document and bring into tax net the real estate transactions it is proposed that an adjustable advance tax be collected on purchase of immovable property at the rate of tax is 1% for compliant taxpayers and 2% for non-compliant persons. However, properties with value less than 3 million and schemes introduced by the government for expatriate Pakistanis will be excluded.
- It is proposed that Airlines may collect advance tax at the rate of 3% on the sale of first class and club/executive class air tickets if the passenger is a compliant taxpayer, and 5% tax if the passenger is a non-compliant person.
- For domestic electricity consumers, it is proposed to collect adjustable advance tax @ 7.5% on the monthly bill of above Rs.100,000
- It is proposed that Mutual Fund distribute dividend in cash only and that the rate of tax applicable to the dividend distributed by Mutual Fund be same as is applicable to class of income received by Mutual Fund. However, to encourage Mutual Funds the rate of tax on dividend distributed by Mutual Fund to companies in respect of interest income shall be 25% instead of 33% applicable to companies.

SALES TAX ACT, 1990

- Input tax adjustment is proposed to be restricted only to the extent of goods and services actually used in manufacturing / sales of taxable activity.
- Various SRO's related to exemptions and concessionary rates have been transferred to relevant schedules.
- Replacement of capacity tax on aerated waters is proposed to revert to the normal tax regime.
- Exemption notified by SRO 575(I)/2006 for items mentioned vide serial Nos. 8,16,17,24,25,32,33,37 and 38 is proposed to be withdrawn.
- Exemption notified by SRO 575(1)/2006 for items mentioned vide serial Nos. 2, 3, 4, 9, 15, 20 and 30 are subject to reduced rate at 5%.
- Exemption notified by SRO 551(1)/2008 for items mentioned vide Serial Nos. 10 & 33 are subject to reduced rate at 5%.
- Soyabean meal, oil cake and directly reduced iron proposed to tax at reduced rate at 5%.
- It is proposed to tax sunflower seed and canola seed at standard rate of Sales Tax @ 17% instead of @ 14%
- It is proposed to amend SRO 1125(I)/2011 whereby charging of sales tax at the standard rate @ 17% on the import of finished articles of leather and textile.

- Reduction in rate of sales tax of local supply of tractor is being proposed
- Exemption from sales tax to import and supply of “Cochlear Implants System” to facilitate the handicapped.
- Exemption on import of plant, machinery and equipment for Gilgit-Baltistan, Balochistan Provinces, Malakand Division and FATA is being proposed to promote industrialization, job creation and economic uplift of the less developed regions.
- Specific rate on sales tax on mobile phone is proposed.
- Through explanation inserted in Section 40B it is declared the provision is independent of section 40 whereby power to post officer Inland Revenue to the premises of registered person to monitor production, sale of taxable goods and the stock position.
- It is proposed to charge sales tax in case of certain retailers through monthly electricity bill.
- It is proposed to specify zone for the purpose of charging sales tax.
- Restricting undue claims of input tax. Input tax adjustment is proposed to be restricted only to the extent of goods and services actually used in manufacturing/sales of the taxable activity
- Goods specified in Eighth Schedule shall be charged at reduced rate.
- Goods specified in Ninth Schedule shall be subject to special procedure.

SALIENT FEATURES

- It is proposed to charge sales tax from CNG station @ 17% of the value of supply to the CNG consumers.
- It is proposed further tax u/s. 3(1A) shall be excluded from definition of output tax.

FEDERAL EXCISE ACT, 2005

- It is proposed to exclude the Telecommunication Services subject to the Provincial Sales Tax from charging of duty.
- It is proposed to empower to the Board to specify zones to determine the value of goods for the purpose of charging duty.
- It is proposed to reduce the rate of duty from 19.5% to 18% on Telecommunication Services.
- It is proposed to withdraw duty @10% on locally manufactured motor vehicles exceeding 1800 CC.
- Replacement of capacity tax on aerated waters is proposed to be the normal tax regime.
- It is proposed to levy 5% duty on cement on retail price.

CUSTOMS ACT, 1969

- It is proposed to exempt the plant, machinery and equipment imported for establishing fruit processing and preservation industrial units in Gilgit-Baltistan, Baluchistan, Malakand Division and industries in FATA.
- It is proposed to reduce the rate of Customs duties on UPS (PCT Code 8504.4010) from 20 % to 15th%.
- It is proposed to slash the rate of Customs Duty on petroleum coke not-calcined (PCT Code 2713.110) from 5 % to 1 % in order to save the cost of manufacturing units.
- It is proposed to decline the maximum general tariff of Custom Duty @ 30% to 25%.
- It is proposed to exempt duty and taxes to the extent of 50% and 25% on the hybrid electric vehicles up to 1800 CC and above 1800 respectively.
- It is proposed to introduce Fifth Schedule containing various exemption and concession rate of duty previously notified through different SROs.
- It is proposed to enhance the rate of Customs Duty on networking equipments from 5 to 10%.

- It is proposed to revise the fixed amount of duty and taxes on used vehicles upward by 10%.
- It is proposed to increase the rate of Customs Duty on flat-rolled products of alloy steel (PCT Codes 72.25 and 72.26) from 5 to 10%.
- It is proposed to levy the duty @ 5% on import of generators above 1100 KVA (PCT Code 8502.1390).
- It is proposed to uniform the rate of 15% Customs Duty imposed on dyes except basic dyes (3204.1300) and Indigo Blue dyes (3204.1510).
- It is proposed to levy the duty @ 10% on import of all kinds of CDs / DVDs (PCT Code 8523.4000).
- It is proposed to increase Customs Duty from 10% to 20% on import of flavoring powders (PCT Code 2106.9030).
- It is proposed to impose the uniform rate of Custom Duty@ 10% on liquid paraffin and white oil.
- It is proposed to enhance the rate of duty on dryers from 5 to 10%.
- It is proposed to increase the rate of duty on coloring matters from 5 to 10%.
- It is proposed to reduce the Custom Duty on satellite mobile phones whether or not functional on cellular networks from 25 to 10%.
- It is proposed to levy the regularity duty on luxury goods.

SALIENT FEATURES

- It is proposed to levy the uniform rate of 15% on starches (PCT Code 11.08).

INCOME TAX

The amendments are applicable from July 1, 2014 unless specified otherwise.

SECTION	PRESENT POSITION AS ON 30 TH JUNE, 2014	PROPOSED AMENDMENT THROUGH FINANCE BILL 2014
2(23A)	<p>Definition Non-Existent</p>	<p><i>Definition of “filer” proposed to be inserted as under;</i></p> <p>(23A) “filer” means a taxpayer whose name appears in the active taxpayers’ list issued by the Board from time to time or is holder of a taxpayer’s card;”;</p>
2(29)	<p>“income” includes any amount chargeable to tax under this Ordinance, any amount subject to collection [or deduction] of tax under section 148, [150, 152(1), 153, 154, 156, 156A, 233, 233A and], sub-section (5) of section 234, [any amount treated as income under any provision of this Ordinance] and any loss of income <u>but does not include, in case of a shareholder of a [] company, the amount representing the face value of any bonus share or the amount of any bonus declared, issued or paid by the company to the shareholders with a view to increasing its paid up share capital;</u></p>	<p><i>Bonus /Script issue has also been proposed to be included in the definition of income.</i></p> <p>“income” includes any amount chargeable to tax under this Ordinance, any amount subject to collection [or deduction] of tax under section 148, [150, 152(1), 153, 154, 156, 156A, 233, 233A, sub-section (5) of section 234and 236M [any amount treated as income under any provision of this Ordinance] and any loss of income.</p>

2(35C)	<i>Non-Existent</i>	<p><i>Definition of non-filer has been proposed to be inserted as</i></p> <p><i>“non-filer” means a person who is not a filer;”;</i></p>
2(59B)	<i>Non-Existent</i>	<p><i>Special Judge in the context of section -203 has been proposed to be defined as</i></p> <p><i>“Special Judge” means the Special Judge appointed under section 203;”;</i> and</p>
2(61A)	<i>Non-Existent</i>	<p><i>Proposed to define Stock fund as</i></p> <p><i>“stock fund” means a collective investment scheme or a mutual fund where the investible funds are invested by way of equity shares in companies, to the extent of more than seventy per cent of the investment;”;</i></p>
4A	<p>Surcharge. — (1) Subject to this Ordinance, a surcharge shall be payable by every taxpayer at the rate of fifteen per cent of the income tax payable under this Ordinance including the tax payable under Part V of Chapter X of Chapter XII, as the case may be, for the period commencing from the promulgation of this Ordinance, till the 30th June, 2011.</p>	<p><i>proposed to be omitted being redundant</i></p>

<p>31 (1)</p>	<p>Transfer to participatory reserve.— (1) Subject to this section, a company shall be allowed a deduction for a tax year for any amount transferred by the company in the year to a participatory reserve created under section 120 of the Companies Ordinance, 1984 (XLVII of 1984) in accordance with an agreement relating to participatory redeemable capital entered into between the company and a banking company as defined in the Banking Tribunals Ordinance, 1984.</p>	<p><i>Updation of appropriate corresponding law is proposed to be inserted as under;</i></p> <p>Transfer to participatory reserve.— (1)Subject to this section, a company shall be allowed a deduction for a tax year for any amount transferred by the company in the year to a participatory reserve created under section 120 of the Companies Ordinance, 1984 (XLVII of 1984) in accordance with an agreement relating to participatory redeemable capital entered into between the company and a banking company as defined in the Financial Institutions (Recovery of Finances) Ordinance, 2001 (XLVI of 2001)”</p>
<p>37(1A)</p>	<p>Capital Gains- Notwithstanding anything contained in sub-sections (1) and (3) gain arising on the disposal of immovable property, <u>held for a period upto two years</u>, by a person in a tax year, shall be chargeable to tax in that year under the head Capital Gains at the rates specified in Division VIII of Part I of the First Schedule.</p>	<p><i>Through the amendment it is proposed namely</i></p> <p>Notwithstanding anything contained in sub-sections (1) and (3) gain arising on the disposal of immovable property, by a person in a tax year, shall be chargeable to tax in that year under the head Capital Gains at the rates specified in Division VIII of Part I of the First Schedule.</p> <p><i>For new tax rates on capital gain on securities refer page No. 36</i></p>

<p>37A</p>	<p>Provided that this section shall not apply if the securities are held for a period of more than a year:</p>	<p>Omitted <i>Exemption of capital gain on securities held for more than twelve months is purposed to be withdrawn.</i> <i>For new slabs of tax on refer page No. 35</i></p>
<p>37A(3)</p>	<p>For the purposes of this section “security” means share of a public company, voucher of Pakistan Telecommunication Corporation, Modaraba Certificate, an instrument of redeemable capital and derivative products.</p>	<p><i>The proposed amendment seeks to include debt instruments in definition of “security” subject to capital gain.</i></p> <p>For the purposes of this section “security” means share of a public company, voucher of Pakistan Telecommunication Corporation, Modaraba Certificate, an instrument of redeemable capital, debt securities and derivative products.</p>

37A(4)	<p><i>Non-Existent</i></p>	<p><i>The proposed insertion of new sub-section seeks to define the debt securities for the purpose of levying capital gain.</i></p> <p>For the purpose of this section, “debt securities” means-</p> <p>(a) Corporate Debt Securities such as Term Finance Certificates (TFCs), Sukuk Certificates (Sharia Compliant Bonds), Registered Bonds, Commercial Papers, Participation Term Certificates (PTCs) and all kinds of debt instruments issued by any Pakistani or foreign company or corporation registered in Pakistan; and</p> <p>(b) Government Debt Securities such as Treasury Bills (T-bills), Federal Investment Bonds (FIBs), Pakistan Investment Bonds (PIBs), Foreign Currency Bonds, Government Papers, Municipal Bonds, Infrastructure Bonds and all kinds of debt instruments issued by Federal Government, Provincial Governments, Local Authorities and other statutory bodies.”</p>
39(1)	<p><i>Income from Other Sources</i> <i>Non-Existent</i></p>	<p><i>Bonus shares issued to a shareholder of company are proposed to be taxed as other income</i></p> <p>(iv) income arising to the shareholder of a company, from the issuance of bonus shares.”;</p>

<p>49(4)</p>	<p>Federal Government , Provincial Government and Local Government</p> <p><i>Non-Existent</i></p>	<p><i>Income from sale of 3G & 4G licenses by PTA is deemed to be income of the Federal Government.</i></p> <p>“Provided that the income from sale of spectrum licenses by Pakistan Telecommunication Authority on behalf of the Federal Government after the first day of March 2014 shall be treated as income of the Federal Government and not of the Pakistan Telecommunication Authority.”;</p>
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88A	<p>Share profits of company to be added to taxable income.— (1) Notwithstanding the provisions of sub-section (1) of section 92, the share of profits derived by a company from an association of persons shall be added to the taxable income of the company.</p> <p>(2) The company shall be allowed a tax credit in accordance with the following formula, namely: —</p> $[(A/B) \times C]$ <p>Where —</p> <p>A is the amount of share of profits received by the company from the association;</p> <p>B is the taxable income of the association; and</p> <p>C is the amount of tax assessed on the association.</p> <p>(3) The tax credit allowed under this section shall be applied in accordance with sub-section (3) of section 4.]</p>	<p>The share of profit from AOP of a Company is proposed to be taxed in the hand of Company instead of AOP.</p> <p>Omitted</p>
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<p style="writing-mode: vertical-rl; transform: rotate(180deg);">92(1) Proviso</p>	<p>Principles of taxation of Associations of Persons- <i>Non-Existent</i></p>	<p><i>Corresponding to omission of section-88A following new proviso is proposed to be inserted</i></p> <p>“Provided that if at least one member of the association of persons is a company, the share of such company or companies shall be excluded for the purpose of computing the total income of the association of persons and the company or the companies shall be taxed separately, at the rate applicable to the companies, according to their share.”;</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">100B</p>	<p>Special provision relating to Capital Gain tax- (d) a “foreign institutional investor” being a person registered with NCCPL as a foreign institutional investor; and</p>	<p><i>Exemption enjoyed by foreign investors from deduction of tax on capital gain is proposed to be withdrawn and given to companies investing in debt securities.</i></p> <p>“(d) a company, in respect of debt securities only; and”;</p>

New Section

The following proposed new section seeks to consolidate the provisions related to taxed concession available to non-profit organization with some new conditions which are self explanatory as under

“100C. Tax credit for certain persons.- (1) Non-profit organizations, trusts or welfare institutions, as mentioned in sub-section (2) shall be allowed a tax credit equal to one hundred per cent of the tax payable, including minimum tax and final taxes payable under any of the provisions of this Ordinance, subject to the following conditions, namely:-

- (a) return has been filed;
- (b) tax required to be deducted or collected has been deducted or collected and paid; and
- (c) withholding tax statements for the immediately preceding tax year have been filed.

2) Persons eligible for tax credit under this section include-

- (a) any income of a trust or welfare institution or non-profit organization from donations, voluntary contributions, subscriptions, house property, investments in the securities of the Federal Government and so much of the income chargeable under the head "income from business" as is expended in Pakistan for the purposes of carrying out welfare activities:

Provided that in the case of income under the head "income from business", the exemption in respect of income under the said head shall not exceed an amount which bears to the income, under the said head, the same proportion as the said amount bears to the aggregate of the incomes from the aforesaid sources of income.

- (b) a trust administered under a scheme approved by the Federal Government in this behalf and established in Pakistan exclusively for the purposes of carrying out such activities as are for the benefit and welfare of

100C

100C

- (i) ex-servicemen and serving personnel, including civilian employees of the Armed Forces, and their dependents; or
- (ii) ex-employees and serving personnel of the Federal Government or a Provincial Government and their dependents, where the said trust is administered by a committee nominated by the Federal Government or, as the case may be, a Provincial Government;
- (c) a trust or welfare institution or non-profit organization approved by Chief Commissioner for the purposes of this sub-clause;
- (d) income of a university or other educational institution being run by a non-profit organization existing solely for educational purposes and not for purposes of profit
- (e) any income which is derived from investments in securities of the Federal Government, profit on debt from scheduled banks, grant received from Federal Government or Provincial Government or District Governments, foreign grants and house property held under trust or other legal obligations wholly, or in part only, for religious or charitable purposes and is actually applied or finally set apart for application thereto:

Provided that nothing in this clause shall apply to so much of the income as is not expended within Pakistan:

Provided further that if any sum out of the amount so set apart is expended outside Pakistan, it shall be included in the total income of the tax year in which it is so expended or of the year in which it was set apart, whichever is the greater, and the provisions of section 122 shall not apply to any assessment made or to be made in pursuance of this proviso.

Explanation.— Notwithstanding anything contained in the Mussalman Wakf Validating Act, 1913 (VI of 1913), or any other law for the

time being in force or in the instrument relating to the trust or the institution, if any amount is set apart, expended or disbursed for the maintenance and support wholly or partially of the family, children or descendants of the author of the trust or the donor or, the maker of the institution or for his own maintenance and support during his life time or payment to himself or his family, children, relations or descendants or for the payment of his or their debts out of the income from house property dedicated, or if any expenditure is made other than for charitable purposes, in each case such expenditure, provision, setting apart, payment or disbursement shall not be deemed, for the purposes of this clause, to be for religious or charitable purposes; or

(f) any income of a religious or charitable institution derived from voluntary contributions applicable solely to religious or charitable purposes of the institution:

Provided that nothing contained in this clause shall apply to the income of a private religious trust which does not ensure for the benefit of the public.”

<p>113(1e) & (2b)</p>	<p>Minimum tax on income of certain person</p> <p>(e) the claiming of allowances or deductions (including depreciation and amortization deductions) no tax is payable or paid by the person for a tax year or the tax payable or paid by the person for a tax year is less than [one] per cent of the amount representing the person’s turnover from all sources for that year:</p> <p>(b) the person shall pay as income tax for the tax year (instead of the actual tax payable under this Ordinance), an amount equal to [one] per cent of the person’s turnover for the year;</p>	<p><i>Through proposed amendment the rate of minimum tax is now to be prescribed under First Schedule</i></p> <p>(e) the claiming of allowances or deductions (including depreciation and amortization deductions) no tax is payable or paid by the person for a tax year or the tax payable or paid by the person for a tax year is less than the amount minimum computed on the basis of rate as specified in division IX of Part I of First Schedule.</p> <p>(b) the person shall pay as income tax for the tax year (instead of the actual tax payable under this Ordinance), minimum tax computed on the basis of rates as specified in Division IX of Part I of First Schedule;</p> <p><i>For rates of tax please refer page No. 36 & 37</i></p>
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New Section

In order to defeat the tax avoidance efforts by the business managers using different provisions of ITO-2001, a new concept of alternative tax is proposed to be introduced as under;

113C. Alternative Corporate Tax.- (1) Notwithstanding anything contained in this Ordinance, for tax year 2014 and onwards, tax payable by a company shall be higher of the Corporate Tax or Alternative Corporate Tax.

(2) For the purposes of this section.-

(a) "Accounting Income" means the accounting profit before tax for the tax year, as disclosed in the financial statements or as adjusted under sub-section (7) or sub-section (11) excluding share from the associate recognized under equity method of accounting;

(b) "Alternative Corporate Tax" means the tax at a rate of seventeen per cent of a sum equal to accounting income less the amounts, as specified in sub-section (8), and determined in accordance with provisions of sub-section (7) hereinafter;

(c) "Corporate Tax" means total tax payable by the company, including tax payable on account of minimum tax and final taxes payable, under any of the provisions of this Ordinance but not including those mentioned in sections 8, 161 and 162 and any amount charged or paid on account of default surcharge or penalty and the tax payable under this section.

3) The sum equal to accounting income, less any amount to be excluded there from under sub-section (8), shall be treated as taxable income for the purpose of this section.

(4) The excess of Alternative Corporate Tax paid over the Corporate Tax payable for the tax year shall be carried forward and adjusted against the tax payable under Division II of Part I of the First Schedule, for following year.

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(5) If the excess tax, as mentioned in sub-section (4), is not wholly adjusted, the amount not adjusted shall be carried forward to the following tax year and adjusted as specified in sub-section (4) in that year, and so on, but the said excess cannot be carried forward to more than ten tax years immediately succeeding the tax year for which the excess was first computed.

Explanation.- For the purpose of this sub-section the mechanism for adjustment of excess of Alternative Minimum Tax over Corporate Tax, specified in this section, shall not prejudice or affect the entitlement of the taxpayer regarding carrying forward and adjustment of minimum tax referred to in section 113 of this Ordinance.

6) If Corporate Tax or Alternative Corporate Tax is enhanced or reduced as a result of any amendment, or as a result of any order under the Ordinance, the excess amount to be carried forward shall be reduced or enhanced accordingly.

(7) For the purposes of determining the "Accounting Income", expenses shall be apportioned between the amount to be excluded from accounting income under sub-section (8) and the amount to be treated as taxable income under sub-section (2).

8) The following amounts shall be excluded from accounting income for the purposes of computing Alternative Corporate Tax:-

- (i) exempt income;
- (ii) income subject to tax under section 37A and final tax chargeable under sub-section (7) of section 148, section 150, sub-section (3) of section 153, sub-section (4) of sections 154, 156 and sub-section (3) of section 233; and
- (iii) income subject to tax credit under section 65D and 65E.

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(9) The provisions of this section shall not apply to taxpayers chargeable to tax in accordance with the provisions contained in the Fourth, Fifth and Seventh Schedules.

(10) Tax credit under section 65B shall be allowed against Alternative Corporate Tax.

(11) The Commissioner may make adjustments and proceed to compute accounting income as per historical accounting pattern after providing an opportunity of being heard.”;

<p>114(1)(b)(ix)</p>	<p>Return of Income- (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>The proposed amendment seeks to clarify that non-resident member of the Associations mentioned therein is not under obligation to file return of income.</i></p> <p>(ix) is a resident persons 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>130(4)(d)</p>	<p>Appointment of Appellate Tribunal- Non-Existent</p>	<p><i>Cost & Management Accountants has also been proposed to be included in Professional eligible for appointment of Accountant Member [ATIR]</i></p> <p>“(d) a person who has, for a period of not less than ten years, practiced professionally as a cost and management accountant within the meaning of Cost and Management Accountants Act, 1966 (XIV of 1966).”;</p>

148(8A)	Imports- Non-Existent	<p><i>The new sub-section is proposed to be inserted namely;</i></p> <p>(8A) The tax collected under this section at the time of import of ships by ship-breakers shall be final tax.”;</p>
149(3) & (4)	Deduction of tax at source on Salary- Non-Existent	<p><i>It has been proposed to introduce advance tax deduction from payment to Directors on account of fee for Board meeting.</i></p> <p>(3) Notwithstanding anything contained in sub-sections (1) and (2), every person responsible for making payment for directorship fee or fee for attending board meeting or such fee by whatever name called, shall at the time of payment, deduct tax at the rate of twenty percent of the gross amount payable .</p> <p>(4) Tax deductible under sub-section (3) shall be adjustable.”;</p>
151(3)	Profit on Debt- Non-Existent	<p><i>Through the proposed proviso the incremental tax deducted from payments to non-filer is to be treated as advance tax in case the file return</i></p> <p>Provided that in the case of a non-filer other than a company the final tax shall be equal to the tax deductible in the case of filer and the tax deducted in excess of that shall be advance income tax adjustable against tax liability.”;</p>

<p>153(1)(c)</p>	<p>Payments for Goods, Services & Contracts- (c) on the execution of <u>a contract, other than a contract</u> for the sale of goods or the rendering of or providing services, shall, at the time of making the payment, deduct tax from the gross amount payable (including sales tax, if any) at the rate specified in Division III of Part III of the First Schedule.</p>	<p><i>The service contract signed by the sportspersons is also proposed to be tax under FTR.</i></p> <p>(c) on the execution of contract signed by a sportsperson, but not including a contract for the sale of goods or the rendering of or providing services, shall, at the time of making the payment, deduct tax from the gross amount payable (including sales tax, if any) at the rate specified in Division III of Part III of the First Schedule.</p>
<p>181 AA</p>	<p>Non-Existent</p>	<p><i>NTN has been proposed to be pre-requisite for obtaining utility connection.</i></p> <p>Compulsory registration in certain cases.- (1) Notwithstanding anything contained in any law, for the time being in force , any application for commercial or industrial connection of electricity or natural gas, shall not be processed and such connection shall not be provided unless the person applying for electricity or gas connection is registered under section 181.”;</p>

203(i)	Non-Existent	<p><i>Following Self explanatory proviso is proposed to be inserted.</i></p> <p>“Provided that the Federal Government may, by, notification in official Gazette, declare that a special judge appointed under section 185 of the Customs Act 1969 (IV of 1969) shall have jurisdiction to try offences under this Ordinance.”;</p>
231B	<p>Advance tax on private motor vehicles.— Every motor vehicle registering authority of Excise and Taxation Department shall collect advance tax at the time of registration of a new locally manufactured motor vehicle, at the rates specified in Division VII of Part IV of the First Schedule: Provided that the provisions of this section shall not be applicable in the case of –</p> <p>(a) the Federal Government;</p> <p>(b) the Provincial Government;</p> <p>(c) the Local Government;</p> <p>(d) a foreign diplomat; or</p> <p>(e) a diplomatic mission in Pakistan.]</p>	<p><i>The proposed substituted section is more elaborate and covers all type of vehicles</i></p> <p>231B. Advance tax on private motor vehicles. — (1) Every motor vehicle registering authority of Excise and Taxation Department shall collect advance tax at the time of registration of a new locally manufactured motor vehicle, at the rates specified in Division VII of Part IV of the First Schedule.</p> <p>(2) Every motor vehicle registering authority of Excise and Taxation Department shall collect advance tax at the time of transfer of registration or ownership of a private motor vehicle, at the rates specified in Division VII of Part IV of the First Schedule.</p>

231B		<p>(3) Every manufacturer of a motor car or jeep shall collect, at the time of sale of a motor car or jeep, advance tax at the rate specified in Division VII of Part IV of the First Schedule from the person to whom such sale is made.</p> <p>(4) Sub-section (1) shall not apply if a person produces evidence that tax under sub-section (2) in case of a locally manufactured vehicle or tax under section 148 in the case of imported vehicle was collected from the same person in respect of the same vehicle.</p> <p>(5) The advance tax collected under this section shall be adjustable:</p> <p>Provided that the provisions of this section shall not be applicable in the case of –</p> <ul style="list-style-type: none"> (a) the Federal Government; (b) a Provincial Government; (c) a Local Government; (d) a foreign diplomat; or (e) a diplomatic mission in Pakistan.”;
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235A	<p><i>New section is proposed to be inserted enabling collection of advance tax with electricity bill.</i></p> <p>Domestic electricity consumption.- (1) There shall be collected advance tax at the rates specified in Division XIX of Part IV of the First Schedule on the amount of electricity bill of a domestic consumer.</p> <p>(2) The person preparing electricity consumption bill shall charge advance tax under sub-section (1) in the manner electricity consumption charges are charged.</p> <p>(3) Tax collected under this section shall be adjustable against tax liability.</p>
235B	<p><i>New section proposed to be inserted to collect fixed income tax From steel melters and re-rollers with electricity bills.</i></p> <p>Tax on steel melters, re-rollers etc.- (1) There shall be collected tax from every steel melter, steel re-roller, composite steel units, registered for the purpose of Chapter XI of Sales Tax Special Procedure Rules, 2007 at the rate of one rupee per unit of electricity consumed for the production of steel billets , ingots and mild steel (MS products) excluding stainless steel .</p> <p>(2) The person preparing electricity consumption bill shall charge and collect the tax under sub-section (1) in the manner electricity consumption charges are charged and collected.</p> <p>(3) The tax collected under sub- section (1) shall be deem to be the tax required to be deducted under sub-section (1) of section-153, on the payment for local purchase of scrap.</p> <p>(4) Tax collected under sub-section (1) shall be non-adjustable and credit of the same shall not be allowed to any person.”</p>

236B(2)	<p>Advance tax on purchase of Air Tickets- The <u>person preparing</u> air ticket shall charge advance tax under sub-section (1) in the manner air ticket charges are charged.]</p>	<p><i>The proposed amendment seeks to hold the respective airline responsible to withholding tax on air ticket.</i></p> <p>The airline issuing air ticket shall charge advance taxes under sub-section (1) in the manner air ticket charges are charged.]</p>
236B(2A)		<p><i>The procedure of collection from airline is proposed to be prescribed later.</i></p> <p>(2A) The mode, manner and time of collection shall be as may be prescribed.”;</p>
236K	<p><i>New section enabling collection of tax from purchaser of immovable property is proposed to be inserted as;</i></p> <p>Advance tax on purchase or transfer of immovable property.—(1) Any person responsible for registering or attesting transfer of any immovable property shall at the time of registering or attesting the transfer shall collect from the purchaser or transferee advance tax at the rate specified in Division XVIII of Part IV of the First Schedule.</p> <p>(2) The advance tax collected under sub-section (1) shall be adjustable.</p> <p>3) The advance tax under this section shall not be collected in the case of the Federal Government, a Provincial Government, a Local Government or a foreign diplomatic mission in Pakistan.</p> <p>(4) Nothing contained in this section shall apply to a scheme introduced by the Federal Government, or Provincial Government or an Authority established under a Federal or Provincial law for expatriate Pakistanis.</p>	

236L	<p>New section enabling collection of tax in respect of International air tickets is proposed to be inserted as;</p> <p>Advance tax on purchase of international air ticket.— (1) Every airline, operating in Pakistan, shall collect advance tax at the rates specified in Division XX of Part IV of the First Schedule, on the gross amount of international air tickets issued to passengers booking one-way or return, from Pakistan.</p> <p>(2) The airline issuing air ticket shall collect or charge advance tax under sub-section (1) in the manner air ticket charges are collected or charged, either manually or electronically.</p> <p>(3) The mode, manner and time of collection under sub-section (1) and time of collection shall be as may be prescribed.</p> <p>(4) The advance tax collected under sub-section (1) shall be adjustable.</p>
236M	<p>New section enabling collection of tax on issuance of bonus share.</p> <p>Bonus shares.- (1) Every person issuing bonus shares to a shareholder of the company, shall collect tax at the rate of five per cent on the value of the bonus shares determined on the basis of day-end price on the first day of closure of books.</p> <p>(2) The company issuing bonus shares shall make adequate arrangements for collection of such tax and in case of default, said tax shall be collected from the company, without prejudice to any other liability which it may incur under this Ordinance.</p> <p>(3) Tax required to be collected under this section shall be a final tax on the income of the shareholder of the company arising from issuance of bonus shares.”;</p>

First Schedule

Part-I

Division-I – Clause-IB

Rate of Tax for Disabled Person

The following new clause providing relief to disabled person is proposed to be inserted.

(IB) where the taxable income in a tax year, other than income on which the deduction of tax is final, does not exceed one million rupees of a person-

(i) holding a National Database Registration Authority's Computerized National Identity Card for disabled persons; or

(ii) a taxpayer of the age of not less than sixty years on the first day of that tax year, the tax liability on such income shall be reduced by 50%.”;

Part-I

Division-III

Rate of Dividend Tax

Rate of Tax on dividend Income has been consolidated in 1st Schedule wherein some concessionary rate previously provided under 2nd schedule have been incorporated. The Revised rates are as under:-

- “The rate of tax imposed under section 5 on dividend received from a company shall be - (a) 7.5% in the case of dividends declared or distributed by purchaser of a power project privatized by WAPDA or on shares of a company set up for power generation or on shares of a company, supplying coal exclusively to power generation projects; and (b) 10%, in all other cases:

Provided that the dividend received by a person from a stock fund shall be taxed at the rate of 12.5% for tax year 2015 and onwards, if dividend receipts are less than capital gains:

Provided further that the dividend received by a company from a collective investment scheme or a mutual fund, other than a stock fund, shall be taxed at the rate of 25% for tax year 2015 and onwards.”;

Part-I
Division-VII

Rate of Tax on Capital Gain under section 37 A are proposed to be revised as under:-

(C) In Division-VII, for the Table, the following shall be substituted, namely:-

“TABLE”

S.No.	Period	Tax Year	Rate of Tax
(1)	(2)	(3)	(4)
1.	Where holding period of a security is less than six months	2011 2012 2013 2014	10% 10% 10% 10%
2.	Where holding period of a security is more than six months but less than twelve months.	2011 2012 2013 2014	7.5% 8% 8% 8%
Tax Year 2015			
3.	Where holding period of a security is less than twelve months.		12.5%
4.	Where holding period of a security is twelve months or more but less than twenty-four months.		10%
5.	Where holding period of a security is twenty-four months or more.		0%

Part-I

Division-VIII

Rate of Tax on Capital Gain on disposal of Immovable property, the Proposed Updated Rate of Tax to be paid under sub section 1A of Section 37 is as under:-

S.No (1)	Period (2)	Rate of Tax (3)
1.	Where holding period of Immovable property is up to one year.	10%
2.	Where holding period of Immovable property is more than one year but not more than two years.]	5%
3.	Where holding period of immovable property is more than two years.	0%

Part-I

Division-IX

The various rates of turn over Tax payable under section 113 are proposed to be consolidated in First schedule wherein concessionary rates previously mentioned in Second schedule have also been incorporated as under:-

S.No (1)	Person(s) (2)	Minimum Tax as %age of the person's turnover for the year (3)
1.	(a) Oil marketing companies, Oil refineries, Sui Southern Gas Company Limited and Sui Northern Gas Pipelines Limited(for the cases where annual turnover exceeds rupees one billion.); (b)Pakistan International Airlines Corporation; and (c)Poultry industry including poultry breeding, broiler production, eg production and poultry feed production.	0.5%
	(a)Distributors of pharmaceutical products, fertilizers and cigarettes;	0.2%

(b) Petroleum agents and distributors who are registered under the Sales Tax Act, 1990; (c) Rice mills and dealers; and (d) Flour mills.	0.2%
<i>Motorcycle dealers registered under the Sales Tax Act, 1990.</i>	0.25%
<i>In all other cases</i>	1%

Part-II

Rate of Tax deduction under section 148.

Various rates of tax deduction at import stage under section 148 are proposed to be sorted under first schedule which also incorporated reduce rates under second schedule. The rearranged rates table read as under:-

S.No.	Persons	Rate
(1)	(2)	(3)
1.	(i) Industrial undertaking importing remel table steel (PCT Heading 72.04) and directly reduced iron for its own use; (ii) Persons importing potassic fertilizers in pursuance of Economic Coordination Committee of the cabinet's decision No. ECC-155/12/2004 dated the 9 th December, 2004; (iii) Persons importing urea; and (iv) Manufacturers covered under Notification No. S.R.O.125(I)/2011 dated the 31 st December, 2011 dated the 31 st Dec, 2011.	1% of import value as increased by customs-duty, sales tax and federal excise duty.
2.	Persons importing pulses	2% of import Value as increased by customs duty, sales tax and Federal Excise Duty.

3.	Commercial importers covered under Notification No. S.R.O. 1125(I)/2011 dated the 31st December, 2011.	3% of import value as increased by customs duty, sales tax and federal excise duty.
4.	Ship breakers on import of ships	4.5%
5.	Industrial undertakings not covered under S.Nos. 1 to 4.	5.5%
6.	Companies not covered under S. Nos. 1 to 5	5.5%
7.	Persons not covered under S. Nos. 1 to 6	6%

**Part-III
Division -I
Advance Tax on Dividend**

The rates of tax deduction at source on Dividend income are proposed to be revised as under:-

- (a) 7.5% in the case of dividends declared or distributed by purchaser of a power project privatized by WAPDA or on shares of a company set up for power generation or on shares of a company, supplying coal exclusively to power generation projects;
- (b) 10% for filers other than mentioned in (a) above;
- (c) 15% for non-filers other than mentioned in (a) above:

Provided that the rate of tax required to be deducted by a collective investment scheme or a mutual fund shall be-

	Stock Fund	Money market Fund, Income Fund or any other fund
Individual	10%	10%
Company	10%	25%
AOP	10%	10%

Provided further that in case of a stock fund if dividend receipts of the fund are less than capital gains, the rate of tax deduction shall be 12.5%

Part-III
Division -IA
Profit of Debt

The rates of tax deduction at source on Profit on Debt income are proposed to be revised as under:-

The rate of tax to be deducted under section 151 shall be 10% of the yield or profit for filers and 15% of the yield or profit paid, for non-filers:

Provided that for a non-filer, if the yield or profit paid is rupees five hundred thousand or less, the rate shall be ten per cent”;

Division III
Payments for Goods or Services

(1) The rate of tax to be deducted from a payment referred to in clause (a) of sub-section (1) of section 153 shall be –

(a) In the case of the sale of rice cotton seed or edible oils, 1.5% of the gross amount payable; or

(b) In the case of sale of goods,—

(i) 4% of the gross amount payable in the case of companies; and

(ii) 4.5% of the gross amount payable in the case of other taxpayers.

(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 —

(i) In the case of transport services, two per cent of the gross amount payable; or

(ii) In the case of rendering of or providing of services, —

(a) 8% of the gross amount payable in the case of companies; and

(b) 10% of the gross amount payable in the case of other taxpayers.

- (2) The rate of tax to be deducted from a payment referred to in clause (c) of sub-section (1) of section 153 shall be
- (i) 7% of the gross amount payable in the case of companies; and
 - (ii) 7.5% of the gross amount payable in the case of other tax payers.
 - (iii) 10% of the gross amount payable in the case of sports persons.

**Division IV
Export Related Services**

Rate of Tax Deduction under sub section of section 153 on payments on account of Export related services is proposed to be enhanced from 0.5 to 1%.

**Division VI-A
Rate of Collection of Tax (Petroleum Products)**

Rate of collection of tax under section 15 A is proposed to be enhanced from 10% to 12%.

**PART-IV
Division-II
Brokerage & Commission**

The rate of tax deduction at source on Brokerage and Commission are proposed to be revised as under;

- (a) 7.5% of the amount of the payment, in case of advertising agents;
- (b) 12% of the amount of payment in all other cases.”;

Division-III

The rates of tax deduction on private motor cars are proposed to be revised as under;

(3) in case of other private motor cars shall be as following,-

Sr. #	Engine Capacity	For filers	For non-filers
1	upto1000cc	Rs. 1,000	Rs. 1,000
2	1001cc to 1199cc	Rs. 1800	Rs. 3600
3	1200cc to 1299cc	Rs. 2000	Rs. 4000
4	1300cc to 1499cc	Rs. 3000	Rs. 6000
5	1500cc to 1599cc	Rs. 4500	Rs.9000
6	1600cc to 1999cc	Rs. 6000	Rs.12000
7	2000cc and Above	Rs.12000	Rs.24000

“(4) where the motor vehicle tax is collected in lump sum,—

Sr. #	Engine Capacity	For filers	For non-filers
1	upto1000cc	Rs. 10,000	Rs. 10,000
2	1001cc to 1199cc	Rs. 18,000	Rs. 36,000
3	1200cc to 1299cc	Rs. 20,000	Rs.40,000
4	1300cc to 1499cc	Rs.30,000	Rs.60,000
5	1500cc to 1599cc	Rs.45,000	Rs.90,000
6	1600cc to 1999cc	Rs.60,000	Rs.120,000
7	2000cc and Above	Rs.120,000	Rs.240,000

Division-V

The rate of tax deduction on income from property is proposed to be revised as under;

The rate of tax to be deducted under section 155, in the case of company shall be **14%** of the gross amount of rent.

**PART-IV
Division-VI**

The Rate of tax to be deducted under section 231A shall be [0.3]% of the cash amount withdrawn **for filers and 0.5% of the cash amount withdrawn for non-filers.**

Division-VII

Sr #	Engine Capacity	Tax for filer	Tax for non-filer
1	upto 850cc	Rs. 10,000	Rs. 10,000
2	851cc to 1000cc	Rs. 20,000	Rs. 25,000
3	1001cc to 1300cc	Rs. 30,000	Rs. 40,000
4	1301cc to 1600cc	Rs. 50,000	Rs. 100,000
5	1601cc to 1800cc	Rs. 75,000	Rs. 150,000
6	1801cc to 2000cc	Rs. 100,000	Rs. 200,000
7	2001cc to 2500cc	Rs. 150,000	Rs. 300,000
8	2501cc to 3000cc	Rs.200,000	Rs.400,000
9	Above 3000cc	Rs.250,000	Rs.450,000

Division-X

The rate of tax to be collected from seller or transferor of Immovable property under section 236C has been proposed to be 0.5% of the gross amount of the

consideration received for filers and 1% of the gross amount of the consideration received for non-filer.

Division-XI

The rate of tax to be collected under each sub-section (1) and (2) of section 236D shall be **5%**.

Division-XVIII

Advance tax on purchase of immovable property

The rate of tax to be collected under section 236K shall be:-

Sr. #	Period	Rate of Tax
(1)	(2)	(3)
1.	Where value of immovable property is up to 3 million.	0%
2.	Where the value of immovable property is more than 3 million	Filer 1%
		Non-Filer 2%

Provided that the rate of tax for Non-Filer shall be 1% upto the date appointed by the Board through notification in official gazette.

Division-XIX

Advance tax on domestic electricity consumption

The rate of tax to be collected under section 235A shall be-

(i) 7.5% if the amount of monthly bill is Rs.100, 000 or more; and

(ii) 0% the amount of monthly bill is less than Rs.100,000.

Division-XX
Advance tax on international air ticket

The rate of the rate of tax to be collected under section 236L shall be:-

Sr. #	Type of Ticket	Rate	
		(3)	(4)
		Filer	Non-Filer
1.	Economy	0%	0%
2.	First/Business/Club Class	3%	6%

SECOND SCHEDULE

Part-I

Exemption from Total Income

Exemption provided vide following clauses is proposed to be withdrawn:

*Clause(35), Clause (58), Clause (58A),
Clause (59), Clause (60), Clause (81A),
Clause (88A), Clause (92A) Clause (135)*

It is important to note that relief provided under most of the clauses sought to be omitted has been either proposed to be covered are under newly inserted section 100C or the clauses had become redundant .

Following new exemptions are proposed to be Allowed:-

- Under Clause (57) in sub class (3) following entry is to be inserted.
“(xiii) Sindh Province Pension Fund established under the Sindh Province Pension Fund Ordinance, 2002.”;

- *Under Sub Clause (V) of (66) following new entry is proposed to be inserted.*
“Green Star Social Marketing Pakistan Guarantee Ltd.; “
- *Clause (126) is to be substituted as under:-*
“Any income derived by a public sector university “
- *Clause (126A) is to be substituted as under:-*
“(126A) income derived by China Overseas Ports Holding Company Limited from Gwadar Port operations for a period of twenty years, with effect from the sixth day of February, 2007.”;
- *A new Clause (126H) is to be inserted as under:-*
“(126H) Profits and gains derived by a taxpayer, from a fruit processing or preservation unit set up in Balochistan Province, Malakand Division, Gilgit-Baltistan and FATA between the first day of July, 2014 to the thirtieth day of June, 2017, both days inclusive, engaged in processing of locally grown fruits, for a period of five years beginning with the month in which the industrial undertaking is set up or commercial production is commenced, whichever is later.”;
- *A new Clause (132b) is to be inserted as under:-*
“(132B) Profits and gains derived by a taxpayer from a coal mining project in Sindh, supplying coal exclusively to power generation projects.”;

Part-II
Reduction in Tax Rates

The relief provided under following clauses is proposed to be withdrawn:-

<i>Clause (3A),</i>	<i>Clause (9C),</i>	<i>Clause (13E),</i>	<i>Clause (13HH),</i>
<i>Clause (13HHH),</i>	<i>Clause (17),</i>	<i>Clause (19)</i>	<i>Clause (20)</i>
<i>Clause (23)</i>	<i>Clause (24)</i>	<i>Clause (24B)</i>	<i>Clause (26)</i>
<i>Clause (29)</i>	<i>Clause (30)</i>		

It is important to note that relief provided under most of the clauses sought to be omitted has been proposed to be covered are under revised rates as per first schedule especially under section 148.

- *Clause (3) has been amended as under to include income from the construction contracts also accordingly clause (3A) has been omitted being redundant.*

“The tax in respect of income from services rendered and construction contracts outside Pakistan shall be charged at the rate of one per cent of the gross receipts, provided that receipts from services and income from contracts are brought into Pakistan in foreign exchange through normal banking channel.”

- *New Clause is proposed to be inserted as under:-*

“(18A) The rate of tax as specified in Division II of Part I of the First Schedule shall be reduced to 20% for a company setting up an industrial undertaking between the first day of July, 2014 to the thirtieth day of June, 2017, for a period of five years beginning from the month in which the industrial undertaking is set up or commercial production is commenced, whichever is later:

Provided that fifty percent of the cost of the project including working capital is through owner equity foreign direct investment.”;

Part-III
Reduction in Tax Liability

The relief provided under following clauses is proposed to be withdrawn:-

Clause (1A),	Clause (5)	Clause (7)	Clause (8)
Clause (9)	Clause (10)	Clause (11)	Clause (12)
Clause (13)	Clause (14)	Clause (15)	

The most of the relief under said clauses was related to reduction in minimum tax which is now proposed to be incorporated in First Schedule. However the relief provided to Senior Citizens stands withdrawn.

- *Following New clauses has been proposed to be inserted :-*
“(1AA) Total allowances received by pilots of any Pakistani airlines shall be taxed at a rate of 7.5%, provided that the reduction under this clause shall be available to so much of the allowances as exceeds an amount equal to the basic pay.”;
- *Clause 1 has been proposed to be amended to exclude pilots from relief provided under said clause.*

Part-IV
Exemption from Specific Provision

The relief provided under following clauses is proposed to be withdrawn:-

Clause (10),	Clause (10A)	Clause (38B)	Clause (41A)
Clause (41AA)	Clause (41AAA)	Clause (41B)	Clause (80)
Clause (84)	Clause (85)	Clause (87)	Clause (88)

- *Following new clauses have been proposed to be inserted:-*
“(9A) Provisions of clause (a) of sub-section (1) of section 153, shall not apply to steel melters , steel re-rollers , composite steel units, as a payer, in respect of purchase of scrap, provided that tax is collected in accordance with section.”;
“(9AA) Provisions of clause (a) of sub-section (1) of section 153, shall not apply to ship breakers as recipient of payment: Provided that this clause shall only apply for ships imported after the 1st July 2014.”;

“(56B) 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 being a commercial importer if the person opts to file return of total income along with accounts and documents as may be prescribed, subject to the condition that minimum tax liability under normal tax regime shall not be less than 5.5%, of the imports, if the person is a company and 6% otherwise.”;

(56C) The provisions of sub-section (3) of section 153, in respect of sale of goods and clause (a) of sub-section (1) of section 169 shall not apply to a person, if the person opts to file return of total income along with accounts and documents as may be prescribed subject to the condition that minimum tax liability under normal tax regime shall not be less than 3.5% of the gross amount of sales, if the person is a company and 4% otherwise.”;

“(56D) The provisions of sub-section (3) of section 153, in respect of contracts and clause (a) of sub-section (1) of section 169 shall not apply to a person if the person opt to file return of total income along with accounts and documents as may be prescribed subject to the condition that minimum tax liability under normal tax regime shall not be less than 6% of contract receipts, if the person is a company and 6.5% otherwise.

“(56E) The provisions of sub-section (2) of section 153 and clause (a) of sub-section (1) of section 169 shall not apply in respect of a person if the person opts to file return of total income along with accounts and documents as maybe prescribed subject to the condition that minimum tax liability under normal tax regime shall not be less than 0.5% of gross amount of services received.”;

“(56F) The provisions of sub-section (2) of section 156A and clause (a) of sub-section (1) of section 169 shall not apply in respect of a person if the person opts to file return of total income along with accounts and documents as may be prescribed, subject to the condition that minimum tax liability under normal tax regime shall not be less than 10% of the commission or discount received.”;

“(56G)The provisions of sub-section (3) of section 233 and clause (a) of sub-section (1) of section 169 shall not apply in respect of a person if the person opt to file return of total income along with accounts and documents as may be prescribed, subject to the condition that minimum tax liability under normal tax regime shall not be less than 10% of the commission.”;

- Sub Clause (V) of Clause (11A) providing exemption from minimum Tax under section 113, has been amended to included companies qualifying exemption under clause (132B) of Part I of Second Schedule.
- Clause (38 C) has been proposed to be amended to include section 150 also consequent to which clause (38B) has become redundant and withdrawn accordingly.
- In Clause (57) following explanations is proposed to be inserted.
“Explanation.- For the removal of doubt, exemption under this clause, in respect of section 153, shall only be available as a recipient and not as withholding agent.”;

THIRD SCHEDULE

Initial Allowance and First Year Allowance

Initial allowance under section 23 on buildings is proposed to be reduced from 25% to 10%.

SEVENTH SCHEDULE

- Following rules for the computation of profits and gains of banking company and Tax Payable thereon:

“6A. For the purpose of rule 6, net income from dividend shall be computed according to the following formula, namely:-

$$(A/C) \times B$$

Where - A is the total amount of expenditure as per this Schedule; B is the gross amount of dividend received; and C is the gross amount of receipts including dividend.

Rule 6A and 6B have been proposed to be inserted as under prescribing formula for computation of net income from dividend and net income from capital gains.”;

“6B. For the purpose of rule 6, net income from capital gains shall be computed according to the following formula, namely:-

$$(A/C) \times B$$

Where - A is the total amount of expenditure as per this Schedule; B is the gross amount of capital gains; and C is the gross amount of receipts including capital gains.”.

SALES TAX

The amendments are applicable from July 1, 2014 unless specified otherwise.

SECTION	PRESENT POSITION AS ON 30 TH JUNE, 2014	PROPOSED AMENDMENT THROUGH FINANCE BILL 2014
2(27)	'Retail price', with reference to the Third Schedule, means the price fixed by the manufacturer, inclusive of all duties, charges and taxes (other than sales tax) at which any particular brand or variety of any article should be sold to the general body of consumers or, if more than one such price is so fixed for the same brand or variety, the highest of such price	<i>The following proviso proposed to be added;</i> <i>"Provided that the Board may through a general order specify zones or areas for the purpose of determination of highest retail price for any brand or variety of goods;"</i>
3(2)(aa)	<i>Non-Existent</i>	<i>The new sub clause proposed to be added;</i> After clause (a), amended as aforesaid, the following new clause (aa) shall be inserted, namely:- <i>"(aa) goods specified in the Eighth Schedule shall be charged to tax at such rates and subject to such conditions and limitations as specified therein; and"</i> ;

3(b)	<i>Non-Existent</i>	<i>New sub clause to be added;-</i> Notwithstanding anything contained in sub- sections (1) and (3), sales tax on the import and supply of the goods specified in the Ninth Schedule to this Act shall be charged, collected and paid at the rates, in the manner, at the time, and subject to the procedure and conditions as specified therein or as may be prescribed, and the liability to charge, collect and pay the tax shall be on the persons specified therein.”;
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3(8)	<p>Notwithstanding the rate of sales tax as contained in sub-section (1) and notwithstanding anything contained in any law or notification made there under, in case of supply of natural gas to CNG stations, the Gas Transmission and Distribution company shall charge sales tax from the CNG stations at the rate of nine percent in addition to the sales tax chargeable under sub-section (1) on the value of supply, where the value for the purpose of levy of sales tax shall include price of natural gas, charges, rents commissions and all local provincial and Federal duties and taxes be excluding the amount of sales tax, as provide in clause (46) of section . This rate shall include the rate of tax chargeable under sub-section (1) and nine percent in lieu of value addition made by the CNG stations. The rate of sales tax under this sub-section shall have effect and shall be deemed to have taken effect on and from the 1st day of July 2007.</p> <p>Explanation: The rate of nine percent in lieu of value addition is less than the standard rate of tax chargeable under sub-section (1) as all input tax adjustments have been catered fro while determining the figure of nine percent.</p>	<p>for sub-section (8), the following shall be substituted, namely:-</p> <p><i>“(8)Notwithstanding anything contained in any law or notification made there under, in case of supply of natural Gas to CNG stations, the Gas Transmission and Distribution Company shall charge sales tax from the CNG stations at the rate of seventeen per cent of the value of supply to the CNG consumers, as notified by the Board from time to time, but excluding the amount of tax, as provided in clause (46) of section 2.”</i></p> <p>Through proposed amendment sales tax rate at nine percent on value addition abolished instead seventeen percent standard rate of sales tax shall be charged by Gas transmission and Distribution Company on value of supply to end consumer of CNG, resultantly in case of CNG station input tax and output tax amount shall be the same.</p>
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3(9)	Non-Existent	<p>New subsection is proposed to be added; <i>Notwithstanding anything contained in sub-section (1), tax shall be charged from retailers through their monthly electricity bills, at the rate of five per cent where the monthly bill amount does not exceed rupees twenty thousand and at the rate of seven and half per cent where the monthly bill amount exceeds the aforesaid amount, subject to the exclusions, procedure, restrictions and limitations as prescribed in Chapter II of the Sales Tax Special Procedure Rules, 2007:</i> <i>Provided that the tax under this sub-section shall be in addition to the tax payable on supply of electricity under sub- sections (1), (1A) and (5).”;</i> New category of retailer introduced whereby sales tax @ 5% and 7 ½ percent of electricity bill amount and in case of monthly bill does not exceed Rs. 20,000/- and monthly bill exceed Rs. 20,000/- respectively. The Special Procedure in case of retailer as per Sales Tax Special Procedure Rules 2007 not applicable in the instant cases.</p>
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3(9)		<i>However tax recovered under this sub-section shall be in addition to standard rate of sales tax, further tax paid on electricity bill meaning thereby the tax charge in this sub-section shall be in lieu of value addition tax.</i>
3(b)(2)	<p>Collection of excess tax, etc-</p> <p><i>Any amount payable to the Federal Government under sub-section (1) shall be deemed to be an arrear of tax or charge payable under this Act and shall be recoverable accordingly and no claim for re- fund in respect of such amount shall be admissible.</i></p>	<p>The sub-section has been proposed as under;</p> <p><i>Any amount payable to the Federal Government under sub-section (1) shall be deemed to be an arrear of tax or charge payable under this Act and shall be recoverable accordingly and no claim for re - fund in respect of such amount shall be admissible.</i></p> <p>Once the incidence of tax is passed on consumer it has to be recovered as arrear irrespective any court decision on technical issue. However overriding of Supreme Court decision is amount to conflicting article 189 of Constitution of Pakistan which says that Supreme court decision shall be binding on all organ of state.</p>

4(d)	<p>Zero rating. Such other goods as may be specified by the Federal Board of Revenue through a general order as are supplied to a registered person or class of registered persons engaged in the manufacture and supply of zero-rated goods</p>	<p><i>It has been proposed to substitute words “goods supplied at reduced rate of sales tax” instead of “zero rated goods” substituted clause shall be as under;</i></p> <p>Such other goods as may be specified by the Federal Board of Revenue through a general order as are supplied to a registered person or class of registered persons engaged in the manufacture and supply of goods at reduced rate of sales tax.</p>
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7	<p>Determination of tax liability <i>Subject to the provisions of section 8B, for the purpose of determining his tax liability in respect of taxable supplies made during a tax period, a registered person shall, subject to the provisions of section 73, be entitled to deduct input tax paid or payable during the tax period for the purpose of taxable supplies made, or to be made, by him from the output tax that is due from him in respect of that tax period and to make such other adjustments as are specified in Section 9:</i></p> <p><i>Provided that where a registered person did not deduct input tax within the relevant period, he may claim such tax in the return for any of the six succeeding tax periods.</i></p>	<p>The section has been proposed to amend as under; Determination of tax liability <i>Subject to the provisions of section 8 and 8B, for the purpose of determining his tax liability in respect of taxable supplies made during a tax period, a registered person shall, subject to the provisions of section 73, be entitled to deduct input tax paid or payable during the tax period for the purpose of taxable supplies made, or to be made, by him from the output tax “ excluding the amount of further tax under sub-section (1A) of section 3”, that is due from him in respect of that tax period and to make such other adjustments as are specified in Section 9:</i></p> <p><i>Provided that where a registered person did not deduct input tax within the relevant period, he may claim such tax in the return for any of the six succeeding tax periods;</i> Further tax under section 3(1A) shall be not adjustable against the input tax accordingly shall be deposited as separate tax.</p>
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7(2)(iia)	Non-Existent	<p>New sub clause has been inserted “(iia)the goods and services against which input tax is claimed are,— (a)imported or purchased for the purpose of sale or re-sale by the registered person on payment of tax; (b)used directly as raw material, ingredient, part, component or packing material by the registered person in the manufacture or production of taxable goods; (c)electricity, natural gas and other fuel consumed directly by the registered person in his declared business premises for the manufacture, production or supply of taxable goods; or (d)plant, machinery and equipment used by the registered person in his declared business premises for the manufacture, production or supply of taxable goods.”; Input tax shall be allowable in case of material, ingredient used directly for the purpose of taxable supply, further input on electricity and fuel/ planted machinery shall be restricted to the business premises declared by the registered person.</p>
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8 (f) (g) (h) (i)	<p>Tax credit not allowed. Non-Existent</p>	<p>The new clause proposed to be added namely; “(f) goods and services not related to the taxable supplies made by the registered person; (g) goods and services acquired for personal or non-business consumption; (h) goods used in, or permanently attached to, immoveable property, such as building and construction materials, paints, electrical and sanitary fittings, pipes, wires and cables, but excluding such goods acquired for sale or re- sale or for direct use in the production or manufacture of taxable goods; and (i) vehicles falling in Chapter 87 of the First Schedule to the Customs Act, 1969 (IV of 1969), parts of such vehicles, electrical and gas appliances, furniture, furnishings, office equipment (excluding electronic cash registers), but excluding such goods acquired for sale or re-sale.”; The input tax shall not be allowed in case of above situation before such items were included in SRO’s 490(i)/2004 as amended.</p>
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40B.	<p>Posting of Inland Revenue Officer.</p> <p>Subject to such conditions and restrictions, as deemed fit to impose, the Board, may post Officer of Inland Revenue to the premises of registered person or class of such persons to monitor production, sale of taxable goods and the stock position:</p> <p>Provided that if a Commissioner, on the basis of material evidence, has reason to believe that a registered person is involved in evasion of sales tax or tax fraud, he may, by recording the reason in writing, post an officer of Inland Revenue to the premises of such registered person to monitor production or sale of taxable goods and the stocks position.</p>	<p><i>After the proviso, explanation clause has been proposed to be added as under;-</i></p> <p>Subject to such conditions and restrictions, as deemed fit to impose, the Board, may post Officer of Inland Revenue to the premises of registered person or class of such persons to monitor production, sale of taxable goods and the stock position:</p> <p>Provided that if a Commissioner, on the basis of material evidence, has reason to believe that a registered person is involved in evasion of sales tax or tax fraud, he may, by recording the reason in writing, post an officer of Inland Revenue to the premises of such registered person to monitor production or sale of taxable goods and the stocks position.</p> <p><i>“Explanation.– For the removal of doubt, it is declared that the powers of the Board, Chief Commissioner and Commissioner under this section are independent of the provisions of section 40.”;</i></p> <p><i>Through the instant explanation the powers of the Board, Chief Commissioner & Commissioner has been declared as independent powers irrespective of powers of Inland Revenue Officer as envisaged under section 40 of the Sales Tax Act, 1990.</i></p>
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50B	Non-Existent	<p>Section 50B has been proposed to be newly inserted as under;-</p> <p><i>Electronic scrutiny and intimation.–</i></p> <p><i>(1) The Board may implement a computerized system for the purpose of automated scrutiny, analysis and cross-matching of returns and other available data relating to registered persons and to electronically send intimations to such registered persons about any issue detected by the system.</i></p> <p><i>(2) The intimation sent by the computerized system under sub-section (1) shall be in the nature of an advice or advance notice, aimed at allowing the registered person to clarify the issue, rectify any mistake or take other corrective action before any legal or penal action is initiated.</i></p> <p><i>(3) The computerized system shall keep record of the issues detected, intimations sent, responses received and actions taken, and shall present such information to the officer of Inland Revenue and to the Board in the prescribed manner.</i></p> <p><i>(4) The Board may prescribe procedures and specifications for the smooth and efficient operation of the computerized system.”;</i></p>
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50B		<i>Through the instant section 50B the Board may implement a computerized system for the purpose of automated scrutiny, analysis and cross matching of returns and other available data of the registered person and to send intimation electronically to the registered person about any issue deducted by the system which is deemed to be advance notice of advice aimed at along the registered person to clarify such issue or rectify any mistake or take other correction before any legal or penal action under the law.</i>
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FIFTH SCHEDULE: (Zero Rated)

Through amendment various SRO's namely 670(I)/2013 and 549(I)/2008 Whereby zero rated items were notified now made part of this schedule

SIXTH SCHEDULE:

The following items have been proposed to be exempted in Sixth Schedule of the Table-I.

24	Edible oils and vegetable ghee including cooking oil, on which Federal Excise Duty is charged levied and collected by a registered manufacturer or importer as if it were a tax payable under section 3 of the Act.	<i>1507.9000,1508.9000, 1509.1000,1509.9000, 1510.0000,1511.0000 1511.9020,1511.9030, 1512.1900,1513.1900, 1513.2900,1514.1900, 1514.9900,1515.2900, 1515.5000,1516.2010, 1516.2020, 1517.1000, 1517.9000 and</i>	<i>The entry 1511. 0000 has been newly inserted against serial No.24 in column 3 of the table 1 of the Sixth Schedule</i>
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	Explanation.— Exemption of this entry shall not be available to distributors, wholesalers or retailers.	1518.0000.	
59	Artificial kidneys, eye cornea hemodialysis machines hemodialyzers, A.V. fistula needles, hemodialysis fluids and powder, blood tubing tines for dialysis and reverse osmosis plants for dialysis, double lumen catheter for dialysis, catheter for renal failure patient and peritoneal dialysis solution, cochlear implants system and angioplasty equipment (balloons, catheters, wires and stents), subject to the similar conditions and procedures as are envisaged for the purpose of applying zero-rate of customs duty on these goods under the Customs Act, 1969 (IV of 1969).	99.24, 99.25, 99.37 and 99.38	<i>The item cochlear implants system has been newly inserted against the serial No. 59 in column 2 and the figure 99.37 has also been newly inserted against serial no. 59 in column No.3 of Sixth Schedule in Table-I</i>
72 to 100	Goods notified vide SRO 501(I)/2013 except Serial No.15,		<i>Now made part of the Sixth Schedule</i>

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	16 and 21.		
101 to 116	Goods notified vide SRO 551(I)/2008 serial No.3,4,5,7,11,13,14,16 and 29.		<i>Now made part of the Sixth Schedule</i>
109	Goods imported temporarily with a view to subsequent exportation, as concurred by the Board, including passenger service item, provision and stores of Pakistani Airlines	<i>Respective headings</i>	
110	The following items with dedicated use of renewable source of energy like solar and wind, subject to certification by the Alternative Energy Development Board (AEDB), Islamabad:- (a) Solar PV panels; (b) LVD induction lamps; (c) SMD, LEDs with or without ballast, with fittings and fixtures; (d) Wind turbines including alternators and mast; (e) Solar torches; (f) Lanterns and related instruments; (g) PV modules along	<i>8541.5000</i> <i>8539.3990</i> <i>9405.1090</i> <i>8502.3100</i> <i>8513.1040</i> <i>853.1090</i>	

	with related components, including inverters, charge controllers and batteries	<i>8541.4000, 8504.4090, 9032.8990 and 8507.0000</i>	
111	White crystalline sugar	<i>1701.9910 and 1701.9920</i>	
113	High Efficiency Irrigation Equipment. (If used for agriculture sector)1)Submersible pumps (up to75 lbs and head 150 meters) 2) Sprinklers including high and low pressure (center pivotal) system, conventional sprinkler equipment, water reel traveling sprinkler, drip or trickle irrigation equipment, mint irrigation sprinkler system. 3)Air release valves, pressure gauges, water meters, back flow preventers, and automatic controllers.	<i>8413.7010 8424.8100 8424.2010 8481.1000, 8481.3000, 9026.2000 9032.8990</i>	
114	Green House Farming and Other Green House Equipment. (If used for agriculture sector) 1)Tunnel farming equipment Green houses	<i>8430.3100, 8430.3900 9406.0010</i>	

	(prefabricated).		
115	Plant, machinery and equipment imported for setting up fruit processing and preservation units in Gilgit- Baltistan, Balochistan Province and Malakand Division subject to the same conditions and procedure as are applicable for import of such plant, machinery and equipment under the Customs Act, 1969 (IV of 1969).	<i>Respective headings</i>	
116	Plant, machinery and equipment imported for setting up industries in FATA subject to the same conditions and procedure as are applicable for import of such plant, machinery and equipment under the Customs Act, 1969 (IV of 1969).	Respective headings	

SIXTH SCHEDULE:**TABLE 2**

The following items have been proposed to be exempted in Sixth Schedule of the Table-2.

3	Supplies made by cottage industry.	<i>Respective headings.</i>	<i>Supplies made by (a) cottage industry; and (b) retailers whose annual turnover from supplies whether taxable or otherwise made in any tax period during the last twelve months ending any tax period does not exceed rupees five million. The above mentioned entry in column no 2 against serial No. 3 in Table-2 of the Sixth Schedule of the Sales Tax Act 1990 has been proposed to be substituted with the “supplies made by cottage industry”.</i>
13	Reclaimed lead, if supplied to recognized manufacturers of lead batteries	<i>Respective heading</i>	
14	Waste paper	<i>Respective heading</i>	
15	(a)SprinklerEquipment (b)Drip Equipment (c)Spray Pumps and nozzles	<i>Respective heading</i>	

16	Raw cotton and ginned cotton	<i>Respective heading</i>	
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SIXTH SCHEDULE:**TABLE 3**

The Table 3 of the Sixth Schedule of the Sales Tax Act, 1990 has been proposed to be newly inserted as under;

Table-3

The plant, machinery, equipment and apparatus, including capital goods, specified in column (2) of the Annexure below, falling under the HS Codes specified in column (3) of that Annexure, shall be exempt from the whole of sales tax, subject to the following conditions, besides the conditions specified in column (4) of the Annexure, namely:-

(i) The imported goods as are not listed in the locally manufactured items, notified through a Customs General Order issued by the Board from time to time or, as the case may be, certified as such by the Engineering Development Board. This condition shall, however, not be applicable in respect of S. Nos. 1, 13, and 15 of the Annexure; and for such machinery, equipment and other capital goods imported as plant for setting up of a new industrial units provided the imports are made against valid contract(s) or letter(s) of credit and the total C&F value of such imports for the project is US \$50 million or above; except for S. No. 9 and 14 of the Annexure, the Chief Executive, or the person next in hierarchy duly authorized by the Chief Executive or Head of the importing company shall certify in the prescribed manner and format as per Annex-A that the imported items are the company's bonafide requirement. He shall furnish all relevant information online to Pakistan Customs Computerized System against a specific user ID and password obtained under section 155D of the Customs Act, 1969. In already computerized Collectorates or Customs stations where the Pakistan Customs Computerized System is not operational, the Project Director or any other person authorized by the Collector in this behalf shall enter the requisite information in the Pakistan Customs Computerized System on daily

basis, whereas entry of the data obtained from the customs stations which have not yet been computerized shall be made on weekly basis; and

(iii) in case of partial shipments of machinery and equipment for setting up a plant, the importer shall, at the time of arrival of first partial shipment, furnish complete details of the machinery, equipment and components required for the complete plant, duly supported by the contract, layout plan and drawings:

Explanation.- For the purpose of Table-3, capital goods mean any plant, machinery, equipment, spares and accessories, classified in Chapters 84, 85 or any other chapter of the Pakistan Customs Tariff, required for-

(a) the manufacture or production of any goods and includes refractory bricks and materials required for setting up a furnace, catalysts, machine tools, packaging machinery and equipment, refrigeration equipment, power generating sets and equipment, instruments for testing, research and development, quality control, pollution control and the like; or

(b) use in mining, agriculture, fisheries, animal husbandry, floriculture, horticulture, livestock, dairy and poultry industry

S. No	Description	PCT heading	Conditions
(1)	(2)	(3)	(4)
01	Machinery and equipment for initial installation, balancing, modernization replacement or expansion of desalination plants, coal firing system, gas processing plants and oil and gas field prospecting	Respective headings	Nil
02	Following machinery, equipment, apparatus, and medical, surgical, dental and veterinary furniture, materials, fixtures and fittings		

A	imported by hospitals and medical or diagnostic institutes:- Medical Equipment.			
	1. Dentist chairs	9402.1010		
	2. Medical surgical dental or veterinary furniture	9402.9090		
	3. Operating Table	9402.9010	Locally manufactured goods of description as specified in column (2) and pre-fabricated buildings can also be imported upon fulfillment of the following conditions, namely:- a) The project requirement shall be approved by the Board of Investment (BOI).The authorized officer of BOI shall certify the item wise requirement of the project in the prescribed format as per Annex-B and shall furnish all relevant information Online to Pakistan Customs prescribed format and manner Computerized System against a specific user ID and password obtained under Section 155D of the Customs Act, 1969 (IV of 1969) (b) the exception shall be available on one time basis	
	4. Operating Lights	9018.9090		
	5. Emergency Operating Lights.	9405.4090		
	6. Hospital Beds with mechanical fittings	9402.9020		
	7. Gymnasium equipment	9506.9100		
	8. Cooling Cabinet	8418.5000		
	9. Refrigerated Liquid Bath.	3824.9099		
	10. Contrast Media Injections (for use in Angiography & MRI etc.)	3822.0000		
	11. Breathing Bags.	9020.0020		
	12. Automatic blood cell counter	9018.9090		
	13. Automatic Cell Separator for preparation of platelets	9018.9090		
B	Cardiology/Cardiac Surgery Equipment			

	1. Cannulas.	9018.3940	for setting up of new projects and expansion of existing ones, and shall not be available on the spare parts.
	2. Manifolds	8481.8090	
	3. Intravenous cannula i.v. catheter.	9018.3940	
C	Disposable Medical Devices		c) only those importers shall be eligible to avail the aforesaid exception whose cases are recommended and forwarded by BOI to FBR;
	1. Self-disabling safety sterile syringes	9018.3110	(d) the goods shall not be sold or otherwise disposed of without prior approval of the FBR and the payment of customs-duties and taxes at statutory rates be leviable at the time of import Breach of this condition shall be construed as a criminal offence under the Customs Act, 1969 (IV of 1969)
	2. Insulin syringes	9018.3110	
	3. Burettes	7017.9000	
E	Other Related Equipments		
	1. Fire extinguisher	8424.1000	
	2. Fixtures & fittings for Hospitals	Respective Headings	
3	1. Machinery, equipment, materials, capitalgoods, specialized vehicles (4x4 non-luxury) i.e. single or double cabin pickups, accessories, spares, chemicals and	Respective Headings	

	consumables meant for mine construction phase or extraction phase		
	2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for mine construction or extraction phase.	Respective Headings	
4	Coal mining machinery, equipment, spares, including vehicles for site use i.e. single or double cabin pick-ups, imported for Thar Coal Field.	Respective Headings	This concession shall be available to those mining companies or their authorized operators or contractors who hold permits, licenses, leases and who enter into agreements with the Government of Pakistan or a Provincial Government. The goods shall not be sold or otherwise disposed of without prior approval of the Board and the payment of customs duties and taxes leviable at the time of import. These shall, however, be allowed to be transferred to other entitled mining companies with prior approval of the Board
5	1. Machinery, equipment and spares meant for initial installation, balancing,	Respective Headings	(i) This concession shall also be available to primary contractors of the project upon fulfillment of

	<p>modernization Replacement or expansion of projects for power generation through oil, gas, coal, wind and wave energy including under construction projects, which entered into an implementation agreement with the Government of Pakistan.</p> <p>2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of project.</p>		<p>the following conditions, namely:-</p> <p>a) the contractor shall submit a copy of the contract or agreement under which he intends to import the goods for the project;</p> <p>(b) the Chief Executive or head of the contracting company shall certify in the prescribed manner and format as per Annex-A that the imported goods are the projects bona fide requirement; and</p> <p>c) the goods shall not be sold or otherwise disposed of without prior approval of the FBR on payment of sales tax leviable at the time of import.</p>
6	<p>1. Machinery, equipment and spares meant for initial installation, balancing, modernization, Replacement or expansion of projects for power generation through gas, coal, hydel, and oil including under construction projects.</p>		
	<p>2. Construction machinery, equipment and specialized vehicles, excluding passenger</p>		

	vehicles, imported on temporary basis as required for the construction of project.		
7	1. Machinery, equipment and spares meant for initial installation, balancing, modernization, replacement or expansion of projects for power generation through nuclear and renewable energy sources like solar, wind, micro-hydel bio-energy, ocean, waste- and hydrogen cell etc.	Respective Heading	<i>Through the instant proposal table 3 in sixth schedule of Sales Tax Act, 1990 has been newly wherein the plant, machinery, equipment and apparatus, including capital goods has been exempted from the whole of Sales Tax subject to the condition mentioned in the Table-3 (i)(ii)(iii)(a)(b) besides this annexure has been appended with table 3 wherein the plant, machinery, equipment and apparatus including capital goods specified in column No.2 of appended annexure falling under the HS Codes specified in column #3 of that appended annexure has been exempted from the whole of sales tax subject to conditions specified in column 4 of the appended annexure besides other conditions specified in table as supra</i>
	2. Construction machinery, equipment and specialize vehicles, excluding passenger		

	<p>vehicle imported on temporary basis as required for the construction of project.</p> <p>Explanation.- The expression “projects for power generation” means any project for generation of electricity whether small, medium or large and whether for supply to the national grid or to any Other user or for in house consumption.</p>		
8	<p>1.Machinery and equipment meant for power transmission and grid stations including under construction projects.</p> <p>Explanation.- For the purpose of this serial number, machinery and equipment” shall mean,-</p> <p>(a) machinery and equipment operated by power of any description, such as is used in the generation of power;</p> <p>(b) apparatus, appliances, metering and testing apparatus, mechanical and electrical control, transmission gear and</p>		

	transmission tower, power transmission and distribution cables and conductors, insulators, damper spacer and hardware and parts thereof adapted to be used in conjunction with the machinery and equipment as specified in clause (a) above; and (c) components parts of machinery and equipment, as specified in clause (a) and (b) above, identifiable for use in or with machinery imported for the project and equipment including spares for purposes of the project		
	2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of project.		
9	Following machine equipment and other education and research related items imported technical, training institutes, research institutes, school colleges and universities		

1) Quartz reactor tub and holders designed insertion into diffusion a oxidation furnaces production semiconductor wafers.	7017.1010	
2) Other dryers	8419.3900	
3) Filtering or purifying machinery and apparatus for water	8421.2100	
4) Other filtering of purifying machinery an apparatus for liquids	8421.2900	
5) Personal weighing machines, including baby scales; household scales	8423.1000	
6) Scales for continuous weighing of goods conveyors	8423.2000	
7) Constant weight scales and scales for discharging a predetermined weight of material into a bag or container, including hopper scales	8423.3000	
8) Other weighing machinery having a maximum weighing capacity not exceeding 30kg	8423.8100	
9) Other weighing machinery having a maximum weighing capacity exceeding 30 kg but not exceeding 5,000kg	8423.8200	

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10) Other weighing machinery	8423.8900	
11) Weighing machine weights of all kinds; parts of weighing machinery machines of heading 8423.2000 & 8423.3000	8423.9000	
12) Other weighing machine weights of all kinds; parts of weighing machinery of machines of heading 8423.2000 & 8423.3000	8423.9000	
13) Networking equipments like routers, LAN bridges, hubs excluding switches and repeaters.	8517.6970	
14) Other furnaces and ovens	8514.3000	
15) Electronic balances of a sensitivity of 5 cg or better, with or without weights.	9016.0010	
16) Other balances of a sensitivity of 5 cg or better, with or without weights.	9016.0090	
17) Thermostats of a kind used in refrigerators and air-conditioners		
18) Other thermostats	9032.1090	
19) Manostats	9032.2000	
20) Other instruments and apparatus Hydraulic or pneumatic	9032.8100	

	21) Other instruments and apparatus	9032.8990	
	22) Parts and accessories of automatic regulating or controlling instruments and apparatus	9032.9000	
	23) Spares, accessories, and reagents for scientific equipments.		
10	Machinery, equipment, raw materials, components and other capital goods for use in buildings, fittings, repairing or refitting of ships, boats or floating structures imported by Karachi Shipyard and Engineering Works Limited.		
11	Following machinery and equipment for marble, granite and gem stone extraction and processing industries:		1. For the projects of Gem Stone & Jewelry Industry, CEO/COO, Pakistan Gem and Jewelry Company shall certify in the prescribed format and manner as per Annex-B that the imported goods are bonafide project requirement. The authorized person of the Company shall furnish all relevant information online to Pakistan customs Computerized System against a specific user ID and password

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			obtained under section 155D of the Customs Act, 1969
	1. Polishing cream or Material	3405.4000, 3405.9000	
	2. Hand sharpening and polishing stones.	6804.3000	
	3. Fiber glass mesh	8202.4000	
	5. Chain saw/diamond wire saw in all sizes and dimensions and spares thereof, diamond wire joints all types and dimensions, chain for chain saw and diamond wires for wire saw and spare widia	8202.9100	For the projects of Marble & Granite Industry, CEO/COO, Pakistan Stone Development Company shall certify in the prescribed format and manner as per Annex-B that the imported goods are bonafide project requirement. The authorized persons of the Company shall furnish all relevant information online to Pakistan Customs Computerized System against a specific user ID and password obtained under section 155D of the Customs Act, 1969.
	6. Gin saw blades.	8202.9910	
	7. Gang saw blades/ diamond saw blades/multiple blades of all types and dimensions.	8202.9990	
	8. All interchangeable tools	8207.9000	
	9. Air compressor (27	8414.8010	

ft and above)		
10. Quarry winches (100ton capacity and above.	8425.3100	
11. Quarry winches and electric motor jacks 30 ton capacity and above.	8425.3900	
12. Quarry crane.	8426.3000	3. The goods shall not be sold or otherwise disposed of within
13. Fork lifte	8427.9000	period of five years of their import except with the prior approval of the FBR and payment of customs duties and taxes leviable at the time of import
14. Excavators	8429.5900	
15. ultrasonic machine tools	8456.2090	
16. Sharpening machine.	8460.3900	
17. All diamond saw machines, diamond tools and segments	& Respective Headings 9	
18. Grinding machines.	8464.2010	
19. Polishing machines of all types and dimensions.	8464.2090 & respective heading	
21. Pneumatic machines and tools	8467.1100	
22. Horizontal and Vertical pneumatic line	8467.1900	

	drilling machine. Pneumatic grinding machines.		
	23. Machine and tool for stone work; sand blasting machines; tungsten carbide tools; diamond tools & segments (all type& dimensions), hydraulic jacking machines hydraulic manual press machines, air/hydro pillows, compressed air rubber pipes, hydraulic drilling machines, manual and power drilling machines, steel drill rods and spring (all sizes and dimensions), whole finding system with accessories manual portable rock drills cross cutter and bridge cutters.	8464.9000 & Respective headings	
	24. Integral drilling steel for horizontal and vertical drilling, extension thread rods for pneumatic super long drills, tools and accessories for rock drills.	8466.9100	
12	Machinery, equipment and other project related items including	Respective Heading	Ministry of Industries, Production & Special Initiatives, shall certify in

	capital goods, for setting up of hotels, power generation plants, water treatment plants and other infrastructure related projects located in an area of 30 km around the zero point in Gwadar.		the prescribed manner and format as per Annex-B that the imported goods are bonafide project requirement. The authorized officer of the Ministry shall furnish all relevant information online to Pakistan Customs Computerized System against a specific user ID and password obtained under section 155D of the Customs Act, 1969.
			2. The goods shall not be sold or otherwise disposed of without prior approval of the FBR and payment of customs duties and taxes leviable at the time of import
13	Effluent treatment plants	Respective heading	
14	Following items with dedicated use of renewable source of energy like solar, wind, geothermal etc:- 1. Solar Home Systems a). Inverters. c). Charge controllers/current controllers. d). Energy saver lamp	8504.4090 9032.8990 8539.3910	

SALES TAX

	<p>varying voltages (operating on DC).</p> <p>e). Energy saver lamp varying voltages (operating on AC).</p> <p>f). Light emitting diode (light emitting in different colors).</p>	<p>8539.3910</p> <p>8541.5000</p>	
	<p>g). Water pumps operating on solar energy.</p> <p>h). Water purification plants operating on solar energy.</p> <p>i) Batteries NiCd, Li-ion & Lead Acid specific utilization and integrated with solar electrification system.</p> <p>(j) Energy Saving Tube Lights</p>	<p>8413.7090, 8413.7010</p> <p>8421.2100</p> <p>8507.3000</p> <p>8507.8000</p> <p>8539.3920</p>	
	<p>2. Solar Parabolic Trough Power Plants.</p> <p>a). Parabolic Trough collectors modules.</p> <p>b). Absorbers/ Receivers tubes.</p> <p>c) Steam turbine of an output exceeding 40MW.</p> <p>d). Steam turbine of an output not exceeding 40MW.</p>	<p>8502.3900</p> <p>8503.0010</p> <p>8503.0090</p> <p>8406.8100</p>	
	<p>3. e). Sun tracking control system.</p> <p>f). Control panel with other accessories.</p> <p>Solar Dish Sterling</p>	<p>8543.7090</p> <p>8537.1090</p>	

Engine.	8412.8090	
a). Solar concentrating dish.		
b). Sterling engine.	8543.7000	
c). Sun tracking control system.	8543.7000	
d).Control panel with accessories.	8543.7090	
e) Generator	8406.8200	
	8501.6100	
4. Solar Air Conditioning System	8415.1090	
a). Absorption chillers.	8418.6990	
b). Cooling towers.	8419.8910	
c). Pumps.	8413.3090	
d). Air handling units.	8415.8200	
e). Fan coils units.	8415.9099	
f). Charging & Testing equipment.	9031.8000	
5. Solar Desalination System	8421.2100	
a) Solar photo voltaic panels	8541.4000	
b) Solar water pumps	8413.3090	
c) Storage batteries.	8507.2090	
d) Charge controllers.	9032.8990	
e) Inverters.	8504.4090	
6. Solar Thermal Power Plants with accessories.	8502.3900	
7. Solar Water Heaters with accessories.	8419.1900	
a) Vacuum tubes (Glass	7020.0090	
b) Selective coating for absorber plates.	Respective heading	
c) Copper, aluminum a stainless steel sheets.	Respective heading	
d) Copper and aluminum tubes.	Respective heading	
8. PV Modules	8541.4000	

SALES TAX

a). Solar cells.	8541.4000	
b) . Tempered Glass.	7007.2900	
c) Aluminum frames.	7610.9000	
d) O-Ring.	4016.9990	
e) Flux	3810.1000	
f) Adhesive labels.	3919.9090	
g) Junction box + Cover	8538.9090	
h) Sheet mixture of Paper and plastic	3920.9900	Respective
i) Ribbon for PV Modules (made of silver & Lead) Respective headings	8541.1000 3920.9900	heading
j) Bypass diodes.		
k) EVA (Ethyl Vinyl Acetate) Sheet (Chemical)		
9. Solar Cell Manufacturing Equipment.	8479.8990	
a) Crystal (Grower) Puller (if machine).		
b). Diffusion furnace.	8514.3000	
c) Oven.	8514.3000	
d). Wafering machine	8479.8990	
e). Cutting and shaping machines for silicon ingot.	8461.9000	
f). Solar grade polysilicon material.	3824.9099	
g). Phosphene Gas.	2848.0000	Respective
h). Aluminum and silver paste.		headings
9A Pyranometers and accessories for solar data collection	9030.8900	

9B. Solar chargers for charging electronic Devices	8504.4020	
9C. Remote control for solar charge controller.	8543.7010	
10. Wind Turbines. a). Rotor b). Hub c) Generator d) Deep cycle battery	8412.8090 8412.9090 8412.9090 8501.6490 8507.8000	
10A. Wind water pump	8413.8190	
11. Geothermal energy equipments. 1). Geothermal Heat Pumps 2).Geothermal Reversible Chillers	8418.6100, 8418.6990 8418.6990	
3). Air handlers for indoor quality control equipments	8415.8300	
4). Hydronic heat pump	8418.6100	
5). Slim Jim heat exchangers	8419.5000	
6). HDPE fusion tools	8515.8000	
7). Geothermal energy Installation tools and Equipment	8419.8990	
8). Dehumidification equipment	8479.6000	
9). Thermostats and Intelli Zone	9032.1090	
12. Any other item approved by the Alternative Energy Development Board		

SALES TAX

	(AEDB) and concurred to by the FBR.		
15	Following items for promotion of renewable energy technologies	Nil	
	1. LVD induction lamps	8539.3990	
	2. SMD, LEDs with or without ballast with fitting and fixtures.	9405.1090	
	3. Wind turbines including alternators and mast.	8502.3100	
	4. Solar torches	8513.1040	
	5. Lanterns and related instruments	8513.1090	
	6. PV module, with or without, the related components including invertors, charge controllers and batteries	8541.4000, 8504.4090, 9032.8990, 8507.0000	Subject to certification by AEDB that the invertors, charge controllers and batteries being imported are in quantities which commensurate with the PV modules being imported.
16	Plant, machinery, equipment and specific items used in production of bio-diesel.	Respective Headings	The Alternative Energy Development Board (AEDB), Islamabad shall certify in the prescribed manner and format as per Annex-B that the imported goods are bonafide project requirement. The goods shall not be sold or otherwise disposed of within a period of

			five years of their import except with the prior approval of the FBR and payment of customs duties and taxes leviable at the time of import.
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Annex-A

Header Information											
NTN/FTN of Importer				Regulatory Authority no.				Name of Regulatory Authority			
(1)				(2)				(3)			
Details of Input goods (to be filled by the chief executive of the importing company)								Goods imported (Collectorate of import)			
HS Code	Description	Specs	Custom Duty rate (applicable)	Sales Tax rate (applicable)	WHT	Quantity	UOM	Quantity imported	Collectorate	CR N/ Ma ch No.	Date of CRN/ Mach
(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)

CERTIFICATE. It is certified that the description and quantity mentioned above are commensurate with the project requirement and that the same are not manufactured locally. It is further certified that the above items shall not be used for any other purpose.

Signature of Chief Executive, or the person next in hierarchy duly authorized by the Chief Executive

Name

N.I.C. No.

NOTE:- In case of clearance through Pakistan Customs Computerized System, the above information shall be furnished online against a specific user I.D. and password obtained under section 155D of the Customs Act, 1969.

Explanation.-

Chief Executive Means.-

1. Owner of the firm, in case of sole proprietorship; or
2. Partner of firm having major share, in case of partnership firm; or
3. Chief Executive Officer or the Managing Director in case of Limited company or multinational organization; or
4. Principal Officer in case of a foreign company.

Annex-B

NTN/FTN of Importer Approval No.

Header Information	
NTN/FTN of Importer	Approval No.

HEADER INFORMATION												
NTN/FTN of Importer				Regulatory Authority no.				Name of Regulatory Authority				
(1)				(3)								
Details of Input goods (to be filled by the chief executive of the importing company)								Goods imported (Collectorate of import)				
HS Code	Description	Specs	Custom Duty rate (applicable)	Sales Tax rate (applicable)	WHT	Quantity	UOM	Quantity imported	Collectorate	CR N/ Ma ch No.	Date of CRN/ Mach . No.	
(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	

CERTIFICATE. Before certifying the above-authorized officer of the Regulatory Authority shall ensure that the goods are genuine and bonafide requirement of the project and that the same are not manufactured locally. Signature _____

Designation _____

NOTE:- In case of clearance through Pakistan Customs Computerized System, the above information shall be furnished on line against a specific user I.D. and password obtained under section 155D of the Customs Act, 1969.

EIGHTH SCHEDULE:**TABLE 1**

The powers conferred in section 3 sub section 2(aa) which has been proposed to be newly added in the Sales Tax Act, 1990 and the following items has been proposed to be charged to tax at such rates as specified in Column No. 04 of the Eighth Schedule of the Table-1 subject conditions specified in column no 05 of the Eighth Schedule of Table 1.

S.No.	Description Heading	Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969)	Rate of Sales Tax	Condition
1	2	3	4	5
1	Soya bean Meal	2304.0000	5%	
2	Oil cake and other solid residues, whether or not ground or in the form of pellets	2306.1000	5%	
3	Directly reduced iron	72.03	5%	
4	Oil seeds meant for sowing.	Respective headings	5%	Import thereof subject to the condition that Plant Protection Department of Ministry of Food, Agriculture and Livestock certifies that the imported seeds are fungicide and insecticide treated and are meant for sowing.

SALES TAX

5	Raw cotton and ginned cotton	Respective headings	5%	On import
6	Plant and machinery no manufactured locally and having no compatible local substitutes	Respective headings	5%	(i) On import of such plant and machinery by registered manufacturers, post-dated cheque(s) equal to the differential amount of sales tax payable at import stage, shall be submitted to the customs authorities, which shall be returned on furnishing proof of filing of first sales tax return after import of such machinery, showing the import of such machinery; (ii) On import by commercial importers, good-for-payment cheque, bank guarantee, pay order or treasury challan showing deposit, equal to the differential amount of sales tax payable at import stage, shall be submitted to the customs authorities, which shall be returned back, or as the case may be, refunded, after

				<p>evidence of subsequent supply to registered manufacturers or industrial users is furnished to the customs authorities;</p> <p>(iii) Supply of such imported plant and machinery by commercial importers to unregistered persons or persons other than manufacturers shall be liable to standard rate of tax, and evidence to that effect shall be produced to the customs authorities for release of the abovementioned instruments or refund of the amount paid at import stage;</p> <p>(iv) Subsequent supply of plant and machinery imported or acquired by registered manufacturers to unregistered persons or persons other than manufacturers shall be liable to tax at standard rate; and (v) the validity period of</p>
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				<p>instruments furnished under this provision shall not be less than one hundred and twenty days.</p> <p>Explanation.— For the purpose of this provision, plant and machinery means such plant and machinery as is used in the manufacture or production of goods.</p>
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EIGHTH SCHEDULE:**TABLE 2**

*The Table 2 of the Eighth schedule has been proposed to be newly inserted in the Sales Tax Act, 1990 wherein plant, machinery, equipment and apparatus including capital goods specified in column no 2 of the appended annexure following under the HS codes specified in column No 3 of that appended annexure has been charged to sales tax at the rate of **five percent** subject to conditions mentioned in table 2 (i)(ii)(iii)(a)(b) besides the other conditions specified in column no 4 of the appended annexure.*

Plant, machinery, equipment and apparatus, including capital goods, specified in column (2) of the Annexure below, falling under the HS Codes specified in column (3) of that Annexure, shall be charged to sales tax at the rate of five percent, subject to the following conditions, besides the conditions specified in column (4) of the Annexure, namely:-

(i). The imported goods as are not listed in the locally manufactured items, notified through a Customs General Order issued by the Board from time to time or, as the case may be, certified as such by the Engineering Development Board. This condition shall, however, not be

applicable in respect of S. Nos. 1, 5 and 6 of the Annexure; and for such machinery, equipment and other capital goods imported as plan for setting up of a new industrial units provided the imports are made against valid contract(s) or letter(s) of credit and the total C&F value of such imports for the project is US \$ 50 million or above;

(ii) the Chief Executive, or the person next in hierarchy duly authorized by the Chief Executive or Head of the importing company shall certify in the prescribed manner and format as per Annex-A that the imported items are the company's bonafide requirement. He shall furnish all relevant information Online to Pakistan Customs Computerized System against a specific user ID and password obtained under section 155D of the Customs Act, 1969. In already computerized Collectorates or Customs stations where the Pakistan Customs Computerized System is not operational, the Project Director or any other person authorized by the Collector in this behalf shall enter the requisite information in the Pakistan Customs Computerized System on daily basis, whereas entry of the data obtained from the customs stations which have not yet been computerized shall be made on weekly basis; and

(iii) in case of partial shipments of machinery and equipment for setting up a plant, the importer shall, at the time of arrival of first partial shipment, furnish complete details of the machinery, equipment and components required for the complete plant, duly supported by the contract, lay out plan and drawings.

Explanation.-In this Table the expression, capital goods mean any plant, machinery, equipment, spares and accessories, classified in chapters 84, 85 or any other chapter of the Pakistan Customs Tariff, required for-

- (a) the manufacture or production of any goods, and includes refractory bricks and materials required for setting up a furnace, catalysts, machine tools, packaging machinery and equipment, refrigeration equipment, power generating sets and equipment, instruments for testing, research and development, quality control, pollution control and the like; or
- (b) use in mining, agriculture, fisheries, animal husbandry, floriculture, horticulture, livestock, dairy and poultry industry.

Annexure

S.No	Description	PCT heading	Conditions
(1)	(2)	(3)	(4)
1	Machinery and equipment for development of grain handling and storage facilities	Respective Headings	NIL
2	Cool chain machinery and equipment.	Respective Headings	NIL
3	Following items imported by Call Centers, Business Processing Outsourcing facilities duly approved by Telecommunication Authority		NIL
1	UPS, inverters/converters.	8504.4010 8504.4090	
2	Fax machines	8443.3260	
3	Photo copiers	8443.3910	
4	IP Phones	8517.1890	
5	Telephone sets/head Sets	8517.1100	
6	Dialers	8517.7000	
7	Generator	8502.1200	
8	Cat 5/Cat 6/Power cables	8544.4990	
9	PAPX Switch	8517.6290	
10	Multimedia projectors	8528.6110	
11	Video conferencing equipment	8525.8090	
12	CCTV	8525.8010	
13	Plasma TV	8528.7212	
14	PUD's	8525.8090	
15	Dedicated telephone exchange system for call centers.	8517.6290	
16	Parts, voice cards	8517.7000	
17	Other (digital call recorders)	8519.8990	
18	VAST terminals	8525.6040	

S.No	Description	PCT heading	Conditions
(1)	(2)	(3)	(4)
4	<p>1. Machinery, equipment, materials, capital goods, specialized vehicles (4x4 non luxury) i.e. single or double cabin pickups, accessories, spares, chemicals and consumables meant for mineral exploration phase.</p> <p>2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the exploration phase.</p>	Respective Headings	<p>1. This concession shall be available to those Mineral Exploration and Extraction Companies or their authorized operators or contractors who hold permits, licenses, leases and who enter into agreements with the Government of Pakistan or a Provincial Government.</p> <p>2. Temporarily imported goods shall be cleared against a security in the form of a post-dated cheque for the differential amount between the statutory rate of customs duty and sales tax and the amount payable under this notification, along with an undertaking</p>

			<p>to pay the customs duty and sales tax at the statutory rates in case such goods are not re-exported on conclusion of the project.</p> <p>3. The goods shall not be sold or otherwise disposed of without prior approval of the FBR and the payment of customs duties and taxes leviable at the time of import. These shall however be allowed to be transferred to other entitled mining companies with prior approval of the Board.</p>
5	Complete plants for relocated industries.	Respective Headings	NIL
6	Machinery, equipment and other capital goods meant for initial installation, balancing, modernization, replacement or expansion of oil refining (mineral oil, hydro-cracking and other value added petroleum products), petrochemical and petrochemical	Respective Headings	NIL

	downstream products including fibers and heavy chemical industry, cryogenic facility for ethylene storage and handling.		
7	Proprietary Formwork System for building/structures of a height of 100 ft and above and its various items/components consisting of the following, namely:- 1) Plastic tube. 2) Plastic tie slot filters/plugs, plastic cone.	7308.4000 3917.2390 3926.9099	(i) If not manufactured locally and imported by the construction companies registered with the Pakistan Engineering Council; (ii) the system is to be procured from a well renowned international manufacturer; (iii) a certificate from one of the following International Pre-shipment Inspection Companies/Survey Firms to the extent that all the components/parts are to be used in the Proprietary Formwork System for construction of structures/buildings of more than 100 feet height, is

	3) Standard steel ply panels, Special sized steel ply panels, wedges, tube clamps (B-Type & G Type), push/pull props, brackets (structure), steel soldiers (structure), drop head, standard, prop tic, board rail post (structure), coupler brace, cantilever frame, decking beam/Infill beam and doorway angles.	7308.4000	produced, namely:- (a) Messrs Lloyds of London; (b) Messrs Quality Tech, LLC; (c) Messrs ABS; (d) Messrs Bureau Veritas; and (e) Messrs SGS; and (iv) The Pakistan Engineering Council shall certify that the imported Proprietary Formworks System conform to the requirement of the Company's project..
	4. Lifting Unit (Structure)	7308.9090	-do-
	5. Bolts, tie bolts, anchor bolt assembly (fastener), anchor screw (fastener).	7318.1590	-do-
	6. Nuts	7318.1690	-do-
	7. Steel pins, tie wing nut (fastener).	7318.1900	-do-
	8. Steel washers, water plate (fastener).	7318.2290	-do-
	9. Special hammers	8205.2000	-do-
	10. Extraction keys.	8205.5900	-do-
	11. Adjustable base jack (thread rod with nut and steel plate), adjustable fork head (threaded rod with nut and steel channel).	8425.4900	-do-

Annexure - A

Header Information											
NTN/FTN of Importer								Regulatory authority no.	Name of Regulatory authority		
(1)				(2)				3			
Details of Input goods (to be filled by the chief executive of the importing company)									Goods imported (Collectorate of import)		
HS Code	Description	Specs	Custom Duty rate (applicable)	Sales Tax rate (applicable)	WHT	Quantity	UOM	Quantity imported	Collectorate	CR N/ Mach No.	Date of CR N/ Mach. No.
(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)

CERTIFICATE. It is certified that the description and quantity mentioned above are commensurate with the project requirement and that the same are not manufactured locally. It is further certified that the above items shall not be used for any other purpose.

Signature of Chief Executive, or
the person next in hierarchy duly
authorized by the Chief Executive

Name _____

N.I.C. No. _____

NOTE:- In case of clearance through Pakistan Customs Computerized System, the above information shall be furnished on line against a specific user I.D. and password obtained under section 155D of the Customs Act, 1969.

Explanation.-

Chief Executive means.-

1. owner of the firm, in case of sole proprietorship; or
2. partner of firm having major share, in case of partnership firm; or
3. Chief Executive Officer or the Managing Director in case of limited company or multinational organization; or
4. Principal Officer in case of a foreign company.

Annexure - B

Header Information											
NTN/FTN of Importer							Approval No.				
(1)						(2)					
Details of Input goods (to be filled by the authorized officer of the Regulatory Authority)								Goods imported (Collectorate of import)			
HS Code	Description	Specs	Custom Duty rate (applicable)	Sales Tax rate (applicable)	WHT	Quantity	UOM	Quantity imported	Collectorate	CRN /Mach. No	Date of CRN /Mach No.
3	4	5	6	7	8	9	10	11	12	13	14

CERTIFICATE. Before certifying the above-authorized officer of the Regulatory Authority shall ensure that the goods are genuine and bonafide requirement of the project and that the same are not manufactured locally.

Signature _____

Designation _____

NOTE:- In case of clearance through Pakistan Customs Computerized System, the above information shall be furnished on line against a specific user I.D. and password obtained under section 155D of the Customs Act, 1969.”; and

NINTH SCHEDULE:**TABLE**

The Ninth Schedule has been proposed to be newly inserted in the Sales Tax Act, 1990 while conferring the powers from newly inserted sub-section 3B of section 3 wherein the sales tax on the import and supply of goods specified in Ninth Schedule has been charged, collected and paid at the rates, in the manner at the time, in subject the procedure and conditions as specified therein and the liability to charged collect and pay the tax shall be on the persons specified in the Ninth Schedule.

(1)	(2)	(3)
Description / Specification of Goods	Sales tax payable at the time of import	Sales tax payable at the time of registration of a new International Mobile Equipment Identity (IMEI) number
A. Low Priced Cellular Mobile	Rs. 150 per phone	Rs. 250 per registration
Phones or Satellite Phones i. All cameras: 2.0 mega-pixels or less ii. Screen size: 2.6 inches or less iii. Key pad		
B. Medium Priced Cellular Mobile Phones or Satellite Phones i. One or two cameras: between 2.1 to 10 mega-pixels ii. Screen size: between 2.6 inches and 4.2 inches iii. Micro-processor: less than 2GHZ	Rs. 250 per phone	Rs. 250 per registration

<p><u>C. Smart Cellular Mobile</u> Phones or Satellite Phones i. One or two cameras: 10 megapixels and above ii. Touch Screen: size 4.2 inches and above iii. 4GB or higher Basic Memory iv. Operating system of the type IOS, Android V2.3, Android Gingerbread or higher, Windows 8 or Blackberry RIM v. Micro-processor: 2GHZ or higher, dual core or quad core</p>	Rs. 500 per phone	Rs. 250 per registration
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LIABILITY, PROCEDURE AND CONDITIONS

- i. The liability to pay sales tax at the time of import of cellular mobile phones or satellite phones shall be on the importer, and the liability to pay sales tax at the time of registration of a new International Mobile Equipment Identity (IMEI) number for the first time shall be on the Cellular Mobile Operator who registers the IMEI number in his system.
- ii. The Cellular Mobile Operators shall, if not already registered, obtain registration under the Sales Tax Act, 1990.
- iii. No IMEI shall be registered by a Cellular Mobile Operator without charging and collecting the sales tax as specified in the Table.
- iv. The Cellular Mobile Operator shall deposit the sales tax so collected through his monthly tax return in the manner prescribed in section 26 of the Sales Tax Act, 1990, and rules made thereunder.
- v. The Cellular Mobile Operator shall maintain proper records of all IMEI numbers registered for a period of six years, and such records shall be produced for inspection, audit or verification, as and when required, by an authorized officer of Inland Revenue.
- vi. The Pakistan Telecommunication Authority shall provide data regarding IMEI numbers registered with other Cellular Mobile Operators to prevent double taxation on the same IMEI number in case of switching by a subscriber from one operator to another, and to provide data regarding registration of IMEI numbers to the Board on monthly basis.

- vii. No adjustment of input tax shall be admissible to the Cellular Mobile Operator or any purchaser of cellular mobile phone against the sales tax charged and paid in terms of this Schedule.”.
- viii. Notwithstanding anything contained in any other law for the time being in force, the levy, collection and payment of sales tax under Notification No. S.R.O. 460(I)/2013 dated the 30th May, 2013, shall be always deemed to have been lawfully and validly, levied, collected and paid in accordance with sub-section (3B) of section 3 of the Sales Tax Act, 1990.

FEDERAL EXCISE

The amendments are applicable from July 1, 2014 unless specified otherwise.

FEDERAL EXCISE ACT, 2005

Various amendments have been made as under:

Table-I

Serial	PRESENT POSITION AS ON 30 TH JUNE, 2014	PROPOSED AMENDMENT THROUGH FINANCE BILL 2014
12 (4)	<p><u>Determination of Value for the Purpose of Duty</u></p> <p><i>Non-Existent</i></p>	<p><i>“By way of this proposed amendment the Federal Board of Revenue empowered to specify any particular zones or areas for purpose of determination of highest retail price for any brand or variety of goods by way of issuance of general order”.</i></p> <p>Now the notified goods are subjected at different rate of duties according to the specified area.</p>

FIRST SCHEDULE
TABLE I

EXCISABLE GOODS

9	Locally produced cigarettes if their on pack printed retail price exceeds Rs. 2,286 per thousand cigarettes @ Rs. 2,325 per thousand cigarettes.	<i>“The rate as well as duty has been enhanced the same is given as under”:-</i> Locally produced cigarettes if their on pack printed retail price exceeds Rs. 2,706 per thousand cigarettes @ Rs. 2,632 per thousand cigarettes”.
10	A locally produced cigarette if their on pack printed retail does not exceed Rs. 2,286 per thousand cigarettes @ Rs. 880 per thousand cigarettes.	<i>“A locally produced cigarette if their on pack printed retail does not exceed Rs. 2,706 per thousand cigarettes @ Rs. 1,085 per thousand cigarettes”.</i>
13	Different kinds of cements are subjected to duty @ Rs. 400 per metric ton.	<i>“Through this amendment the rate of 400 per metric ton has been proposed to substitute @ 5% of retail price.”</i>

TABLE II

EXCISABLE SERVICES

Serial No. 3	<p>The travel by air to International journey from Pakistan is subjected to duty in following manner:-</p> <p>(i) In class economy and economy plus subjected to duty @ Rs. 3,840.</p> <p>(ii) Club business and first class @ Rs. 6,840.</p>	<p><i>“By way of this proposed amendment the following rate of duty has been introduced”.</i></p> <p>(i) Economy and Economy Plus @ Rs. 5,000.</p> <p>(ii) Club business and first class @ Rs. 10,000.</p>
Serial No. 6	<p>Telecommunication services subjected to tax @ 19.5 %</p>	<p><i>“Through this proposed amendment the rate of duty has been reduced to 18 %, besides this the anomaly of charging duty as well as provincial tax on telecommunication services after the introduction of 18th amendment has been removed by way of providing exclusion which is inserted as under and now the services render in the Sindh, Punjab and KPK are not liable to duty as all three provinces have their own Sales Tax on Services Acts:-“</i></p> <p><i>“excluding such services in the area of a Province where such Province has imposed Provincial sales tax and has started collecting the same through its own Board or Authority, as the case may be” shall be added; and”</i></p>

Serial No. 15	Non-Existent	<i>“By way of this amendment the new entry has been added to the schedule and now the services provided by Chartered Flights are subjected to duty @ 16 % of charges.”</i>
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CUSTOMS ACT

The amendments are applicable from July 1, 2014 unless specified otherwise.

SECTION	PRESENT POSITION AS ON 30 TH JUNE, 2014	PROPOSED AMENDMENT THROUGH FINANCE BILL 2014
2 (k) (m)	<p><u>Customs-Stations</u></p> <p>(k) Customs-Stations means any customs-port, customs-airport or any land customs-station,</p> <p><u>Land Customs Stations</u></p> <p>(m) Land Customs Stations means any place including an inland river port declared u/s. 9 to be a land customs station.</p>	<p><i>“Through this amendment the both sub clauses have been merged by deleting the sub clause (m) and the existing clause (k) would be now read as under”:-</i></p> <p><i>“Customs-Station” means any customs-station, customs-airport, an inland river port, land customs-station or any place declared as such under section 9;”;</i> and</p>
18 (1A)	<p><i>Non-Existent</i></p>	<p><i>“Through this proposed amendment the new sub section has been introduced to charge the duty on the import of goods or class of goods mentioned in Fifth Schedule to the Act which reads as under”:-</i></p> <p>(1A) Notwithstanding anything contained in sub-section (1), customs duties shall be levied at such rates on import of goods or class of goods as are prescribed in the Fifth Schedule, subject to such conditions, limitations and restrictions as prescribed therein.</p>

25 (5) (d)	<p><u>Value of Imported & Exported Goods</u> The methodology was provided in order to resolve the dispute of two or more transactional value of identical goods, the custom value of the imported goods shall be the lowest such transactional value.</p>	<p><i>“Through this amendment the same has been deleted”.</i></p>
32, 80 & 81	<p>The all referred sections only cover the scope of duty.</p>	<p><i>“By way of this amendment the word taxes has also been inserted by enlarging the scope of all sections. Now the Customs Officers are duly empowered to recover the short and non-levy of taxes on imported goods”.</i></p>
185 (B)	<p><u>Special Judge etc. to have exclusives Jurisdiction</u> Special Judge holds the jurisdiction to try an offence punishable under this Act.</p>	<p><i>“Through this amendment the offences relating to narcotics and narcotic substances has been excluded from the purview of section which now proposed to be dealt by Special Courts established under Control of Narcotics Substances Act, 1997”.</i></p>
194 (3)	<p><u>Appellate Tribunal</u> For appointing a Technical Member in the Appellate Tribunal it was mandatory that he must be of an Officer of Customs & Excise Group having five year experience.</p>	<p><i>“It is proposed that the condition of five years experienced has been reduced to three years and the words Customs and Excise Group have been replaced with Customs Services”.</i></p>

FIFTH SCHEDULE

The new fifth schedule has been inserted in order to consolidate the various exemptions and concessions granted through innumerable notifications on bundle of goods. The details of goods along with PCT Headings as well as rate of duty applicable there on are listed therein.

Gas infrastructure Development Cess Act, 2011

It has been proposed to levy Cess under gas infrastructure Development Cess Act, 2011 through inserting a proviso in section 3 namely:-

“Provided that the Federal Government may decide to levy any rate of Cess on any category of gas consumers subject to maximum rate provided in the Second Schedule.”;

Rate of Cess proposed as per second schedule to the said Act are as under

SECOND SCHEDULE

S.No	Sector	Maximum Rate of Cess (Rs/MMBTU)
1	Fertilizer – Feed Stock	300
2	Fertilizer – Fuel Stock	300
3	Compressed Natural Gas (CNG)	300
4	Industrial	300
5	Captive Power	300
6	WAPDA / KESC / GENCOs	300
7	Independent Power Plants (IPPs)	300
8	Commercial including Ice Factories	300
9	Cement	300
10	Liberty Power Plant	-
11	Domestic	-.”